

I would like to present to the shareholders the annual report together with the audited financial statements of Karl Thomson Holdings Limited (the “Company”) and its subsidiaries (the “Group”) for the year ended 31 March 2003.

BUSINESS REVIEW

During the financial year under review, the Group continued to focus on the provision of an assorted range of financial services to its clients, which included stockbroking, securities margin financing, investment banking, financial and investment advisory services. Nevertheless, the sluggish external economic sentiment persisted to pervade the entire investment market. In view of the prevailed apprehension for recession and war, the investment sentiment for Hong Kong stocks remained unfavourable and the business environment confronted by challenges. While investment confidence was further undermined by the accounting scandals of certain corporate giants in the U.S. since the fourth quarter of 2002, U.S. President’s decision to declare war on Iraq had triggered the sharp rise in oil prices to reach a height of US\$40 per barrel. Capital took further flight to both the fixed income and the gold bullion markets for safe haven. In the meantime, the impact of the widespread explosion of the Severe Acute Respiratory Syndrome (“the SARS”) explode in Guangdong, Hong Kong, and the entire Greater China region, together with the various adverse circumstances which were all beyond human control, was reflected in the further aggravation of the already weakening business environment and the absolute echo in the domestic securities market. The Hang Seng Index tumbled gradually from the level of 11,032 of market open on 2 April 2002, which represented the beginning of the previous financial year, to the level of 8,634 at market close on 31 March 2003, representing a diminution of 21.7% over the respective period. The severe impact on the Group’s business performance under the depicted trend and market environment was unavoidably under severe attack.

During the financial year under review, Hong Kong economy continued to face with structural adjustment in its economy. In view of the adverse market circumstances including the weakening domestic consumer expenditure, the acute deflationary pressure, persevere rise in unemployment rate, the huge number of personal bankruptcy cases, the slump in both industrial and commercial sectors, the persisting turbulence in business environment and the trend of cross-selling in the banking sector which has intensified the fierce competition among securities market participants, the Group still strived to struggle its way through

本人謹代表本公司董事會提呈高信集團控股有限公司(「本公司」)及其附屬公司(「本集團」)截至二零零三年三月三十一日止年度之年報連同經審核財務報表予各股東省覽。

業務回顧

於回顧財政期度內，本集團繼續專注為客戶提供多元化金融服務，服務範圍遍及證券買賣、證券保證金融資、投資銀行、財務顧問及投資顧問層面。然而，外圍經濟不景氣繼續困擾整個投資市場，在經濟衰退及戰爭的憂慮的瀰漫下，港股投資氣氛依然低迷，營商環境充滿挑戰。繼美國大型企業帳目醜聞自二零零二年第四季嚴重打擊投資者入市信心後，美國總統於三月初決定攻打伊拉克，觸發油價上衝見每桶40美元水平，資金進一步流向債市及金市尋求避難之所，與此同時，廣東和香港爆發非典型肺炎，疫情輾轉蔓延至整個大中華地區，在此等營商環境下，本地經濟受到進一步打擊，種種非人力所能控制的不利環境因素，全然反映在本地股票市場，恆生指數由二零零二年四月二日即上一財政年度開市11,032點起步點水平反覆下跌至二零零三年三月三十一日即年結日的8,634點收市水平，期內共回落21.7%。本集團業務表現在大勢所趨之下亦不能幸免地受到重大影響。

於回顧財政期度內，香港經濟持續面對結構性調整，在內部消費需求疲弱、通縮壓力難消、失業率屢創新高、個人破產宗數高企、工商業不振的影響下，嚴峻的營商環境未見舒緩，銀行跨業經營的趨勢令證券業經營者之間競爭更見激烈，在上述眾多不利因素困擾下，本集團致力尋求突圍，期內仍然錄得營業額29,242,000港元(二零



the deep water and recorded a turnover of HK\$29,242,000 (2002: HK\$32,385,000) during the period, representing a decrease of 9.7% as compared to the previous financial year. The Group recorded an audited loss attributed to shareholders of approximately HK\$42,731,000, representing a decrease of 41.8% over the net loss of approximately HK\$73,404,000 for the previous financial year, and the loss per share was HK\$9.3 cents (2002: HK\$16.1 cents), an achievement which symbolized an improvement over the previous financial year.

PROSPECTS

In future, the Group will continue to move forward via the adoption of a prudent but progressive strategy in business development. Leveraging on the incessant efforts in research and development of information technology and promotion of its online securities trading platform, ManyTrade, the Group will strengthen and consolidate its core securities and futures brokerage businesses and provide wide range of services for various investment products available in the market. In addition, the Group will also proactively identify and grasp the investment opportunities in the People's Republic of China (the "PRC") and corporate finance related projects. Due to the ascent recognition of the Group by the public, as well as its strong business position and prudent business approach, the Group successfully reaches out to its clients and attains their good faith, which was evidenced by our achievement from the introduction of the Group's operations in asset management and corporate finance and financial advisory services in recent years.

The Board of Directors (the "Board") does not recommend the payment of final dividend for the year ended 31 March 2003.

APPRECIATION

On behalf of the Board, I wish to express my sincere appreciation to all members of management and staff for their hard work and dedicated services. I also wish to extend my gratitude to our shareholders for their continued support.

On behalf of the Board

LAM KWOK HING

Chairman

Hong Kong, 25 July 2003

零二年：32,385,000港元），數字較去年同期減少9.7%。本集團於本財政年度內錄得42,731,000港元之經審核股東應佔虧損，較上一財政年度錄得之虧損淨額73,404,000港元減少41.8%，每股淨虧損為9.3港仙（二零零二年：16.1港仙虧損），表現較上一財政年度有所改善。

展望

在未來的日子，本集團仍會以進取不忘穩健的態度，繼往開來，透過在資訊科技層面上努力不懈的研發，致力推廣網上證券交易平台ManyTrade，強化和提升核心證券及期貨經紀業務，擴大投資產品的服務範圍。積極物色內地市場的拓展機會和企業融資相關項目同樣是本集團未來的發展方向。日益提高的知名度、雄厚的業務基礎及穩健的經營作風成功為本集團贏取客戶的信賴，並反映於本集團近年引進的理財顧問和企業財務顧問業務所取得之效益上。

董事會不建議派發截至二零零三年三月三十一日止年度任何末期股息（二零零二年：無）。

致謝

本人謹代表董事會對各管理層及僱員之努力不懈與熱心貢獻及本公司股東之不斷支持作出衷心致意。

代表董事會

藍國慶

主席

香港，二零零三年七月二十五日