

REPORT OF THE CHAIRMAN

主席報告

I am pleased to announce to the shareholders the audited consolidated results of Karl Thomson Holdings Limited (the "Company") together with its subsidiaries (the "Group") for the year ended 31 December 2006.

For the year ended 31 December 2006, profit attributable to shareholders amounted to HK\$11,315,000 (2005: HK\$13,845,000), equivalent to earnings per share of HK2.41 cents (2005: HK3.01 cents).

BUSINESS REVIEW

Benefited by the global economy growth, robust investment markets and continued financial reforms in China, the **financial business** achieved satisfactory performance in 2006. Despite the short term turbulence caused by some geo-political issues and the market jitters of stagflation on the US economy, the global economy managed to make progress. The Iran nuclear program, North Korea missiles and Middle East confrontation incidents did add volatility to the commodities and investment markets but overall situation has not been deteriorated. The release of US economy data has signaled a soft landing for US economy and helped to shape a picture of modest growth and mild inflation. Meanwhile, the GDP of Hong Kong grew 6.8% for 2006 and continuously achieved above trend growth for the past three years, registering an average growth of 7.6%. The advance was broad based with strong performance in domestic consumption mainly attributing to the persistent improvement in employment situation. Unemployment rate declined to 4.3% of the lowest level for the period of January to March 2007 since mid-1998. Visitors to Hong Kong ended a steady gain of 8.1% to exceed 25million visitors for 2006 with growth registered from all key markets. The property market was more polarised between the super-luxury flats and the rest of the market and turnover dropped as prices rose faster ahead of the affordability. The local inflation remained satisfactory despite volatile energy prices but it will increasingly face challenge from imported inflation as a result of weak US Dollar and gradual appreciation of Renminbi.

本人欣然向股東公佈高信集團控股有限公司（「本公司」）及其附屬公司（「本集團」）截至二零零六年十二月三十一日止年度的經審核綜合業績。

截至二零零六年十二月三十一日止年度，股東應佔溢利為11,315,000港元（二零零五年：13,845,000港元），相等於每股盈利2.41港仙（二零零五年：3.01港仙）。

各項業務回顧

金融業務在二零零六年，受惠於全球經濟、投資市場興旺與國內金融業進一步開放等等因素，令業務有理想之表現。雖然若干地緣政治問題造成震盪，加上市場人士對美國經濟滯脹表示憂慮，但全球經濟在二零零六年仍然取得實質進展。伊朗核子計劃、北韓導彈及中東連串衝突事件為商品及投資市場增添波動，但整體情況未受惡化。從已發表的經濟數據，美國經濟看似會出現軟著陸，有利締造一個有適度增長及溫和通脹的穩定經濟前景。同時，香港本地生產總值在二零零六年亦錄得6.8%的增長，過往三年持續取得趨勢增長，錄得平均增長率7.6%。本地消費不同環節錄得強勁表現，主要歸因於就業情況持續改善。失業率曾跌至二零零七年一月至三月期間4.3%的新低水平。訪港遊客錄得穩定增長8.1%，超過2,500萬名旅客，錄得的增長來自所有主要市場。超級豪宅與其他物業市場越趨兩極化，而在價格急速上升超過負擔能力的情況後，整體銷量下跌。儘管能源價格表現波動，本地通脹依然令人滿意，但將會繼續面對因美元疲弱及人民幣逐步升值造成的外來通脹所帶來的挑戰。

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The **technological investment business** of the Group was developed through our associate, Asia Tele-Net and Technology Corporation Limited (“ATNT”). The major subsidiary and associate of ATNT, Process Automation International Limited (“PAL”) and Intech Machines Co. Ltd. (“IML”) reported satisfactory growth in 2006, with turnover reaching HK\$600million and NT\$2,500million respectively. The profit after tax of both divisions also registered growth. Looking to 2007, PAL will continue to dedicate efforts in raising efficiency, production capacity, quality and technology level and will invest more resources in software application and technological management system, in order to position itself as an international and top quality sophisticated equipment manufacturer.

For the year under review, the Group extended to **energy business**. The business covered the investment in the upstream production and exploration of oil and natural gas. The group's decision in energy business investment has undergone comprehensive and prudent considerations, mainly basing on our forecast and evaluation of the long term demand for the oil. Currently, the daily global output is 83million barrels whilst the daily consumption requires the same amount. USA alone consumes 20million barrels daily. China's daily consumption speeds up to 6 million barrels, overtaking Japan as the second greatest oil import and consumption nation. Assuming 8%-9% annual GDP growth, China will replace USA as the greatest oil import and consumption nation within the next 20 years. Coupled with the economic growth of other countries including India, the global demand for oil will only be greater. Therefore, if the group can secure oil supply, it will bring big drive of tremendous profit. The group took the first step in investing in oil field and managed to take 20% interest in the Block 2 of Egypt WEEM Oil Field in 2006. This is only the beginning of our long term development plan. To speed up the development, subsequent to our investment in the Block 2 of Egypt WEEM Oil Field, the Group made a take-over bid in early November of last year to purchase all the shares of Volant Limited. Apart from bringing in a professional management team of more 20 years experience, the acquisition will immediately increase the oil asset portfolio of the group.

