KARL THOMSON HOLDINGS LIMITED
高信集團控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 7)

ANNOUNCEMENT

DISCLOSEABLE TRANSACTION INVESTMENT IN THE SHARE CAPITAL OF ORIENTAL VICTOR LIMITED AND GRANT OF SHAREHOLDER'S LOAN AND PLACING OF NEW SHARES AND GRANT OF OPTION

DISCLOSEABLE TRANSACTION

Reference is made to an announcement of the Company dated 14 February 2006 in relation to a proposed major transaction regarding the acquisition of Swiss-Invest.

The Board wishes to announce that on 7 April 2006, (i) Surewin and the Vendors entered into a termination agreement pursuant to which the parties agreed to terminate the transactions contemplated under the Heads of Agreement; (ii) the Company and the Subscriber entered into a termination agreement pursuant to which the parties agreed to terminate the transactions contemplated under the Subscription Agreement; (iii) Surewin and Holley entered into a joint venture agreement pursuant to which they agreed to invest in Oriental Victor as to 50% interest each; and (iv) Oriental Victor entered into the Accession Agreement with, amongst others, Swiss-Invest pursuant to which Swiss-Invest assigns, transfers and novates all its rights and obligations in the Oil Field to Oriental Victor at a consideration of HK$1.00.

As a result of the Accession Agreement, Surewin and Holley are required to each contribute approximately (i) US$250,000 (approximately HK$1.95 million) by way of shareholder's loan to Oriental Victor on or before 10 April 2006, such amount will then be invested in Company B to fulfill part of the Capital Commitment of Oriental Victor on the same date; and (ii) US$6.75 million (approximately HK$52.65 million) by way of shareholder's loan to Oriental Victor to fulfill the remaining Capital Commitment which will be paid in stages according to the budgets as may be agreed by the board of directors of Company C after the granting of the concession right of the Oil Field by the Egyptian Government to Company C. It is expected that the concession right will be granted around May 2006.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Investment exceed 5% but are below 25%, the Investment constitutes a discloseable transaction for the Company under the Listing Rules.

PLACING OF NEW SHARES AND GRANT OF OPTION

In order to finance the Capital Commitment, the Company has on 13 April 2006 entered into the Placing Agreement with the Placing Agent to procure the Placees to subscribe for 17,000,000 Placing Shares at the Placing Price of HK$1.73 each on a best effort basis. Pursuant to the terms of the Placing Agreement, the Company has also agreed to grant the Option to each of the Placees to subscribe for the Option Shares of up to an aggregate of 17,000,000 Shares at the Option Exercise Price of HK$1.85 each during the option period of one year.

The Placing Shares of 17,000,000 Shares represent about 3.69% of the existing issued share capital of the Company of 460,000,000 Shares and about 3.56% of the issued share capital of the Company of 477,000,000 Shares as enlarged by the Placing (assuming the Option is not exercised).

The Placing Price of HK$1.73 represents (i) a discount of approximately 3.35% to the closing price of HK$1.79 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a premium of about 5.49% over the average closing price per Share of about HK$1.64 as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date; and (iii) a premium of about 367.57% to the unaudited net asset value per Share of HK$0.37 as at 30 June 2005.

The Placing Shares and the Option Shares of 34,000,000 Shares in aggregate represent about 7.39% of the existing issued share capital of the Company of 460,000,000 Shares and about 6.88% of the issued share capital of the Company of 494,000,000 Shares as enlarged by the issue of the Placing Shares and the Option Shares.

