Karl Thomson Holdings Limited
高信集團控股有限公司

(incorporated in Bermuda with limited liability)
（於百慕達註冊成立之有限公司）

INTERIM REPORT 2009

Stock Code 股票代號：7

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CORPORATE INFORMATION

Board of Directors

Executive Directors:
LAM Kwok Hing *(Chairman)*
NAM Kwok Lun
(Deputy Chairman and Managing Director)

Independent Non-executive Directors:
CHEN Wei-Ming Eric
KWAN Wang Wai Alan
NG Chi Kin David

Audit Committee

CHEN Wei-Ming Eric
KWAN Wang Wai Alan
NG Chi Kin David

Remuneration Committee

LAM Kwok Hing
NAM Kwok Lun
CHEN Wei-Ming Eric
KWAN Wang Wai Alan
NG Chi Kin David

Company Secretary

LUI Choi Yiu Angela

Authorised Representatives

LAM Kwok Hing
NAM Kwok Lun

Resident Representative and Assistant Secretary

Appleby Corporate Services (Bermuda) Limited

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Head Office and Principal Place of Business

Unit 701, Tower One
Lippo Centre
89 Queensway
Hong Kong

Principal Share Registrar and Transfer Office

Reid Management Limited
Argyle House
41A Cedar Avenue
Hamilton HM12
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Standard Limited
26 Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

Principal Bankers

Wing Hang Bank, Limited
Hang Seng Bank Limited
Chong Hing Bank Limited
Chiyu Banking Corporation Limited

Solicitors

Sidley Austin Brown & Wood International Law Firm

Auditors

Deloitte Touche Tohmatsu
Certified Public Accountants

Stock Code

7

Contacts

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Website: www.ktg.com.hk

REPORT OF THE CHAIRMAN

I would like to announce to the shareholders the unaudited consolidated results of Karl Thomson Holdings Limited (the "Company") together with its subsidiaries (the "Group") for the six months ended 30 June 2009.

For the six months ended 30 June 2009, loss attributable to shareholders amounted to HK$13,573,000 (2008: profit of HK$33,624,000), equivalent to loss per share of HK2.29cents (2008: earnings per share of HK5.66 cents).

BUSINESS REVIEW

The Group comprises three major business streams, namely the financial business, investment in associate Asia Tele-Net and Technology Corporation Limited ("ATNT") and the oil and gas business.

In the beginning of 2009, the Financial Tsunami continued to dampen the global financial market and economy which could only find bottoms in the Second Quarter after the governments of major economies were subsequently forced to carry out extraordinary monetary easing policy and fiscal policies. In the absence of the financial structural problems, coupled with earlier successful soft landing, ample foreign reserve and the announcement of RMB 4 trillion economic stimulus plans by the Chinese government, the Greater China Region was rated to the first and strongest economy recovery region. The growing improvement of the relationship across the Taiwan Strait further reduced the political risk and increased the value of the investment in this area. With the well-established market network and experience, the Group is well equipped to ride on this recovery train to provide a comprehensive financial platform services for the Greater China Region and is ready to cooperate with the Chinese partners to penetrate into the growing China market.

FINANCIAL BUSINESS

The financial market experienced a sharp V-shape rebound during the review period as the investment sentiment made a sensational U-turn after the monetary easing policies start to impact on the market. The investors were still hammered by the shaking financial system, worsening economy data, collapse of business giants and the negative rumours in the first quarter but it soon reversed to another extreme of optimism entering the Second Quarter after the US government successfully restructured the bankrupting motor industry and removed the last big bomb in the Crisis and crucially reduced the risk fear. Thereafter, the investment funds rushed back from the bond and currency market to the equity and commodities market driven by panic short covering, anticipation of strong economic recovery and inflation. Global equity market managed to rebound significantly with China A Share Market topping the performance. Commodities prices also bottomed out sharply with oil price soaring 114% from the trough to US$72.72 per barrel. It is no doubt that the investment markets ran far ahead of the current economic performance but the liquidity is still dictating the flow. Equity and commodities markets are expected to remain buoyant as the governments of major countries are still insisting the persistence of the monetary easing policy.

INVESTMENT IN ASSOCIATE ATNT

The technology arm of the Group is developed through our associate, ATNT.

The question whether real economies have recovered yet is an on-going and hot debate amongst analysts. ATNT, as a technology company supplying electroplating equipment, however has seen an obvious change in customer's purchasing attitude. Currently, the customers will purchase new electroplating machinery only when they get a confirmed order. Unlike before, the customers will purchase machinery from ATNT based on forecast orders. The customers are getting more and more price conscious and at the same time expecting a quicker turnaround time. To meet both ends of price reduction and short delivery, the strategy is to standardise the machine design and offer standard products.

The activities in Printed Circuit Board ("PCB") sector or Surface Furnishing ("SF") sector are ramping up. Unfortunately, with this price pressure over the head, ATNT's gross profit margin was indeed more or less same as last year even though the material prices are slightly reduced.

OIL AND GAS BUSINESS

The Company is currently drilling the third exploratory well in Block 2 West Esh El Mallaha ("Block 2"). Further details are quoted in the management discussion below.

OUTLOOK

I believe the financial business is on the healthy track of returning to normal business level. The technology business, although is still facing great challenges on price, is getting more and more enquiries compared to early this year. I believe if ATNT position the products right at a reasonable price, ATNT will on the right track back to a profitable situation. As far as oil and gas business is concerned, although the crude oil price has dropped from historical high, the Group's long term view on crude oil price does not change. I am still optimistic that crude oil price will remain at a reasonable level to make upsteam exploration sector a profitable business. In addition, when the global economy is recovered, the increased consumption of crude oil and depreciation pressure over US dollar will only drive the crude oil price up again. The Group shall continue the works in Egypt and look for appropriate investment opportunities.

