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

(Incorporated in Bermuda with limited liabity)

(Stock Code: 7)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2007

INTERIM RESULTS

The Board of Directors (the "Board") of Karl Thomson Holdings Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2007 together with the comparative figures for the six months ended 30 June 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2007

	NOTES	Six months ended 30 June 2007 HK$'000 (unaudited)	30 June 2006 HK$'000 (unaudited)
Revenue	3	35,718	25,584
Other income		1,462	1,011
Write-back of allowance for bad and doubtful debts		264	824
Amortisation of intangible assets		(3)	(2)
Depreciation		(198)	(368)
Finance costs		(54)	(57)
Other operating expenses		(20,079)	(17,514)
Staff costs		(7,027)	(5,374)
Share of result of an associate		5,007	11,549
Share of result of a jointly controlled entity		545	(3)
Profit before taxation		15,635	15,650
Taxation	4	(680)	—
Profit for the period		14,955	15,650
Attributable to:			
Equity holders of the Company		14,919	15,253
Minority interests		36	397
		14,955	15,650
Earnings per share			
Basic	5	HK3.09 cents	HK3.30 cents
Diluted		HK3.06 cents	HK3.30 cents

CONDENSED CONSOLIDATED BALANCE SHEET
AT 30 JUNE 2007

	30 June 2007 HK$'000 (unaudited)	31 December 2006 HK$'000 (audited)
NON-CURRENT ASSETS		
Fixed assets	823	926
Intangible assets	14	17
Interest in an associate	128,995	123,340
Interest in a jointly controlled entity	599	54
Deferred tax assets	—	80
Statutory deposits	4,030	4,030
Loan to a jointly controlled entity	38,622	34,508
Loans receivable	1,210	1,394
	174,293	164,349
CURRENT ASSETS		
Accounts receivable	91,123	50,493
Loans receivable	503	586
Other receivables, prepayments and deposits	4,809	2,974
Amount due from a jointly controlled entity	—	1,983
Tax recoverable	303	—
Pledged fixed deposits (general accounts)	8,348	8,165
Bank balances (trust and segregated accounts)	83,417	61,936
Bank balances (general accounts) and cash	24,114	16,116
	212,617	142,253

	30 June 2007 HK$'000 (unaudited)	31 December 2006 HK$'000 (audited)
CURRENT LIABILITIES		
Accounts payable	99,788	78,376
Accrued expenses and other payables	8,199	7,477
Bank borrowings	20,899	—
Tax payable	600	18
	129,486	85,871
NET CURRENT ASSETS	83,131	56,382
NET ASSETS	257,424	220,731
CAPITAL AND RESERVES		
Share capital	48,840	47,700
Reserves	208,166	172,649
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	257,006	220,349
MINORITY INTERESTS	418	382
TOTAL EQUITY	257,424	220,731

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

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 technologies development. The financial services provided by the Group includes stockbroking, futures and options broking, mutual funds and insurance-linked investment plans and products broking, securities margin financing services and corporate finance advisory services. The technologies development is developed through the associated company, Asia Tele-Net and Technology Corporation Limited, whose shares are also listed in The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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 under 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 2006.

In the current interim period, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 January 2007.

HKAS 1 (Amendment)	Capital disclosures [1]
HKFRS 7	Financial instruments: Disclosures [1]
HK (IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies [2]
HK (IFRIC) – INT 8	Scope of HKFRS 2 [3]
HK (IFRIC) – INT 9	Reassessment of embedded derivatives [4]
HK (IFRIC) – INT 10	Interim financial reporting and impairment [5]

1 Effective for accounting periods beginning on or after 1 January 2007.
2 Effective for accounting periods beginning on or after 1 March 2006.
3 Effective for accounting periods beginning on or after 1 May 2006.
4 Effective for accounting periods beginning on or after 1 June 2006.
5 Effective for accounting periods beginning on or after 1 November 2006.

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

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

HKAS 23 (Revised)	Borrowing costs [1]
HKFRS 8	Operating segments [1]
HK (IFRIC) - INT 11	HKFRS 2 - Group and Treasury Share Transactions [2]
HK (IFRIC) - INT 12	Service concession arrangements [3]

[1] Effective for accounting periods begninning on or after 1 January 2009.
[2] Effective for accounting periods begninning on or after 1 March 2007.
[3] Effective for accounting periods begninning on or after 1 January 2008.

The Directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and financial position of the Group.

3. SEGMENT INFORMATION

The Group's primary format for reporting segment information is business segment.

The revenue and segment results of the Group, analysed by principal activity, were as follows:

	Broking Six months ended		Securities margin financing Six months ended		Others Six months ended		Total Six months ended	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006	30.6.2007	30.6.2006	30.6.2007	30.6.2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	33,307	23,645	1,370	1,222	1,041	717	35,718	25,584
Segment profit (loss)	10,769	3,659	1,376	1,225	(1,841)	(485)	10,304	4,399
Unallocated expenses							(221)	(295)
Share of result of an associate							5,007	11,549
Share of result of a jointly controlled entity							545	(3)
Profit before taxation							15,635	15,650
Taxation							(680)	—
Profit for the period							14,955	15,650

4. TAXATION

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for the period. No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements for the six months ended 30 June 2006 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.

5. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended	
	30 June 2007	30 June 2006
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to equity holders of the Company)	**14,919**	15,253
Number of shares	*'000*	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**482,173**	463,663
Effect of dilutive potential ordinary shares arising from share options	**4,674**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**486,847**	463,663

The computation of the diluted earnings per share for the six months ended 30 June 2006 does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price of the Company's shares for the period.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

During the six months ended 30 June 2007, the total revenue for the Group was approximately HK$35,718,000 (2006: HK$25,584,000). Profit attributable to shareholders was approximately HK$14,919,000 (2006: HK$15,253,000) mainly attributing to the strong gains of the core financial business.

MARKET OVERVIEW

Despite its volatile fluctuations, the stock market sustained its bullish ride during the review period in line with the strong overseas stock market and favourable China factors. The market extended its gain since the last quarter of 2006 to hit numerous records on increasing turnover. Nevertheless, the serious overbought situation invited rooms for technical correction and the carry trade of Yen and the forthcoming subprime mortgage crisis in United States ("US") economy served as timely excuses. During the correction period, sentiment on index stock was further dampened by the strong rally in A share market and the worry of more austerity measures. Yet, investors remained bullish on the long run of the stock market and switched their interest to second-liners and situational stocks. Counters with news of asset injection and ownership changes were aggressively sought with prices skyrocketing sharply within a short period of time. Liquidity in the market remained abundant with continued inflow of funds from China. In view of the risk of overheating economy and the increasing conflicts with trading partners on the enlarging trade surplus, the China government announced a series of measures to encourage the outflow of funds to overseas markets in which the Hong Kong market was the greatest beneficiary. In particular, the government widened the Qualified Domestic Institutional Investor coverage by allowing more fund portion to the banks, insurance companies and asset management companies to invest in the overseas equities. Other measures including the reduction of corporate tax on domestic companies to the same level of foreign companies and the cut of interest rate tax from 20% to 5% helped to revalue the fundamental of the H shares especially for those financial counters. The sharp rebound of commodities and oil prices together with the consecutive discoveries of great oil reserve fields by various Chinese oil companies rekindled investors' interest on the resource and energy stocks. Hang Seng Index ("HSI") and Hand Seng China Enterprises Index ("H Index") bottomed out in the middle of March and hit new highs thereafter. In general, H Index stocks were the focus of the interest and also contribute most of the gain of HSI. The H Index rose 1,634 points at 12,001 over the end of 2006 whilst HSI gained 1,973 points at 21,938. The A share market was even more amazingly strong and shot up 1,145 at 3,820. Its astonishing performance produced mixed impacts on the Hong Kong market in different stages on the reinforcement of fundament value on one hand and on triggering the worries of more austerity programs on the other hand.

The China economy is expected to remain strong in years ahead and is solidly underpinning the Hong Kong economy and the fundamental value of the Hong Kong stock market. The Chinese policy to liberate more fund outflows to overseas equity markets appeared to be long term to shrink the trade surplus figure, to improve the return of the domestic funds and to curb the overheating economy. This injected additional liquidity to the Hong Kong stock market which will be apparently benefited in bringing greater primary and secondary activities as it still enjoyed an unrivalled position in providing a financial platform for the Chinese investors and institutions. The continuous rise of the price of Hong Kong Exchanges and Clearing Limited comfortably confirmed its unique competitive position. As such, the outlook for the Hong Kong stock market keeps in good shape. In view of the technically overbought situation in the first half of 2007, the market will be vulnerable to the interruption of some potential negative issues including the inflation and interest rate movement of US economy, the development of subprime mortgage issue, the overheating China economy and its austerity measures. The recent deterioration of the US subprime crisis and the subsequent of Yen carry trade had produced credit crunch over the global economy and dampened the global stock market severely. Such issue would still cloud a very cautious sentiment on the stock investment market. A volatile pattern will be inevitable but it should not affect the long term appreciation of the stocks on the back of the favourable China factors.

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 62.4% of total revenue, was HK$22,301,000 (2006: HK$11,663,000). Profit for the division was HK$10,007,000 (2006: HK$2,394,000). The division registered solid growth in both turnover and profit mainly attributing to the promising Initial Public Offering ("IPO") performance of newly listing issues and the bullish stock market.

SECURITIES MARGIN FINANCING

During the period under review, interest income generated from securities margin loan portfolio accounted for 3.8% of the Group's revenue was HK$1,370,000 (2006: HK$1,222,000). Profit for this division reached HK$1,376,000 (2006: HK$1,225,000), which include write-back of allowance for bad and doubtful debts approximately HK$12,000. The division had moderate growth as the demand brought by the increase of the trading activities of the clients was deterred by the growing volatility and high interest rate. The change of trading pattern in increasing day trade activities curbed the demand for overnight margin financing. The Group maintained consistently prudent and flexible margin financing policy to minimise its risk exposure in the volatile market environment in order to achieve high profitability for our shareholders.