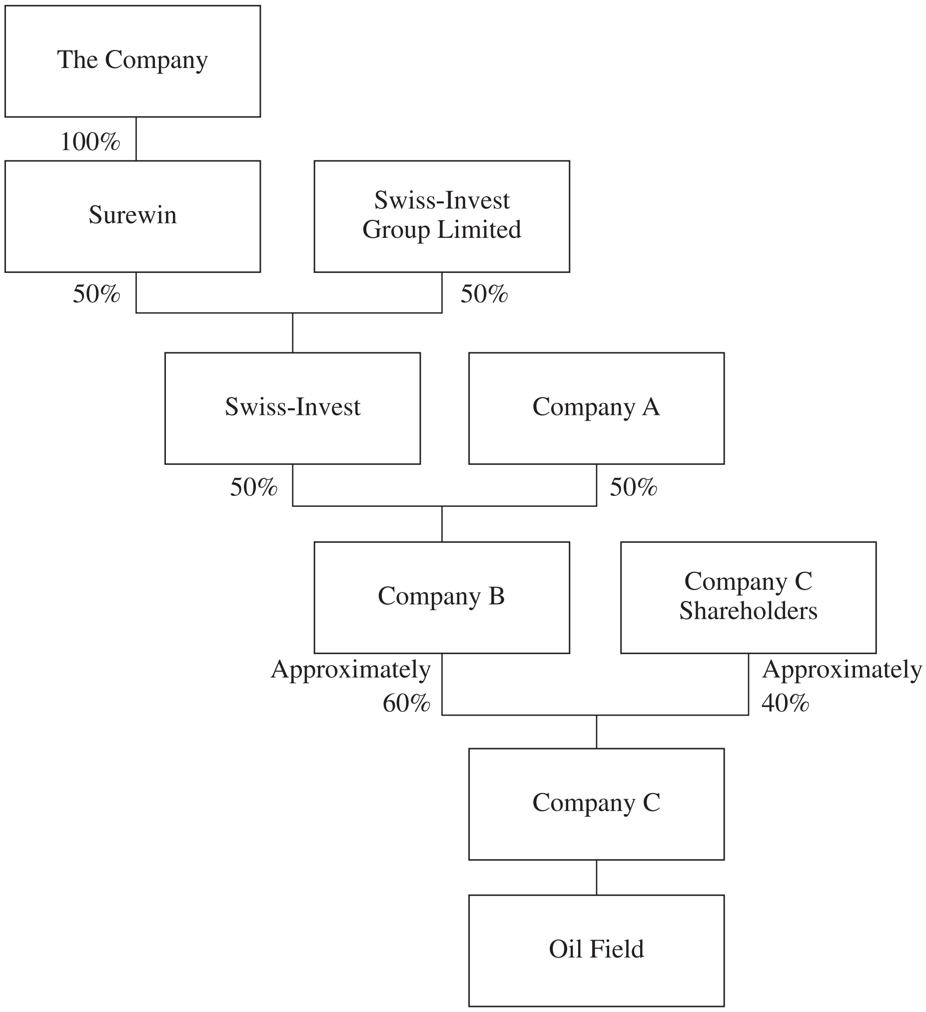
The Option Exercise Price of HK$1.85 represents (i) a premium of approximately 3.35% to the closing price of HK$1.79 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a premium of about 12.80% over the average closing price per Share of about HK$1.64 as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date; and (iii) a premium of about 400% to the unaudited net asset value per Share of HK$0.37 as at 30 June 2005.

A circular containing, among others, further details of the Oil Field and the Investment will be despatched by the Company to the Shareholders as soon as practicable in accordance with the Listing Rules.

TERMINATION OF THE HEADS OF AGREEMENT AND THE SUBSCRIPTION AGREEMENT

Reference is made to an announcement of the Company dated 14 February 2006 in relation to the signing of the Heads of Agreement by Surewin and the Vendors on 12 January 2006 pursuant to which Surewin conditionally agreed to acquire 50% of the issued share capital of Swiss-Invest which would constitute a major transaction for the Company under the Listing Rules. In order to finance the capital commitment pursuant to the arrangements contemplated under the Heads of Agreement, the Company entered into the Subscription Agreement with the Subscriber for the Subscription of 65,000,000 Shares. Pursuant to the terms of the Subscription Agreement, the Company also agreed to grant an option to the Subscriber to subscribe for the option shares of up to 65,000,000 Shares during the option period of two years.

As at the date of the announcement of the Company dated 14 February 2006, Company A and Swiss-Invest did not have any interest in Company B and they were then in negotiation for the proposed acquisition of Company B. Under the previous arrangement, the Company's interest in the Oil Field upon completion of the transactions contemplated under the Heads of Agreement would be as follows:



The Company wishes to bring in a strategic partner to the Investment to enhance the benefits to the Company without diluting its intended interest in the Oil Field. Holley, being the strategic partner have extensive and excellent networks in China and internationally. This may lead to further co-operation or may bring in business opportunities other than oil business to the Company. In addition, the Company may also benefit from their networking capabilities should the Company decides to develop business in China or outside China. More importantly, both the Company and Holley share the same vision and intention to develop the oil business together, not just in the Oil Field, on long term basis. Because of this shared vision, Holley, being the Company's strategic partner, has agreed to act and as the case may be, vote jointly together in the Board of Company B with an aim to secure and further the interests of Surewin and Holley in the Oil Field. As a result of this agreement, the Company and Holley while acting together are able to exercise influence in the Board of Company B or else each can only exercise a maximum 25% voting rights.

In view of the aforementioned benefits, the Company has proposed to the Vendors for the termination of the Heads of Agreement so that the strategic partner could be able to replace the Vendors in the development of the Oil Field with the Company and the Vendors accepted such termination proposal by entering into the Accession Agreement.

Furthermore, the Company also has entered into negotiation with the Subscriber for the termination of the Subscription Agreement due to termination of the Heads of Agreement which is one of the conditions precedent to completion of the Subscription.

On 7 April 2006 based on arms-length negotiations and mutual agreements, (i) Surewin and the Vendors entered into a termination agreement pursuant to which the parties agreed to terminate the transactions contemplated under the Heads of Agreement; and (ii) the Company and the Subscriber entered into a termination agreement pursuant to which the parties agreed to terminate the transactions contemplated under the Subscription Agreement.

INVESTMENT IN THE SHARE CAPITAL OF ORIENTAL VICTOR AND GRANT OF SHAREHOLDER'S LOAN

In order to continue to pursue the Group's interest in the Oil Field so that it can realise an opportunity to expand its business and diversify the Group's current business and broaden its earning base in the long run, the Company entered into the following agreements.