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.

For and on behalf of the Board
Lam Kwok Hing
Chairman

24 September 2009

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

During the six months ended 30 June 2009, the total revenue for the Group was approximately HK$15,514,000 (2008: HK$27,748,000). Loss attributable to shareholders was approximately HK$13,573,000 (2008: profit of approximately HK$33,624,000). The core financial business was still under pressure as investor sentiment remained fragile and the market kept panicky volatile in the first quarter.

MARKET OVERVIEW

The stock market of the review period experienced a vagarious volatility of roller coaster and crossed the field of desperation into the territory of promising land. The first quarter was still hardly hit by falling asset prices, deteriorating economic data, defaults of financial structural products, collapsing capital market and increasing corporate failures. The governments of western economies, pioneered by United Kingdom, were left with limited options but to carry out extreme monetary easing policy including acquisition of the big troubled banks and aggressive fiscal policy which barely provided a breather to the panic financial market. The Crisis finally ended with the US government's resort to the great surgery operation of the motor giants in form of bankruptcy restructuring that removed the last potential explosion and helped to rebuild investment confidence. The Asian markets basically did not have structural financial problems and are generally low geared. In particular, the Greater China region was rated to be the first and stronger recovery area as the Chinese government achieved a soft landing for its earlier overheating and possessed the huge foreign reserve in providing greater manipulation room for its monetary and fiscal policy. As soon as the Chinese government announced its RMB 4 trillion economy stimulus program, the investment funds jumped back from bond and currency market to equity, investment and commodities markets. The short covering, anticipation of economy recovery and forthcoming inflation fueled up the rebound. H shares caught the greatest limelight and property, infrastructure play, building material, motor, home electrical appliances, agricultural, petroleum refinery and new energy sectors were rotationally and aggressively sought as the investor interests danced with the implementation of the government recovery policy in various industries. Many stocks registered rebound of several times and some even made new historic highs, for example Tencent Holdings Limited, and BYD Company Limited. The fund reallocation also spilled to the commodities market whereby the prices bottomed out by almost double against the low. Oil price alone soared 114% to a high at US$72.72 per barrel. The resource counters also bounced back strongly. The return of investment confidence not only stimulated trading volume in secondary market but also revitalised the primary activities in terms of number of new listings, the amount of fund raised and the post listing share price performance. The listing of BBMG Corporation made several records for the IPO frenzy. It froze a margin loan of HK$470 billion, about 770 times oversubscription of its public offering and surged 56.26% from its listed price at the stock exchange debut. Hang Seng Index advanced 62% to close at 18,378 and H Index jumped 71% to 10,962 with daily turnover leaping to the range of HK$60 billion.

The stock market during the review period was a liquidity driven recovery but is likely to continue its strengths in period ahead. The sharp rally came surprised to the market and many investors missed this recovery train and will become the new buying forces upon any pullback. The governments of major economies reiterated their persistence in the current monetary easing policy as most economists and analysts almost have the same consensus that the Western economies will undergo slow and lengthy recovery. On the contrary, after implementing the progressive monetary and fiscal policy, the China economy is gradually reported with some encouraging signs of sustainable recovery and is being upgraded to register greater GDP growth than the original official forecast of 8% by many big financial institutions. While Hong Kong stock market is enjoying the double advantages of both low global interest rate and recovering China economy, the territory continues to attract massive fund inflow and the daily Hong Kong Inter-bank Liquidity Balance stands consistently above HK$200 billion. The outlook of the stock market will still be positive for the rest of the year.

SECURITIES, FUTURES AND OPTIONS BROKERAGE BUSINESS

During the period under review, revenue for the Group's securities broking business and futures broking business as well as the underwriting commission, which accounted for 81% of total revenue, was HK$12,523,000 (2008: HK$14,844,000). The division remained weak amid the poor market conditions in the first quarter.

SECURITIES MARGIN FINANCING

During the period under review, interest income generated from securities margin loan portfolio accounted for 5% of the Group's revenue was HK$740,000 (2008: HK$1,167,000). The division had registered decline mainly attributing to the cautious sentiment in the first quarter.

FINANCIAL MANAGEMENT AND ADVISORY SERVICES

Revenue generated from financial management and advisory services was HK$1,871,000 (2008: HK$11,003,000). Performance of the Division was disappointed as the industry prospect turned cloudy. The bankruptcy of Lehman Brother Group caused great loss to the investors, the operators and the government. The incident ended with an unfortunate political blame and a forced buy-back penalty on the operators in solving the Lehman Mini Bonds and the whole industry is now facing serious challenges in redesigning the regulation, policy, procedure and disciplines in introducing and selling these financial structured products. The Company is waiting for clearer guidelines from the regulatory authority to balance the risk, convenience and the return for marketing these structured products. The Company is currently restricting the marketing activities to simple and matured financial products.

INVESTMENT BANKING

The Group operates its investment banking division under the subsidiary, Karl Thomson Financial Advisory Limited. Operating revenue generated by the investment banking business was HK$350,000 (2008: HK$660,000) during the period.

The investment banking business continued to suffer from the global financial crisis and the result was considered to be realistic in the light of very fierce capital-intensive competition. The division geared most of the efforts and resources to provide financial consultancy and advisory services for small listed companies in Hong Kong. Progress had been considered encouraging and the team had been striking hard to expand the network in China through the existing clients and partners. The drive of China enterprises to match and integrate with international financial market standard underpinned an optimistic growth in this area.