本集團透過聯營公司亞洲聯網科技有限公司（「亞洲聯網」）發展科技投資業務。亞洲聯網屬下主要附屬公司『亞洲電鍍器材有限公司』（「PAL」）及聯營公司台灣的『亞智科技股份有限公司』（「IML」）在二零零六年亦有理想的增長，營業額分別有六億多港元及二十五億多台幣，兩者稅後淨利亦錄得增長。展望二零零七年，PAL會針對效率提昇、產能、品質、技術等多方面作努力，以及投放更多資源於軟件應用及科技管理系統方面，務求使PAL成為一間有國際一流水準的高精密設備生產商。

去年，集團將業務擴展至能源業務，業務包括石油、天然氣的上游勘探生產投資。集團投資能源業務的決定，是經過多方面審慎的評估，主要建基於對石油長遠需求的推估。現時全球石油的日產量是8,300萬桶，每日既消耗量亦同樣是8,300萬桶，而單單美國每日消耗量已超過2,000萬桶，中國現時日消耗量是600多萬桶，已超越日本成為世界第二大石油進口及消耗國，以經濟增長每年8-9%計，估計未來廿年內中國會取代美國成為世界最大的消耗國。再加上印度等其他國家的經濟增長，世界對石油的需求會愈來愈大，所以，若集團能掌握石油原油供應，可為集團的未來帶來巨大的盈利動力。集團第一步是投資油田，並於二零零六年成功取得埃及第二區WEEM 20%的權益。單純投資一個油田只是長遠計劃的第一步，為了加速發展的步伐，集團在宣佈投資埃及第二區後，馬上緊接於去年十一月初宣佈全面收購澳洲上市石油公司Volant Petroleum Limited（「Volant」）。收購除了可為集團即時引入一隊擁有近20年經驗之專業管理團隊外，亦可即時增加集團的石油資產組合。

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The Block 2 Oil Field is now proceeding to drilling preparations stage. The required casings have been ordered and it has been arranging with the drilling company. It is estimated that the drilling rigs and machines will be leased by the third quarter of this year and it will drill at least two wells within this year. The acquisition of Volant has obtained the agreement letter from over 90% shareholders and it is now preparing the shareholder notice and is estimated to send out by June of 2007.

OUTLOOK

The Group demonstrated its conviction to diversify its business with business covering the financial business, the technology business and energy business. For the year under review, the financial business performed well and managed to contribute long term stable income for the group over the past years. We expect that the technology business will maintain steady growth. Coupled with the aggressive development of energy business, it is hoped to add additional growth drive. While the Group will still look for good investment opportunities to expand its upstream oil business, we will focus our efforts in consolidating our newly acquired business in the short term. As soon as the Block 2 of Egypt WEEM Oil Field enters real production, we expect the Group into an era of exciting growth on healthier and diversified business profile.

APPRECIATION

I would like to take this opportunity to thank my fellow directors for their guidance and support and express my appreciation to the management team and diligent employees for their commitment and loyal service. I would also wish to thank my customers and shareholders for their continued support.

埃及第二區WEEM現時已進入準備鑽井階段，所需要的井管已預訂好，亦同時與鑽井機公司協商，初步估計能於第三季內成功租賃鑽井機，並於本年內最少鑽兩口油井。至於收購Volant方面，一切按計劃逐步推進，集團於二月時已取得Volant超過90%股東的同意書，現時正全力準備股東通函，估計於二零零七年六月期間可發出。

前景

本集團展示其信念，將業務多元化，業務範疇計有金融業務、科技業務投資及能源業務。於回顧年度，金融業務表現出色，而縱合多年表現，金融業務長期為集團帶來穩定的收入。估計科技業務投資於來年亦會穩步發展。加上集團於能源業務方面的積極發展，希望能夠為集團加添新的增長動力。雖然本集團將繼續物色良好投資商機，以擴展石油上游業務，但在短期內本集團將集中力量整固新收購的業務。一旦埃及第二區WEEM油田正式投產，本集團在穩健及多元化業務組合上將踏入令人雀躍的增長年代。

致謝

本人謹此感謝各董事的共同領導及支持。對於管理層及員工辛勤工作、克盡職守，以及客戶及股東的不斷支持，本人謹此致謝。