The Board wishes to further announce that on 7 April 2006, (i) Surewin and Holley entered into a joint venture agreement pursuant to which they agreed to invest in Oriental Victor as to 50% interest each; and (ii) Oriental Victor entered into the Accession Agreement with Swiss-Invest, Company A, Company B and Company B Shareholders pursuant to which Swiss-Invest assigns, transfers and novates all its rights and obligations in the obtaining of 30% interest in the exploration and production rights of oil in and throughout the Oil Field to Oriental Victor at a nominal consideration of HK$1; and Company A, Company B and Company B Shareholders consent to such assignment, transfer and novation.

The Directors confirm that no other consent is required for entering into the Accession Agreement.

Principal terms of the joint venture agreement between Surewin and Holley

The joint venture agreement was completed on 7 April 2006 pursuant to which both Surewin and Holley will assume 50% interest in the share capital of Oriental Victor and assume equally on the Capital Commitment.

Both Surewin and Holley inject HK$5,000 each in the share capital of Oriental Victor in cash on the same date.

Both Surewin and Holley will be obligated to contribute equally toward the 70% of the capital expenditure of Company C for the exploration and production of oil in and throughout the Oil Field up to first production.

The board of directors of Oriental Victor will initially consist of four directors, two of which will be nominated by Surewin and the remaining two will be nominated by Holley. Each director shall act as the chairman in turn. The chairman has no casting vote.

According to the joint venture agreement signed between Surewin and Holley, the parties agreed to act and as the case may be, vote jointly together in the Board of Company B and Company C with an aim to secure and further the interests of Surewin and Holley in the Oil Field.

Information on Oriental Victor

Oriental Victor is an investment holding company established in Hong Kong on 24 February 2006. As at the date of this announcement, Oriental Victor had an issued share capital of HK$10,000 divided into 10,000 shares of HK$1.00 each and was owned as to 50% by Surewin and as to 50% by Holley. As Oriental Victor is a newly formed company, no tax, turnover, assets or liabilities has been recorded in its accounts.

Pursuant to the terms of the Accession Agreement, Oriental Victor replaced Swiss-Invest in participating in the obtaining of 30% interest in the exploration and production rights of oil in and throughout the Oil Field and assuming all rights and obligations of Swiss-Invest relating thereto. Under this arrangement, all of the capital expenditure of Company C for the exploration and production of oil in and throughout the Oil Field up to first production which is estimated to be equivalent to the Capital Commitment will be assumed by Company B which will be paid by Oriental Victor and Company A as to 70% and 30% respectively. Thereafter, the capital expenditure of Company C shall be borne by all the shareholders of Company C in proportion to their actual shareholdings and Oriental Victor and Company A will each bear 50% of the capital expenditure of Company B. This arrangement was reached by Swiss-Invest with the other parties before the termination of the Heads of Agreement. It is estimated that the time from the granting of the accession right until first production will be within two years and the Capital Commitment is sufficient to meet Oriental Victor's obligations under the Accession Agreement. The Company is not in a position at present to estimate as to the total expenditure required after first production as it will largely depend on the volume of oil recovered from the Oil Field on first production.

The Company is of the view that the above contribution obligations, even though unevenly spread, are fair and reasonable and in the interest of the Company and the Shareholders as a whole taking into account that (i) the effort already put in and expenses already incurred by Company A in the process of obtaining 60% interest in the exploration and production rights of oil in and throughout the Oil Field and (ii) the effort already put in and expenses already incurred by the other shareholders of Company C prior to the signing of the Accession Agreement. Company C was awarded with the tender for the exploration and production rights in the Oil Field in October 2005. In order to obtain the award, the independent third parties (i.e. Company A, Company C Shareholders and existing shareholders of Company B which will transfer their shareholdings in Company B to Company A) holding the remaining 70% of the exploration and production rights of the Oil Field have performed extensive work including but not limited to:-

(i) field visits;

(ii) collected, conducted and analysed geological and geophysical studies (including gravity survey, magnetic survey, 2-dimensional and 3-dimensional seismic survey) in order to determine the existence of hydrocarbons and estimate the recoverable reserves;

(iii) identified potential prospects and leads to determine a preliminary production plan;

(iv) collected various information such as net export price, drilling cost, facilities set up cost, field operation cost, personnel cost and fiscal system in the area in order to produce a financial appraisal report;