OIL AND GAS BUSINESS

The energy arm of the Group is developed through our wholly owned subsidiary, Karl Thomson Energy Ltd ("KT Energy"). KT Energy has 40% participating interest in two blocks in Egypt, Block 2 and Block 3 West Kom Ombo ("Block 3").

As advised in last annual report, the Company will drill a third exploratory well within this year in Block 2. The third prospective well is named South Malak-1 which was spud on 16 August 2009. The well location is 1.9 kilometers to the southeast of the Malak-1 well. Malak-1 well is the Company's first exploratory well drilled in 2008. The Company continues to explore the southern area because of the level of gas we found in Malak-1. The Company will know the exploration result in next month. The drilling cost of South Malak-1 on dry-hole basis will be approximately US$1 million and will be approximately US$1.5 million at well completion.

For Block 3, the operator Groundstar Resources Egypt (Barbados) Inc ("Groundstar"), as well as the Company's project partner, is interpreting the seismic data. After the interpretation, drilling locations will be proposed for all partners to vote.

ASSOCIATE – ELECTROPLATING EQUIPMENT BUSINESS

The technology arm of the Group is developed through our associate, ATNT. ATNT sells the electroplating technologies through three business segments PCB, SF and Photo Voltaic sectors.

As advised in last annual report, most of the PCB factories, whether in Asia, Europe or North America, have operated at around half capacity only from the last quarter of 2008, as the demand for consumer products dropped drastically. All expansion plan is withheld and the enquiry level has dropped to historical low. The turnover has dropped approximately 63% compared to same period of last year.

Starting from late April 2009, ATNT saw some signs showing that the activities are ramping up again. Since June 2009, more positive signs are seen including the rising demand of smartphones, the wide spread use of Netbook and the price drop in Notebook. All these have driven up the demand of PCBs. The award of the long-awaited licenses for third generation (3G) mobile networks to three telephone operators in January this year also help to stimulate demand of PCBs in short and medium term.

Unfortunately, the customers are getting more and more price conscious and at the same time, they also expect a quicker turnaround time. To meet both ends of price reduction and short delivery, the Company's strategy is to standardise the machine design and offer standard products.

The biggest challenge ahead is price erosion. ATNT is hoping that through internal engineering and sourcing effort, the Company continues to provide the state of art equipment at a reasonable cost to the customers.

MATERIAL ACQUISITIONS AND DISPOSALS OF COMPANIES

There was no material acquisition and disposal of companies during the period.

CORPORATE GOVERNANCE

We are aware of the importance that complying with the relevant statutory and regulatory requirements and maintaining good corporate governance standards are important to the effective and efficient operation of the Company. We have, therefore, adopted and implemented relevant measures to ensure that the relevant statutory and regulatory requirements are complied with and that a high standard of corporate governance practices is maintained.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 30 June 2009, the Group had shareholders' funds of approximately HK$527,985,000 (31 December 2008: HK$508,288,000). The net current assets of the Group were HK$56,117,000 (31 December 2008: HK$61,339,000), which consisted of current assets of HK$190,295,000 (31 December 2008: HK$180,367,000) and current liabilities of HK$134,178,000 (31 December 2008: HK$119,028,000), representing a current ratio of approximately 1.42 (31 December 2008: 1.52).

The Group generally finances its operation with internally generated cash flows. The Group has no long-term bank borrowings apart from occasional utilisation of overdraft facilities and short-term bank borrowings. During the period, the Group obtained short-term bank borrowings which is mainly facilitating the margin to client for the application of Initial Public Offering. As at 30 June 2009, the Group has cash and cash equivalent (excluding the pledged fixed deposits of general accounts) of HK$28,230,000 (31 December 2008: HK$38,016,000).

As at 30 June 2009, the Group's gearing ratio, expressed as a percentage of total borrowings (including bank loans and overdrafts) over shareholders' funds, was at a level of 0.67 (31 December 2008: 0.07).

CONTINGENT LIABILITIES

The Company has given guarantee to bank in respect of the securities margin financing facilities granted to subsidiary. No bank borrowings of such facilities utilised by the subsidiary as at 30 June 2009 (31 December 2008: Nil).

CHARGE ON ASSETS

The Group held banking facilities from various banks as at 30 June 2009. The Group's banking facilities were secured by guarantees given by the Group's bank deposits, margin clients' listed securities and the Company.

As at 30 June 2009, bank deposits amounting to HK$9,191,000 (31 December 2008: HK$16,594,000). Bank deposits of approximately HK$7,500,000 (31 December 2008: HK$7,468,000) was pledged to secure banking facilities granted to a subsidiary and no margin clients' listed securities were pledged and approximately HK$1,691,000 (31 December 2008: HK$9,126,000) was pledged as requested by the Government of Egypt in relation to the oil and gas exploration and production business of Block 2.

CAPITAL STRUCTURE

As at 30 June 2009, the total number of issued ordinary shares of the Company was 593,561,612 of HK$0.10 each (31 December 2008: 593,561,612 shares of HK$0.10 each).

HUMAN RESOURCES

As at 30 June 2009, the Group employed a total of 87 staff (31 December 2008: 100) of which, 42 were commissioned based (31 December 2008: 48) and the total related staff cost amounted to HK$6,085,000 (2008: HK$6,852,000). The Group's long term success rests primarily on the total integration of the company core value with the basic staff interest. In order to attract and retain high caliber staff, the Group provides competitive salary package and other benefits including mandatory provident fund, medical schemes and bonus. The future staff costs of the sales will be more directly linked to the performance of business turnover and profit. The Group maintained organic overhead expenses to support the basic operation and dynamic expansion of its business enabling the Group to respond flexibly with the changes of business environment.

INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the six months ended 30 June 2009 (2008: Nil).

DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

At 30 June 2009, the Directors and chief executives of the Company had the following interests or short positions in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") under Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange:

1. Long positions in the ordinary shares of HK$0.10 each of the Company

Name of Directors	Capacity	Number of issued ordinary shares held	Percentage of issued share capital of the Company
Mr. Lam Kwok Hing *(Note)*	Interest of controlled corporation	311,718,000	52.52%
Mr. Nam Kwok Lun *(Note)*	Interest of controlled corporation	311,718,000	52.52%

Note: The shares are registered in the name of and beneficially owned by J&A Investment Limited ("J&A"). The entire issued share capital of J&A is beneficially owned as to 80% by Mr. Lam Kwok Hing and 20% by Mr. Nam Kwok Lun.

2. Long positions in the ordinary shares of HK$0.01 each of ATNT

Name of Director	Number of issued ordinary shares held Personal interests	Corporate interests *(Note)*	Total	Percentage of the issued share capital of ATNT
Mr. Lam Kwok Hing	3,474,667	48,520,666	51,995,333	12.19%

Note: The shares are registered in the name of and beneficially owned by Medusa Group Limited ("Medusa"). The entire issued share capital of Medusa is wholly owned by Mr. Lam Kwok Hing. Also, Karfun Investments Limited, a wholly-owned subsidiary of the Company, in which Mr. Lam Kwok Hing owns interests through J&A, is interested in 201,995,834 ATNT shares.

In addition to the above, one of the Directors has non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, none of the Directors or the chief executives of the Company had an interest or a short position in the shares and underlying shares of the Company or its associated corporations (within the meaning of the SFO) that was required to be recorded under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES

Apart from as disclosed under the heading "Share Option Scheme" below, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Company's Directors or chief executives or their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares of the Company or any other body corporate.

SHARE OPTION SCHEME

1. The Company

Pursuant to the share option scheme of the Company approved at the annual general meeting held on 7 September 2004 (the "Share Option Scheme"), the Board may at its discretion, invite any employees (whether full-time or part-time), executives or officers of the Company and any of its subsidiaries (including executive and non-executive Directors) and any business consultants, agents, financial or legal advisers who the Board considers will contribute or have contributed to the Company or any of its subsidiaries (the "Eligible Participants"), to take up options to subscribe for shares in the Company. The purpose of the Share Option Scheme is to provide incentives to the Eligible Participants. The Share Option Scheme will expire on 6 September 2014.

No options have been granted to the Eligible Participants under the Share Option Scheme since adoption of the Share Option Scheme.

2. ATNT

At the annual general meeting held on 13 June 2005, an ordinary resolution had been passed to adopt of the share option scheme (the "ATNT Share Option Scheme"). Pursuant to the ATNT Share Option Scheme, the Board may at its discretion, invite any employees (whether full-time or part-time), executives or officers of ATNT and any of its subsidiaries (including executive and non-executive Directors) and any business consultants, agents, financial or legal advisers who the Board considers will contribute or have contributed to ATNT or any of its subsidiaries (the "Eligible Participants"), to take up options to subscribe for shares in ATNT. The purpose of the ATNT Share Option Scheme is to provide incentives to the Eligible Participants. The ATNT Share Option Scheme will expire on 12 June 2015.

No options have been granted to the Eligible Participants under the ATNT Share Option Scheme since the adoption of ATNT Share Option Scheme.

Save as disclosed above, as at 30 June 2009, none of the Directors or chief executives, nor their associates had any interests or short positions in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), and none of the Directors or chief executives, nor their spouses or children under the age 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the review period.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2009, the following persons (other than the Directors and chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long position in ordinary shares of HK$0.10 each of the Company

Name of shareholder	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
J&A *(Note)*	311,718,000	52.52%

Note: J&A is a company incorporated in the British Virgin Islands with limited liability and is beneficially owned as to 80% by Mr. Lam Kwok Hing and 20% by Mr. Nam Kwok Lun.

Save as disclosed above, no person (other than the Directors and chief executives of the Company whose interests are set out under the heading "Directors' and Chief Executives' Interests" above) had an interest or a short position in the shares and underlying shares of the Company that was required to be recorded under Section 336 of the SFO.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the period under review was the Company a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER INFORMATION

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") is composed of all of its independent non-executive Directors, namely Messrs. Chen Wei-Ming Eric, Kwan Wang Wai Alan and Ng Chi Kin David. The principal duties of the Audit Committee are to review, together with management and the Company's external auditors, the accounting principles and practices adopted by the Company and discuss internal controls and financial reporting matters.

The international auditors of the Company, Messrs. Deloitte Touche Tohmatsu have reviewed the financial statements for the period under review and have issued a report on review of interim financial information. In accordance with the requirements of paragraph 39 of Appendix 16 of the Listing Rules, the Audit Committee has reviewed together with management the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial report matters including the review of the unaudited interim financial statements for the period under review.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") is composed of all of its Directors, namely Messrs. Lam Kwok Hing, Nam Kwok Lun, Chen Wei-Ming Eric, Kwan Wang Wai Alan and Ng Chi Kin David. The principal functions of the Remuneration Committee include reviewing the remuneration policies of the Company, assessing the performance of the directors and senior management of the Company and determining policies in respect to their remuneration packages.

