



Hong Kong Exchanges and Clearing Limited

香港交易及結算所有限公司

The Stock Exchange of Hong Kong Limited

(a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

(the “Exchange”)

CRITICISM

Karl Thomson Holdings Limited

(the “Company”)

The Exchange hereby publicly criticises the Company for breach of Rule 11.06 of the Exchange Listing Rules.

At a disciplinary hearing held on 30 September 2003 (the “Disciplinary Hearing”), the Listing Committee of the Exchange (the “Listing Committee”) conducted a hearing into the conduct of, among others, the Company.

On 23 August 2000, the Company issued its prospectus in connection with the listing of its securities. On or about 18 January 2002, it was discovered that the Company had overstated its net tangible assets in pages 7 and 76 of its prospectus by HK\$11,604,000 or 8.34%. The correct adjusted net tangible asset value per share should have been HK\$0.6624 instead of HK\$0.7176. The overstatement was the result of a double counting of HK\$11,604,000 attributable to “profit” from sale of shares in Hong Kong Exchanges and Clearing Limited, which had already been counted as part of the Company’s assets.

In the announcement dated 28 February 2002, the Company admitted the overstatement which was an inadvertent oversight.

The Disciplinary Hearing was conducted into, among other things, the possible breach by the Company of Rule 11.06 of the Exchange Listing Rules, which stipulates that listing documents must contain all of the specific items of information which are set out in either Part A or B of Appendix 1. In those cases where listing is sought for securities of an issuer no part of whose share capital is already listed the items of information specified in Part A must be included. Paragraph 21 of Part A of Appendix 1 requires a statement of the net tangible asset backing for each class of security for which listing is sought, after making allowance for any new securities to be issued, as detailed in the listing document.

The Listing Committee concluded, among other things, that the Company was in breach of Rule 11.06 of the Exchange Listing Rules and imposed a public statement which involved criticism on the Company for the breach.

At a disciplinary review hearing held on 6 January 2004, the Listing Committee conducted a review hearing on the application by the Company of the sanction imposed by the Listing Committee at the Disciplinary Hearing. The Listing Committee concluded that a public statement which involved criticism was the appropriate sanction to be imposed on the Company.

Accordingly, the Listing Committee hereby publicly criticises the Company for its breach of Rule 11.06 of the Exchange Listing Rules.

For the avoidance of doubt the Exchange confirms that this public statement which involves criticism applies only to the Company and not to any other past or present member of the Board of Directors of the Company.

**The Listing Committee of
The Stock Exchange of Hong Kong Limited**

Hong Kong, 15 March 2004

Please also refer to the published version of this announcement in South China Morning Post.