(v) prepared and submitted the tender documents; and

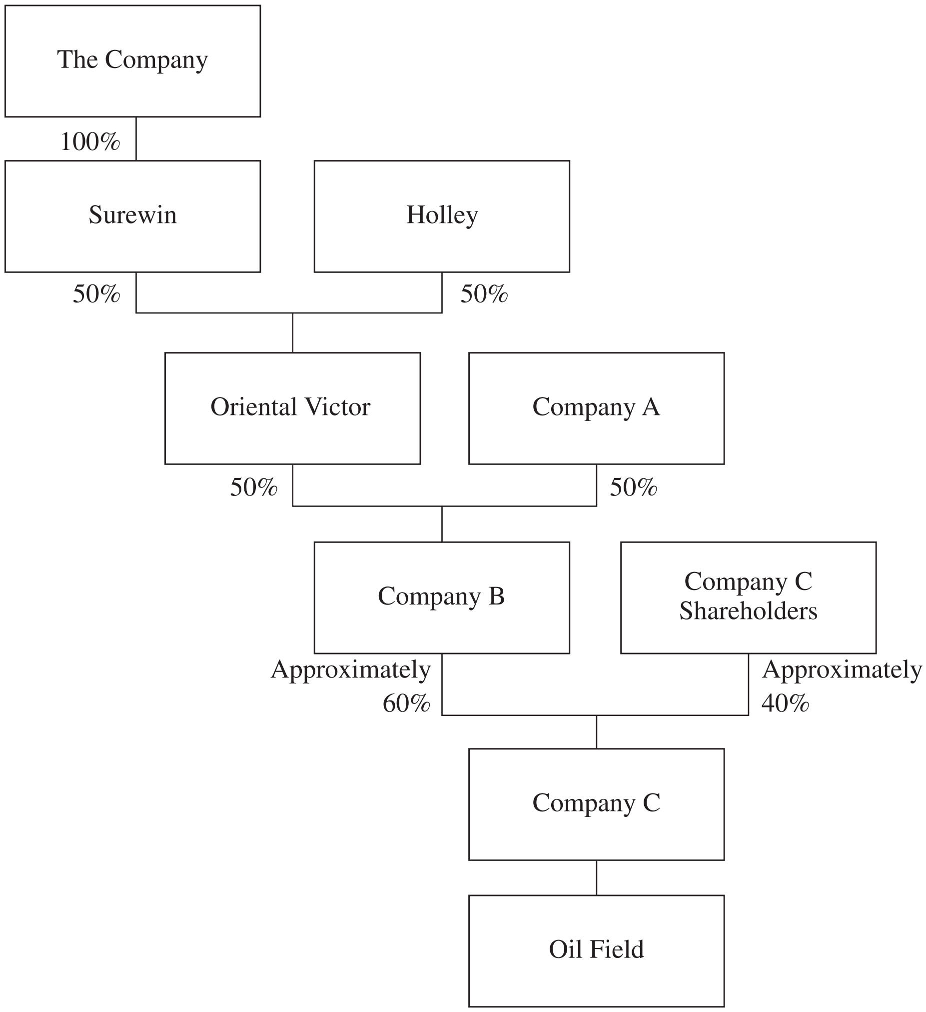
(vi) attended interviews with the tender committees to demonstrate the competitive strengths of Company C.

The tender was awarded to Company C because of the proven experience, time and effort contributed by the independent third parties (i.e. Company A, Company C Shareholders and existing shareholders of Company B which will transfer their shareholdings in Company B to Company A) holding the remaining 70% of the exploration and production rights of the Oil Field. The Company does not have the necessary technical qualification to participate and complete the tender process. By entering into the Accession Agreement, the Company can immediately obtain the opportunity to advance into this new business.

The Company acquires such opportunity without paying any premium but instead assuming an evenly spread capital expenditure obligations. Nevertheless, such obligations are in the form of shareholder's loan to Company C through Oriental Victor and Company B. Such shareholder's loan shall be repaid by the future profit generated by Company C as a preferential and secured debt. Preferential payment will be made to the shareholders of Company B for their loan before distribution of any profit amongst shareholders of Company C. More particulars are disclosed below.

The remaining 70% interest of the Oil Field is held by third parties independent of (i) the Company and connected persons of the Company and (ii) Holley and its associates.

Upon having obtained 30% interest in the exploration and production rights of oil in and throughout the Oil Field, the Company will beneficially own 15% net effective interest in the exploration and production rights in relation to the Oil Field. Immediately after completion of the obtaining of the 30% interest in the exploration and production rights of oil in and throughout the Oil Field, the Company's interest in the Oil Field will be as follows:



As at the date of this announcement, Company B has already acquired 60% interest in Company C and Oriental Victor has already acquired 50% interest in Company B but Company A has not completed the acquisition of the 50% interest in Company B.

The Directors confirm that the major difference between the previous arrangement as announcement in the Company's announcement dated 14 February 2006 and the new arrangement is the amount of the shareholder's loan to fulfil the Capital Commitment on the part of Surewin. The amount of the shareholder's loan required to be contributed by the Company was US$7.25 million (approximately HK$56.55 million) in the previous arrangement whilst the shareholder's loan is in the amount of US$7 million (approximately HK$54.6 million) in the new arrangement and will be in the form of cash which will be advanced to Company C. The reduction of the shareholder's loan was due to a reduction of Capital Commitment taking into account a reduction of the estimated revised operating expenses. The reduction of the shareholder's loan and all other terms stated in this announcements were agreed between Swiss-Invest and the other relevant parties before the termination of the Heads of Agreement and before the Company signing the Accession Agreement. The major similarity between the previous and new arrangement is the Company's interest in the Oil Field (which is actually the same). The Directors further confirm that save as disclosed above, there is no committed amount on the part of the Company under the joint venture agreement.