REVIEW OF INTERIM FINANCIAL INFORMATION

This interim financial information is unaudited, but has been reviewed by Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, and the Audit Committee.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES IN APPENDIX 14 OF THE LISTING RULES

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices (the "Code"), as set out in Appendix 14 of the Listing Rules, throughout the accounting period covered by the interim report except for the deviation from code provision A.4.2. of the Code which every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, according to Bye-laws of the Company, the Chairman or Managing Director are not subject to retirement by rotation or taken into account on determining the number of Directors to retire. As continuation is a key factor to the successful implementation of any long-term business plans, the Board believes that the roles of Chairman and Managing Director provides the Group with strong and consistent leadership and allow more effective planning and execution of long-term business strategies, that the present arrangement is most beneficial to the Company and the shareholders as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the six-month period ended 30 June 2009, the Company has adopted the Model Code under Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transaction. All Directors of the Company have confirmed, following specific enquiry by the Company that they have complied with the required standard set out in the Model Code and the Code during the period under review.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the six months ended 30 June 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed shares of the Company.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-Laws or the Laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PUBLIC FLOAT

As at 30 June 2009 and 24 September 2009 (the latest practicable date of this interim report), the Company complied with the 25% public float requirement under the Listing Rules.

PUBLICATION OF RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Interim Report 2009, containing the relevant information required by the Rules Governing the Listing of Securities on the Stock Exchange, has been published on the websites of the Stock Exchange and the Company.

BOARD OF DIRECTORS

As of the date of this interim report (namely, 24 September 2009), the executive Directors of the Company are Mr. Lam Kwok Hing (Chairman) and Mr. Nam Kwok Lun (Deputy Chairman and Managing Director); the independent non-executive Directors are Mr. Chen Wei-Ming Eric, Mr. Kwan Wang Wai Alan and Mr. Ng Chi Kin David.

On behalf of the Board
Nam Kwok Lun
Deputy Chairman and Managing Director

24 September 2009

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF KARL THOMSON HOLDINGS LIMITED

Introduction

We have reviewed the interim financial information set out on pages 19 to 36, which comprises the condensed consolidated statement of financial position of Karl Thomson Holdings Limited (the "Company") and its subsidiaries as of 30 June 2009 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
24 September 2009

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2009

	NOTES	Six months ended 30 June 2009 HK$'000 (unaudited)	30 June 2008 HK$'000 (unaudited)
Revenue	3	15,514	27,748
Net exchange gain		2,112	1,883
Other income		908	1,586
Write-back of allowance for (allowance for) bad and doubtful debts		245	(100)
Amortisation of intangible assets		(3)	(3)
Depreciation		(132)	(277)
Finance costs		(138)	(725)
Staff costs		(6,085)	(6,852)
Other expenses		(13,736)	(19,841)
Share of (loss) profit of an associate		(13,098)	28,764
(Loss) profit before taxation		(14,413)	32,183
Taxation	4	—	—
(Loss) profit for the period		(14,413)	32,183
Attributable to:			
Owners of the Company		(13,573)	33,624
Minority interests		(840)	(1,441)
		(14,413)	32,183
(Loss) earnings per share – Basic	6	HK(2.29) cents	HK5.66 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six months ended 30 June 2009 HK$'000 (unaudited)	Six months ended 30 June 2008 HK$'000 (unaudited)
(Loss) profit for the period	(14,413)	32,183
Other comprehensive income		
Exchange difference arising on translation	34,402	25,582
Share of other comprehensive (expense) income of an associate	(292)	5,845
Other comprehensive income for the period (net of tax)	34,110	31,427
Total comprehensive income for the period	19,697	63,610
Total comprehensive income attributable to:		
Owners of the Company	9,235	54,976
Minority interests	10,462	8,634
	19,697	63,610

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

	NOTES	30 June 2009 HK$'000 (unaudited)	31 December 2008 HK$'000 (audited)
NON-CURRENT ASSETS			
Fixed assets	7	666	748
Trading rights		2	5
Exploration and evaluation assets	8	328,160	290,182
Interest in an associate		137,757	151,147
Statutory deposits		4,075	4,075
Loans receivable	9	1,208	792
		471,868	446,949
CURRENT ASSETS			
Accounts receivable	10	50,959	32,321
Loans receivable	9	890	545
Other receivables, prepayments and deposits		8,221	9,982
Tax recoverable		1,005	1,159
Pledged fixed deposits (general accounts)	11	9,191	16,594
Bank balances (trust and segregated accounts)		91,799	81,750
Bank balances (general accounts) and cash		28,230	38,016
		190,295	180,367

	NOTES	30 June 2009 HK$'000 (unaudited)	31 December 2008 HK$'000 (audited)
CURRENT LIABILITIES			
Accounts payable	12	108,658	93,593
Other payables and accrued expenses		5,762	8,646
Borrowings	13	3,536	399
Amount due to a joint venturer		1,731	4,960
Amounts due to directors		14,491	11,430
		134,178	119,028
NET CURRENT ASSETS		56,117	61,339
NET ASSETS		527,985	508,288
CAPITAL AND RESERVES			
Share capital	14	59,356	59,356
Reserves		399,772	390,537
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		459,128	449,893
MINORITY INTERESTS		68,857	58,395
TOTAL EQUITY		527,985	508,288