FINANCIAL MANAGEMENT AND ADVISORY SERVICES

Revenue generated from financial management and advisory services was HK$11,006,000 (2006: HK$11,982,000). Although the market was bullish on first six months of 2007, business softened because of changes of client investment mode. In order to maintain our competitive advantage, we are going to enhance our product range, put more effort on marketing and recruit more consultants.

INVESTMENT BANKING

Operating revenue generated by the investment banking business advanced higher at HK$942,000 (2006: HK$660,000). The investment banking division is active in sourcing deals from the mid-cap companies both in Hong Kong and the PRC. The division concentrates on building its premier boutique investment banking image, aiming to provide corporate clients with tailor-made and cost effective financial advisory services. To gain more market shares in the business, the service charge has been lowered in recent years. We will strive hard to expand client base to pave a solid ground for further business development and opportunities. The division provides extensive financial advisory services including accounting, internal control, tax planning and fund raising to corporate clients. It also acts as underwriter, financial advisor and independent financial advisor for listed Hong Kong companies.

MATERIAL ACQUISITIONS AND DISPOSALS OF COMPANIES

The circulars of the Group in relation to a very substantial acquisition ("VSA") of the Volant by its wholly-owned subsidiary, Sky Energy Investment Limited ("SEI") have been sent to the shareholders on 28 June 2007.

The shareholders of the Group have duly approved the VSA at the Special General Meeting held on 21 July 2007.

On 26 July 2007, the Group announced that SEI has elected to issue shares of the Group instead of paying cash for the first 35% of the offer consideration. As such for each Volant share, the shareholder of Volant will get:

(a) 0.2121 of the Company's shares; and

(b) 1 Redeemable Convertible Preference Shares of the Company.

On 5 September 2007, the Company has issued an offer to compulsorily acquire the rest of the shares of Volant. Volant shareholders who have their shares acquired compulsorily will receive the same consideration as they would if they had accepted the Offer.

Apart from this, there was no material acquisition and disposal of companies during the year.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 30 June 2007, the Group had shareholders' funds of approximately HK$257,424,000. The net current assets of the Group were HK$83,131,000 (31 December 2006: HK$56,382,000), which consisted of current assets of HK$212,617,000 (31 December 2006: HK$142,253,000) and current liabilities of HK$129,486,000 (31 December 2006: HK$85,871,000), representing a current ratio of approximately 1.64 (31 December 2006: 1.66).

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 of HK$20,899,000 which is mainly facilitating the margin to client for the application of IPO. As at 30 June 2007, the Group has cash and cash equivalent (excluding the pledged fixed deposits of general accounts) of HK$24,114,000 (2006: HK$43,683,000).

As at 30 June 2007, 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 0.08 times (31 December 2006: Nil). The rise in the gearing ratio was due to an increase of HK$20,899,000 as at 30 June 2007 in the short-term bank borrowings in relation to IPO financing, excluding which the gearing ratio would be about nil. Such bank borrowings relating to IPO financing were fully repaid by 9 July 2007.

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 2007 (31 December 2006: Nil).

CAPITAL COMMITMENTS

The Group held 20% of the effective interest in the exploration and production rights in relation to Block 2 WEEM in Egypt. According to the accession agreement, the Group have to contribute capital commitment of US$7,000,000 (approximately HK$54,600,000) by way of shareholder's loan in stages. As at 30 June 2007, approximately HK$38,622,000 was advanced.

CHARGE ON ASSETS

The Group held banking facilities from various banks as at 30 June 2007. 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 2007, bank deposits amounting to HK$8,348,000 (31 December 2006: HK$8,165,000) was pledged to secure banking facilities granted to a subsidiary and no margin clients' listed securities were pledged.

CAPITAL STRUCTURE

As at 30 June 2007, the total number of issued ordinary shares of the Company was 488,400,000 of HK$0.10 each (31 December 2006: 477,000,000 shares of HK$0.10 each). The increase in the number of issued shares was the result of the exercise of the Company's share options by the grantees during the six month period.

The shareholders of the Group have duly approved to designated 200,000,000 of the unissued ordinary shares in the authorised share capital of the Company and classified as redeemable convertible preference shares of per value HK$0.10 each at the Special General Meeting held on 21 July 2007.

HUMAN RESOURCES

As at 30 June 2007, the Group employed a total of 104 staff (2006: 136) of which, 56 were commissioned based (2006: 81) and the total related staff cost amounted to HK$7,027,000 (2006: HK$5,374,000). 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 2007 (2006: Nil)

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

During the six months ended 30 June 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed shares of the Company.

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 2007, 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.

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.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement is published on the websites of the Company at www.ktg.com.hk under the section "Announcement" of KTG Profile and Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk "Latest Listed Company Information". The 2007 interim report will be dispatched to shareholders of the Company and available on the above websites in due course.

By Order of the Board
Karl Thomson Holdings Limited
Lam Kwok Hing
Chairman

Hong Kong, 29 September 2007

As at the date of this announcement, the Company comprises Messrs. Lam Kwok Hing and Nam Kwok Lun as executive Directors; and Messrs. Chen Wei-Ming Eric, Kwan Wang Wai Alan and Ng Chi Kin David as independent non-executive Directors.

* *For justification only*