Grant of shareholder's loan

As a result of the Accession Agreement, Surewin and Holley are required to each contribute approximately a total of US$7 million (approximately HK$54.6 million) each as to (i) US$250,000 (approximately HK$1.95 million) by way of shareholder's loan to Oriental Victor on or before 10 April 2006, such amount will then be invested in Company B to fulfill part of the Capital Commitment of Oriental Victor to be used as the daily operation expenses of Company C on the same date; and as to (ii) US$6.75 million (approximately HK$52.65 million) by way of shareholder's loan to Oriental Victor, such amount will also be invested in Company B to fulfill the remaining Capital Commitment which will be paid in stages according to the budgets as may be agreed by the board of directors of Company C after the granting of the concession right of the Oil Field by the Egyptian Government to Company C. It is expected that the concession right will be granted around May 2006.

Details of the Capital Commitment pursuant to Rules 13.13, 13.15 and 13.16 of the Listing Rules

As the shareholder's loan in the aggregate amount of US$7 million (approximately HK$54.6 million) committed by the Company so as to be able to meet the Capital Commitment on the part of Surewin exceeds 8% of the total assets of the Company as at 30 June 2005 amounted to HK$222,394,000, the Company is required to announce the details of such loan in accordance with the requirement under Rule 13.16 of the Listing Rules.

Surewin has granted the US$250,000 (approximately HK$1.95 million) shareholder's loan to Oriental Victor on 10 April 2006 and is required to grant the remaining shareholder's loan in the amount of US$6.75 million (approximately HK$52.65 million) to Oriental Victor on condition that the concession right of the Oil Field is granted by the Egyptian Government to Company C. The shareholder's loan is interest free and shall be repaid from the future income of the Oil Field. Pursuant to the shareholders' agreement of Company C, no distribution of profit or dividend could be made or declared by Company C unless and until the shareholder's loan of Company B is repaid in full. Furthermore, Company B, through which the shareholder's loan was invested shall be deemed as a secured creditor of Company C, whereby all of the assets of Company C together with the interests of Company C Shareholders in Company C shall act as security for the extinguishment of the indebtedness of Company C to Company B.

The Company intends to fund the Capital Commitment on the part of Surewin by internal resources and, where suitable, by share placement or bank financing.

The Company will fulfill the continuing disclosure obligation under Rule 13.20 of the Listing Rules for so long as the circumstances giving rise to such disclosure obligation continue to exist at its interim period and/or annual financial year end.

Information on Company A, Company B, Company C and Company C Shareholders

As far as the Directors are aware, Company A is principally engaged in the investment and provision of capital and management services to smaller capitalised business enterprises and resources production and development companies. To the best of the Directors' knowledge having made due enquiries, Company A and its beneficial shareholders are not connected persons of the Company.

Company B is principally engaged in oil exploration and production. Before the acquisition of the 50% interest in Company B by Oriental Victor, Company B was wholly owned by Company B Shareholders who have now assigned 50% interest in Company B to Oriental Victor and have contracted to assign the remaining 50% interest in Company B to Company A. To the best knowledge of the Directors, the beneficial shareholders of Company B, Company B Shareholders and Company A are not connected persons of the Company.

As Company B now beneficially owns 60% interest in Company C, the accounts of Company C will be consolidated into the accounts of Company B.

As a result, the audited net liabilities value attributable to 25% of Company B (as consolidated) as at 30 June 2005 amounted to HK$98,000. Company B did not record any profit for each of the two financial years ended 30 June 2005.

Company C is principally engaged in contracting exploration and production rights in respect of the Oil Field and will commence its operation after obtained the concession right from the Egyptian government. Before the acquisition of the 60% interest in Company C by Company B, Company C was owned as to 27% by Company B and as to the remaining 73% by Company C Shareholders. To the best knowledge of the Directors, the beneficial shareholders of Company C are not connected persons of the Company.

The board of directors of Company C will comprise of four directors, one of which is appointed by Oriental Victor, one of which will be appointed by Company A and the other two are appointed by Company C Shareholders. Company C will be a party to the concession agreement and it is in the course of applying for the exclusive exploration and production rights of the Oil Field.

As far as the Directors are aware, Company C Shareholders are principally engaged in the oil exploration business. To the best of the Directors' knowledge having made due enquiries, Company C Shareholders and their respective beneficial shareholders are not connected persons of the Company.

After the Investment, Oriental Victor became a joint venture company of the Company for equity accounting purpose and its accounts will not be consolidated into the Group's accounts. The net profit or loss before taxation and the net assets or net liabilities of Oriental Victor will be incorporated in the consolidated financial statements of the Company using the equity method of accounting in accordance with the shareholding percentage held by the Company in Oriental Victor, which is 50%.

After the Investment, Company B became a joint venture company of Oriental Victor for equity accounting purpose and its accounts will not be consolidated into Oriental Victor's accounts. The net profit or loss before taxation and the net assets or net liabilities of Company B will be incorporated in the consolidated financial statements of Oriental Victor using the equity method of accounting in accordance with the shareholding percentage held by Oriental Victor in Company B, which is 50%.