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Attributable to owners of the Company								
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000 (Note)	Investments revaluation reserve HK$'000	Currency translation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1 January 2008 (audited)	59,356	328,003	29,140	–	14,807	64,283	495,589	81,141	576,730
Profit (loss) for the period	–	–	–	–	–	33,624	33,624	(1,441)	32,183
Exchange difference arising on translation	–	–	–	–	15,507	–	15,507	10,075	25,582
Share of other comprehensive income of an associate	–	–	–	1,006	4,839	–	5,845	–	5,845
Total comprehensive income for the period	–	–	–	1,006	20,346	33,624	54,976	8,634	63,610
At 30 June 2008 (unaudited)	59,356	328,003	29,140	1,006	35,153	97,907	550,565	89,775	640,340
At 1 January 2009 (audited)	59,356	328,003	29,140	–	(15,628)	49,022	449,893	58,395	508,288
Loss for the period	–	–	–	–	–	(13,573)	(13,573)	(840)	(14,413)
Exchange difference arising on translation	–	–	–	–	23,100	–	23,100	11,302	34,402
Share of other comprehensive income (expense) of an associate	–	–	–	49	(341)	–	(292)	–	(292)
Total comprehensive income (expense) for the period	–	–	–	49	22,759	(13,573)	9,235	10,462	19,697
At 30 June 2009 (unaudited)	59,356	328,003	29,140	49	7,131	35,449	459,128	68,857	527,985

Note: The special reserve of the Group represents the difference between the nominal value of shares of the acquired subsidiaries and the nominal value of the shares of the Company issued for the acquisition at the time of the reorganisation of the Group.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six months ended 30 June 2009 HK$'000 (unaudited)	Six months ended 30 June 2008 HK$'000 (unaudited)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(16,533)	9,912
NET CASH FROM (USED IN) INVESTING ACTIVITIES		
Purchase of fixed assets	(50)	(257)
Proceeds from disposal of fixed assets	—	1
Addition of exploration and evaluation assets	(1,350)	(22,730)
Decrease in pledged fixed deposits (general accounts)	7,500	11,320
Other investing cash flows	25	524
	6,125	(11,142)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		
New bank loan raised	3,137	—
Repayments of other borrowings	—	(99)
Repayment of amount due to a joint venturer	(4,082)	(6,934)
Advance from (repayments of amounts due to) directors	1,096	(1,914)
	151	(8,947)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,257)	(10,177)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	38,016	42,264
Effect of foreign exchange rate changes	471	—
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD, REPRESENTED BY BANK BALANCES (GENERAL ACCOUNTS) AND CASH	28,230	32,087

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

1. BASIS OF PREPARATION

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") are provision of financial services and oil and gas exploration and production. The financial services provided by the Group include stockbroking, futures and options broking, mutual funds and insurance-linked investment plans and products broking, securities margin financing and corporate finance advisory services. The oil and gas exploration and production are developed through the wholly owned subsidiary, KT Energy.

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008.

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments or interpretations ("new and revised HKFRSs") issued by HKICPA, which are effective for the Group's financial year beginning on 1 January 2009.

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 32 and 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC) – INT 9 and HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) – INT 13	Customer loyalty programmes
HK(IFRIC) – INT 15	Agreements for the construction of real estate
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July, 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 "Segment Reporting", required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 3).

HKAS 23 (Revised 2007) removes the option available under the previous version of the Standard to recognise all borrowing costs as expenses immediately and requires all such borrowing costs to be capitalised as part of the cost of the qualifying asset. The Group has applied the transitional requirements in HKAS 23 (Revised 2007) and applied the revised accounting policy to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. As the revised accounting policy has been applied prospectively since 1 January 2009, the change has had no impact on amounts reported in prior accounting periods. In the current period, no borrowing costs were capitalised as part of the exploration and evaluation assets as the Directors considered the borrowing costs are not significant.

The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 27 (Revised 2008)	Consolidated and separate financial statements[1]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[3]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions[3]
HKFRS 3 (Revised 2008)	Business combinations[1]
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners[1]
HK(IFRIC) – INT 18	Transfers of assets from customers[4]

1 Effective for annual periods beginning on or after 1 July 2009.

2 Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.

3 Effective for annual periods beginning on or after 1 January 2010.

4 Effective for transfers on or after 1 July 2009.

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The Directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating segments" with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, represented by the board of Directors, in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments that was organised into three operating divisions, namely, broking, securities margin financing and oil and gas segments. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. The broking segment reported previously had been divided into broking for securities, futures and options and broking from financial management and advisory services since the internal reports with separate financial information were reviewed by the board of Directors. The unreported segments including investment banking and money lending business are aggregated and presented as "others". Amounts reported for the prior period have been represented to conform the requirements of HKFRS 8.

The following is an analysis of the Group's revenue and results by operating segment for the period under review:

	Broking for securities, futures and options Six months ended		Broking for financial management and advisory service Six months ended		Securities margin financing Six months ended		Oil and gas Six months ended		Others Six months ended		Consoldiated Six months ended	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE												
Segment revenue	**12,523**	14,844	**1,871**	11,003	**740**	1,167	**–**	–	**380**	734	**15,514**	27,748
RESULTS												
Segment (loss) profit	**(1,810)**	1,623	**(544)**	460	**817**	1,162	**(926)**	(501)	**(156)**	(425)	**(2,619)**	2,319
Unallocated income											**2,112**	1,883
Unallocated expenses											**(808)**	(783)
Share of (loss) profit of an associate											**(13,098)**	28,764
(Loss) profit before taxation											**(14,413)**	32,183

Segment (loss) profit represents the financial results by each segment without allocation of central administrative costs, share of (loss) profit of an associate and exchange gain. This is the measure reported to the board of Directors for the purposes of resources allocation and performance assessment.

The total assets of the Group at the end of the interim period do not differ significantly since the latest annual report date.

4. TAXATION

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements for the six months ended 30 June 2008 and 2009 as the companies within the Group either had no assessable profits arising in Hong Kong or the assessable profits were wholly absorbed by estimated tax losses brought forward. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2008 and 2009.