Information on the Group

The principal activity of the Group is the provision of financial services, including securities and futures brokerage, securities margin financing, financial advisory services and investment banking.

Reasons for the Investment

The Directors consider that the Investment can provide an opportunity for the Group to expand its business and diversify the Group's current business and broaden its earning base in the long run.

It is currently estimated that the time required from the granting of the concession right to first production will be within two years and it is also contemplated that the Oil Field will start generating income on first production . The principal source of income of the Oil Field will be derived from the oil drilled therefrom.

The Company has obtained a legal opinion from a Egyptian law practitioner who advised that the conventional administrative process after a tender is awarded is as follows:-

a) Relevant Concession Agreement is sent to the Ministry of Petroleum for the approval.

b) The Ministry of Petroleum in turns presents such concession to Cabinet of Ministers for Approval and requests that it be sent to Egyptian Parliament.

c) The Egyptian Parliament approves the concession and issues a special Law in this regard.

d) A Presidential Decree is then issued granting the said concession to the successful bidder.

According to the Egyptian law practitioner, theoretically, prior to the issuance of Presidential Decree, any of the above entity and Government bodies can withhold the approval of the said concession. In practice, to the best of their knowledge, no similar concession approval was withheld before. As such, the Company believes that it is highly likely that Company C will succeed in getting the exploration and production right of the Oil Filed.

Taking into account the steady demand for oil and recent increase in the oil prices, the Directors consider that the Investment represents a good investment opportunity for the Company and is in the interest of the Company and the Shareholders as the Directors believe the Investment will broaden the Company's earning base and strengthen the Company's cash flow position in the long run.

As the management of the Company has no previous experience in the oil business, there is a possible risk that the management of the Company may not be in the best position to make a sound business judgment when expanding to this new business. Notwithstanding the above, an independent technical expert having the appropriate experience to provide technical advice on, inter alia, estimated reserves and production projections of the Oil Field has been appointed to advise the Company in that respect.

Holley is a wholly-owned subsidiary of Holley Group which was established in 1970 with headquarter situated in Hangzhou, PRC. Holley Group is a private limited company with diversified international businesses, including but not limited to the supplies of metrological instruments, power equipment and system, biopharmaceutical products, information technology and system as well as petro-chemical products. In the year 2005, Holley Group recorded a total sales of RMB11,000 million. To the best of the Directors' knowledge, Holley Group is beneficially owned by over 190 individuals who are third parties independent of the Company, the Vendors, Company A, Company B, Company C and their respective connected persons. The Company got acquinted with Holley through independent third parties. To the best of the Directors' knowledge having made due enquiries, Holley and its beneficial shareholders are not connected persons of the Company. Holley Group and the Company share the same intention and long term view to further their business in the oil industry. With the international network and resources of Holley, the Company believes that the Company is in a better position to further such intention than working with the Vendors. The Company would not prefer to find new partner(s) each time when an oil field is acquired in order to preserve consistence in pursuing long term strategy.

Furthermore, the independent third parties (i.e. Company A, Company C Shareholders and existing shareholders of Company B which will transfer their shareholdings in Company B to Company A) holding the remaining 70% of the exploration and production rights of the Oil Field consist of experienced professionals in the oil business.

In view of the above, the Company will benefit from the expertise and experience of the independent third parties (i.e. Company A, Company C Shareholders and existing shareholders of Company B which will transfer their shareholdings in Company B to Company A) holding the remaining 70% of the exploration and production rights of the Oil Field and the independent technical expert engaged by the Company to create a new business platform for the Company.

Based on the above reasons, the Directors (including Independent Non-Executive Directors) consider that the terms and conditions of the Accession Agreement and the arrangements for the Investment are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company has the present intention to continue its existing business and further its business in the oil industry and is looking for and will continue to look for suitable oil fields for future investment and shall issue further announcements according to the Listing Rules as circumstances require. As at the date of this announcement, the Company has not identified any oil field for future investment.

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Investment exceed 5% but are below 25%, the Investment constitutes a discloseable transaction for the Company under the Listing Rules.

PLACING OF NEW SHARES

In order to finance the Capital Commitment, the Company on 13 April 2006 entered into the Placing Agreement with the Placing Agent to procure the Placees to subscribe for a total of 17,000,000 Placing Shares at the Placing Price of HK$1.73 each on a best effort basis.

The Placing Agent

Karl-Thomson Securities Company Limited, will procure or through sub-agents to procure, not less than 6 independent investors to acquire an aggregate of 17,000,000 existing Shares under the Share Placing on a best effort basis. The Directors confirm that as at the date of this announcement, sufficient numbers of Placees has been procured to subscribe for 17,000,000 Placing Shares. The Placing Agent is a wholly-owned subsidiary of the Company.

GRANT OF OPTION

Under the Placing Agreement, all of the Placees will be granted the Option under which each of the Placees has the Option to subscribe for the Option Shares of up to an aggregate of 17,000,000 Shares at the Option Exercise Price of HK$1.85 each in whole or in part within the option period of one year. Each of the Optionholder has to notify the Company by way of notice prior to the exercise of the Option. The Option is not transferrable and the Optionholder does not have any voting right in the general meeting of the Company.

Placing Shares and Option Shares

The Placing Shares of 17,000,000 Shares represent (i) approximately 3.69% of the existing issued share capital of the Company of 460,000,000 Shares as at the date of this announcement; and (ii) about 3.56% of the issued share capital of the Company of 477,000,000 Shares as enlarged by the Placing (assuming the Option is not exercised).

The Placing Shares and the Option Shares of 34,000,000 Shares in aggregate together represent (i) approximately 7.39% of the existing issued share capital of the Company of 460,000,000 Shares as at the date of this announcement; and (ii) about 6.88% of the issued share capital of the Company of 494,000,000 Shares as enlarged by the Placing Shares and the Option Shares.

The Placing Shares and the Option Shares will rank, upon issue, pari passu in all respect with the Shares in issue on the date of allotment and issue of the Placing Shares and the Option Shares.

Listing Application

An application will be made to the Stock Exchange for the listing of and permission to deal in the Placing Shares and the Option Shares.

Placing Price and Option Exercise Price

The Placing Price of HK$1.73 represents (i) a discount of approximately 3.35% to the closing price of HK$1.79 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a premium of about 5.49% over the average closing price per Share of about HK$1.64 as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date; and (iii) a premium of about 367.57% to the unaudited net asset value per Share of HK$0.37 as at 30 June 2005.

The Placing Price and the grant of Option without any premium was reached after arm's length negotiations between the Company and the Placing Agent taking into account (i) the Option Exercise Price is almost 7% higher than the Placing Price; and (ii) the Placing Price and the Option Exercise Price representing a large premium over the average closing price per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date and the unaudited net asset value per Share as at 30 June 2005. As such, the Directors are of the view that the Placing Price and the Grant of Option without any premium is fair and reasonable to the Company and the Shareholders as a whole.

The Directors are also of the view although the grant of the Option is without any premium, yet the terms of the Placement Agreement will be more beneficial to the Shareholders of the Company and the Company as a whole than the terms of the Subscription Agreement previously entered by the Company, in particular, the Placing price is now HK$1.73 per Share whilst in the Subscription Agreement, the Share Subscription price and the Option Subscription price taken together was only HK$1.00.

The Option Exercise Price of HK$1.85 represents (i) a premium of approximately 3.35% to the closing price of HK$1.79 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a premium of about 12.80% over the average closing price per Share of about HK$1.64 as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date; and (iii) a premium of about 400% to the unaudited net asset value per Share of HK$0.37 as at 30 June 2005.

Conditions Precedent of the Placing Agreement

The Placing is conditional upon, inter alia, the Stock Exchange having granted the listing of, and permission to deal in, the Placing Shares and the Option Shares.

If the conditions precedent of the Placing Agreements are not fulfilled on or prior to 15 June 2006, the Placing Agreements will terminate and neither of the parties thereto will have any claim against the other for costs, damages, compensation or otherwise save as provided in the Placing Agreement. In case any of the Placing Agreements is terminated, a further announcement will be issued by the Company.

Completion of the Placing

Completion of the Placing Agreements is expected to take place on or before the seventh Business Day upon the fulfilment of the conditions precedent of the Placing Agreements or such other time or date as the Company and the Placing Agents may agree in writing.

General mandate

The Placing Shares and the Option Shares will be issued by the Company under a general mandate to allot, issue and deal with Shares granted to the Board by the Shareholders at the Company's last annual general meeting on 25 May 2005.

Reason for the Placing and use of net proceeds

The gross proceeds and the net proceeds of the Placing (assuming the Option is not exercised) will be approximately HK$29.4 million and HK$29.0 million respectively, 95% of the net proceeds will be used to fund the Capital Commitment and the remaining of which will be used as the general working capital of the Company.

The gross proceeds and the net proceeds of the Placing (assuming the Option is exercised in full) will be approximately HK$60.9 million and HK$60.5 million respectively, 95% of the net proceeds will be used to fund the Capital Commitment and the remaining of which will be used as the general working capital of the Company.

The Board considers that the terms of the Placing Agreement (including the Placing Price and the Option Exercise Price which were determined at arm's length negotiations between the parties) to be fair and reasonable and in the interest of the Company and its Shareholders as a whole. The Directors are of the view that through the Placing, the Company can broaden its capital and shareholder basis without any interest burden.

Effect on shareholding structure

The shareholding structure of the Company immediately before and after the Placing is set out below:

	Existing shareholding structure of the Company prior to completion of the Placing		Shareholding structure of the Company immediately after completion of the Placing but before exercise of the Option		Shareholding structure of the Company immediately after completion of the Placing and exercise of the Option in full	
	Number of Shares held	**% of issued Shares held (approximately)**	**Number of Shares held**	**% of issued Shares held (approximately)**	**Number of Shares held**	**% of issued**
Shares held (approximately)						
The Placees	Nil	Nil	17,000,000	3.56%	34,000,000	6.88%
J & A Investment Limited	311,718,000	67.76%	311,718,000	65.35%	311,718,000	63.10%
Other public shareholders	148,282,000	32.24%	148,282,000	31.09%	148,282,000	30.02%
Total	460,000,000	100%	477,000,000	100%	494,000,000	100%

As at the date of this announcement, the Company has no outstanding options, warrants or similar rights to subscribe or purchase any equity securities of the Company.