No provision for profits tax is made in other jurisdictions as the subsidiaries in other jurisdictions had no assessable profits for the six months ended 30 June 2008 and 2009.

5. DIVIDENDS

No dividends were paid, declared or proposed during the period. The Directors do not recommend the payment of an interim dividend.

6. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share is based on the following data:

	Six months ended	
	30 June 2009	30 June 2008
	HK$'000	*HK$'000*
(Loss) earnings		
(Loss) profit for the period attributable to owners of the Company for the purpose of basic (loss) earnings per share	**(13,573)**	33,624
Number of shares	*'000*	*'000*
Number of ordinary shares for the purpose of basic (loss) earnings per share	**593,562**	593,562

No diluted (loss) earnings per share was presented as there were no potential ordinary shares during the six months ended 30 June 2008 and 2009.

7. FIXED ASSETS

During the six months ended 30 June 2008, the Group had written off certain leasehold improvements and disposed of certain furniture and fixtures with total carrying amount of approximately HK$28,000 for a proceed of approximately HK$1,000, resulting in a loss on disposal of fixed assets or wrrtten off amounted to approximately HK$27,000. No disposal was noted during the six months ended 30 June 2009.

In addition, the Group acquired computer equipment and furniture and fixtures at an aggregate cost of approximately HK$50,000 (2008: HK$257,000).

8. EXPLORATION AND EVALUATION ASSETS

	Oil concession rights HK$'000 (Note a)	Others HK$'000 (Note b)	Total HK$'000
COST AND CARRYING VALUES			
At 1 January 2008 (audited)	317,260	28,111	345,371
Additions	—	22,730	22,730
Exchange adjustment	26,956	2,789	29,745
At 30 June 2008 (unaudited)	344,216	53,630	397,846
Additions	—	2,588	2,588
Impairment loss	—	(27,377)	(27,377)
Exchange adjustment	(85,585)	2,710	(82,875)
At 31 December 2008 (audited)	258,631	31,551	290,182
Additions	—	1,350	1,350
Exchange adjustment	36,628	—	36,628
At 30 June 2009 (unaudited)	295,259	32,901	328,160

Notes:

(a) *Oil concession rights represented the rights given by Egyptian government in relation to exploration and extraction in the oil fields of Block 2 and Block 3 in Egypt. The exploration period granted by Egyptian government for both Block 2 and Block 3 was eight years from September 2006. After the successful exploration of oil, the Egyptian government will grant further twenty years for the extraction period for both Block 2 and Block 3. Both Block 2 and Block 3 are jointly operated with Groundstar. When the oil is produced in the field, certain percentage of crude oil extracted will be set aside to recover exploration, operation and development cost paid by the joint venturers. The remaining crude oil extracted will be shared at a pre-agreed proportion between the joint venturers and the Egyptian government.*

(b) *Others represented the geological and geophysical studies costs, casing, drilling and trenching expenses and labour costs incurred in the oil exploration processes.*

9. LOANS RECEIVABLE

	30 June 2009 HK$'000	31 December 2008 HK$'000
Fixed-rate loans receivable denominated in Hong Kong dollars	2,098	1,337
Carrying amount analysed for reporting purposes:		
Current assets (receivable within 12 months from the period end date)	890	545
Non-current assets (receivable after 12 months from the period end date)	1,208	792
	2,098	1,337

The maturity of the loans receivable is as follows:

	30 June 2009 HK$'000	31 December 2008 HK$'000
Within 1 year	890	545
In more than 1 year but not more than 2 years	526	73
In more than 2 years but not more than 3 years	81	78
In more than 3 years but not more than 4 years	87	84
In more than 4 years but not more than 5 years	93	90
In more than 5 years	421	467
	2,098	1,337

Loans receivable with an aggregate carrying value of approximately HK$827,000 (31 December 2008: HK$860,000) are secured by a property located in Hong Kong.

The effective interest rates (which are equal to contractual interest rate) on the Group's loans receivable ranged from 6.5% to 8.25% (31 December 2008: 7% to 10.75%) per annum. Interest rate is fixed at the time of entering into the loan agreement. The periods of the loans were from 1 year to 10 years.

10. ACCOUNTS RECEIVABLE

	30 June 2009 HK$'000	31 December 2008 HK$'000
Accounts receivable arising from the business of dealing in securities:		
– Cash clients	12,804	8,782
– Hong Kong Securities Clearing Company Limited ("HKSCC")	7,443	—
Accounts receivable from Hong Kong Futures Exchange Clearing Corporation Limited ("HKFECC") arising from the business of dealing in futures contracts	7,299	7,013
Loans to securities margin clients	22,958	15,776
Accounts receivable arising from the business of providing corporate advisory services	455	750
	50,959	32,321

The settlement terms of accounts receivable from cash clients, HKSCC and HKFECC are usually one to two days after the trade date. Except for the accounts receivable from cash clients as mentioned below, the accounts receivable from HKSCC and HKFECC are aged within 30 days.

Loans to securities margin clients are repayable on demand and bear interest at Hong Kong Prime Rate quoted by Wing Hang Bank plus 3% at 8.25% (31 December 2008: ranging from 8.25% to 9.25%) per annum. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value. The loans are secured by pledged marketable securities at fair value of approximately HK$90,048,000 (31 December 2008: HK$65,268,000) . The Group is permitted to sell or repledge the marketable securities if the customer default the payment.