Fund raising activity of the Company in the 12 months immediately preceding the date of this announcement

The Directors confirm that save as the entering in the Subscription Agreement which was terminated on 7 April 2006, the Company did not conduct any fund raising activity in the 12 months immediately preceding the date of this announcement.

As the Placing is subject to a number of conditions precedent, it may or may not proceed, Shareholders and the public should exercise caution in dealing in the securities of the Company.

General

A circular containing, among others, further details of the Oil Field and the Investment will be despatched by the Company to the Shareholders as soon as practicable in accordance with the Listing Rules.

DEFINITIONS

"Accession Agreement"	an agreement dated 7 April 2006 entered into between, amongst others, Swiss-Invest and Oriental Victor in relation to the assignment, transfer and novation of all its rights and obligations in the Oil Field by Swiss-Invest to Oriental Victor at a consideration of HK$1
"Board"	the board of Directors
"Business Day"	a day (other than Saturday) on which banks in Hong Kong are generally open for business
"Capital Commitment"	the total funding commitment of US$7 million (approximately HK$54.6 million) to be contributed by each of Holley and Surewin to Oirental Victor to enable it to participate in the exploration and production of the Oil Field
"Company"	Karl Thomson Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
"connected person"	has the same meaning ascribed to it under the Listing Rules
"Directors"	directors of the Company
"Group"	the Company and its subsidiaries
"Heads of Agreement"	the Heads of Agreement dated 12 January 2006 entered into between Surewin and the Vendors
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Holley"	Holley International (Hong Kong) Limited, a company incorporated in Hong Kong
"Holley Group"	Holley Industry Group Company Limited, a company incorporated in the PRC
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Third Party"	person(s) or company(ies) which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, is or are third party/parties independent of the Company and connected person of the Company
"Investment"	the investment made by Surewin into the share capital of Oriental Victor in order to obtain the benefit brought about by 15% of the concession right in respect of the Oil Field

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Oil Field "	an oil field situated in Egypt
"Option"	the option attached to the Placing Share(s) to subscribe for the Option Shares in the proportion of one Option Share to one Placing Share
"Option Exercise Price"	HK$1.85 per Option Share, subject to adjustment on accordance with the terms of the Placing Agreement, including, among other things, the Shares becoming of a different nominal amount by reason of any consolidation or subdivision
"Option Shares"	up to an aggregate of 17,000,000 Shares to be issued by the Company to the Optionholder upon the exercise of the Option
"Optionholder"	holder of the Option
"Oriental Victor"	Oriental Victor Limited, a company incorporated in Hong Kong
"Placees"	any person or entity procured by the Placing Agent or its sub-agents to subscribe for any of the Placing Shares and the Option Shares
"Placing"	the subscription of the Placing Shares and the Option Shares pursuant to the terms of the Placing Agreement
"Placing Agent"	Kart-Thomson Securities Company Limited, a wholly-owned subsidiary of the Company
"Placing Agreement"	the placing agreement entered into between the Company and the Placing Agents in respect of the Placing dated 13 April 2006
"Placing Price"	HK$1.73 per Placing Share
"Placing Shares"	a total of 17,000,000 new Shares to be placed pursuant to the Placing Agreement
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) of HK$0.10 each in the issued share capital of the Company

"Share Placing"	the placing of the Placing Shares pursuant to the Placing Agreement
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscriber"	Dragon Holdings Limited, a company incorporated in Marshall Islands
"Subscription Agreement"	an agreement dated 9 February 2006 and supplemented by a supplemental agreement dated 14 February 2006 entered into between the Company and Dragon Holdings Limited
"Surewin"	Surewin Management Limited, a company incorporated in the British Virgin Islands and wholly owned by the Company
"Swiss-Invest"	Swiss-Invest Petroleum Group Limited, a company incorporated in Hong Kong
"US$"	United States dollars, the lawful currency of the United States of America
"Vendors"	Swiss-Invest Group Limited and Ms. Ho

Note: For the purposes of this announcement, unless otherwise indicated, exchange rate of HK$7.80 = US$1.00 has been used for currency conversions. This is for the purpose of illustration only and does not constitute a representation that any amounts in HK$ or US$ have been, could have been or may be converted at such rates or any other exchange rates.

* *For identification purposes only.*

As at the date of this announcement, the executive Directors are Mr. Lam Kwok Hing ad Mr. Nam Kwok Lun, and the independent non-executive Directors are Mr. Chen Wei-ming, Eric, Mr. Kwan Wang Wai, Alan and Mr. Ng Chi Kin, David.

By order of the Board
Karl Thomson Holding Limited
Lui Choi Yiu, Angela
Company Secretary

24 Arpil 2006, Hong Kong

Please also refer to the published version of this announcement in China Daily.