The Group does not provide any credit term to its corporate advisory services clients and cash clients. The aged analysis of accounts receivable arising from these clients is as follows:

	30 June 2009 HK$'000	31 December 2008 HK$'000
Accounts receivable from corporate advisory services clients		
0 to 90 days	95	200
91 to 180 days	30	200
Over 180 days	330	350
	455	750

	30 June 2009 HK$'000	31 December 2008 HK$'000
Accounts receivable from cash clients		
0 to 90 days	12,699	8,119
91 to 180 days	105	663
	12,804	8,782

11. PLEDGED FIXED DEPOSITS

The Group pledged fixed deposits of approximately HK$7,500,000 (31 December 2008: HK$7,468,000) to banks to secure general banking facilities granted to the Group. The pledged fixed deposits carry interest rates ranging from 0.02% to 0.33% (31 December 2008: 0.7% to 4.4%) per annum and will be released upon the expiry of relevant banking facilities.

The Group also pledged fixed deposit of approximately HK$1,691,000 (31 December 2008: HK$9,126,000) as security for a bank guarantee which is requested by the Government of Egypt in relation to the oil and gas exploration and production business. The deposit, denominated in United States dollars carries prevailing interest rates ranging from 0.1% to 1.7% (31 December 2008: 1.5% to 4.7%) per annum. The pledged fixed deposit will be released upon the completion of the commitment work and expected to be completed by the end of current year. Therefore, the amount is classified as current assets.

12. ACCOUNTS PAYABLE

	30 June 2009 HK$'000	31 December 2008 HK$'000
Accounts payable arising from the business of dealing in securities:		
— Cash clients	**86,066**	73,870
— HKSCC	**—**	4,628
Accounts payable to clients arising from the business of dealing in futures contracts	**19,136**	13,105
Amounts due to securities margin clients	**3,456**	1,990
	108,658	93,593

The settlement term of accounts payable to cash clients and HKSCC is two days after the trade date and aged within 30 days.

Accounts payable to clients arising from the business of dealing in futures contracts are margin deposits received from clients for their tradings of futures contracts on the HKFECC. The excess of the outstanding amounts over the required margin deposits stipulated by the HKFECC are repayable to clients on demand. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value.

Amounts due to securities margin clients are repayable on demand. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value.

The accounts payable amounting to approximately HK$91,799,000 (31 December 2008: HK$81,750,000) were payable to clients or other institutions in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

13. BORROWINGS

	30 June 2009 HK$'000	31 December 2008 HK$'000
Other borrowings	399	399
Bank loan	3,137	—
	3,536	399

Other borrowings represented loans borrowed from third parties. The amounts are unsecured, interest bearing at 18% (31 December 2008:18%) per annum and are repayable on demand. The proceeds were used to finance the operation of the oil and gas business.

During the period, the Group obtained new bank loan amounting to HK$3,137,000(31 December 2008: nil). The loan carries interest at fixed market rates of 1.25% and is repaid on 2 July 2009. The proceeds were used to finance the operation of broking business.

14. SHARE CAPITAL

	Number of shares '000	HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 January 2008, 31 December 2008 and 30 June 2009	1,000,000	100,000
Issued and fully paid:		
At 1 January 2008, 31 December 2008 and 30 June 2009	593,562	59,356

15. RELATED PARTY TRANSACTION

Transactions with related parties:

(a) During the period, the Group received commission income and other securities dealing income from securities dealing of approximately HK$21,000 (2008: nil) from the close family members of the Directors, Messrs. Lam Kwok Hing and Nam Kwok Lun.

(b) During the period, the Group received interest income from securities margin financing of approximately HK$2,000 (2008: nil) from the close family members of the Directors, Messrs. Lam Kwok Hing and Nam Kwok Lun.

(c) As at 30 June 2009, the Directors, Mr. Lam Kwok Hing and Nam Kwok Lun, have advanced approximately HK$11,491,000 (31 December 2008: HK$11,430,000) and HK$3,000,000 (31 December 2008: nil) respectively to the Group. The amounts bear interest at Hong Kong Prime Rate quoted by Wing Hang Bank minus 2.5% per annum. During the period, interest paid or payable to Mr. Lam Kwok Hing and Mr. Nam Kwok Lun amounted to HK$102,000 (2008: HK$253,000) and HK$3,000 (2008: nil) respectively.

The remuneration of Directors during the period was as follows:

	Six months ended	
	30 June 2009	30 June 2008
	HK$'000	*HK$'000*
Short-term benefits	**1,009**	1,059
Post-employment benefits	**12**	12
	1,021	1,071

The remuneration of Directors is determined by the remuneration committee having regard to the performance of individuals and market trends.

16. EVENT AFTER THE END OF THE INTERIM PERIOD

In year 2008, one of the subsidiaries of the Group (the "Subsidiary") sold and distributed certain minbond series relating to Lehman Brothers ("Minibonds") amounting to approximately HK$2,570,000. On 1 September 2009, the Subsidiary offered a repurchase scheme (the "Repurchase Scheme") for the Minibonds to its customers on terms similar to the agreements between the Securities and Futures Commission, the Hong Kong Monetary Authority and the sixteen distributing banks on the repurchase of the Minibonds. Under the Repurchase Scheme, the Subsidiary made an offer to repurchase at a price equivalent to 60% of the nominal value of the principal invested for the customers. If any recovery is made from the enforcement of the collateral held in the Minibonds, the Subsidiary will make further payments to customers who have accepted the Repurchase Scheme. Up to the date of this report, the Subsidiary received ten replies from customers who accepted the Repurchase Scheme with the sum amounted to approximately HK$1,595,000. The Group had not provided the compensation provision of HK$957,000 in the condensed consolidated financial statements as the Directors considered the amount is not significant.