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

(Incorporated in Bermuda with limited liability)

(Stock Code: 7)

ANNOUNCEMENT OF 2009 FINAL RESULTS

RESULTS

The Board of Directors of Karl Thomson Holdings Limited (the "Company") announced that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009 are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2009

	NOTES	**2009** *HK$'000*	2008 *HK$'000*
Revenue	6	**36,771**	48,004
Net exchange gain (loss)		**3,933**	(5,186)
Other income		**3,503**	4,591
Write back of allowance for (allowance for) bad and doubtful debts		**133**	(1,339)
Amortisation of trading rights		**(5)**	(6)
Depreciation		**(268)**	(461)
Finance costs	8	**(399)**	(1,125)
Expenses relating to repurchase of minibonds	9	**(1,549)**	—
Other expenses		**(30,538)**	(37,416)
Staff costs, including Directors' remuneration		**(13,032)**	(13,646)
Impairment loss on exploration and evaluation assets		**—**	(27,377)
Impairment loss on interest in an associate		**(23,000)**	—
Share of (loss) profit of an associate		**(26,671)**	11,195
Loss before taxation		**(51,122)**	(22,766)
Taxation charge	10	**—**	(1,264)
Loss for the year	11	**(51,122)**	(24,030)
Other comprehensive income (expense)			
Exchange differences arising on translation		**59,923**	(49,008)
Share of other comprehensive income of an associate		**486**	4,596
Other comprehensive income (expense) for the year		**60,409**	(44,412)
Total comprehensive income (expense) for the year		**9,287**	(68,442)

* *For identification purpose only*

	NOTE	**2009**	2008
		HK$'000	*HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(49,840)**	(15,261)
Minority interests		**(1,282)**	(8,769)
		(51,122)	(24,030)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**(9,230)**	(45,696)
Minority interests		**18,517**	(22,746)
		9,287	(68,442)
Loss per share-Basic	12	**HK(8.31) cents**	HK(2.57) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2009

	NOTES	**2009** *HK$'000*	2008 *HK$'000*
NON-CURRENT ASSETS			
Fixed assets		**1,217**	748
Trading rights		**—**	5
Exploration and evaluation assets		**382,482**	290,182
Interest in an associate		**101,962**	151,147
Statutory deposits		**4,103**	4,075
Loans receivable		**868**	792
		490,632	446,949
CURRENT ASSETS			
Accounts receivable	13	**71,693**	32,321
Loans receivable		**992**	545
Other receivables, prepayments and deposits		**6,823**	9,982
Tax recoverable		**82**	1,159
Pledged fixed deposits (general accounts)		**7,504**	16,594
Bank balances (trust and segregated accounts)		**93,517**	81,750
Bank balances (general accounts) and cash		**20,600**	38,016
		201,211	180,367
CURRENT LIABILITIES			
Accounts payable	14	**102,907**	93,593
Other payables and accrued expenses		**12,054**	8,646
Other loans		**11,201**	399
Amount due to a joint venturer		**4,649**	4,960
Amounts due to directors		**7,676**	11,430
		138,487	119,028
NET CURRENT ASSETS		**62,724**	61,339
		553,356	508,288
CAPITAL AND RESERVES			
Share capital		**63,684**	59,356
Reserves		**412,760**	390,537
Equity attributable to owners of the Company		**476,444**	449,893
Minority interests		**76,912**	58,395
Total equity		**553,356**	508,288

Notes:

1. GENERAL

The Company is an exempted company incorporated under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate and ultimate holding company is J&A Investment Limited, which is incorporated in the British Virgin Islands.

The Company is an investment holding company. The principal activities of the Group are the provision of financial services and oil and gas exploration and production. The financial services include stockbroking, futures and options broking, mutual funds and insurance-linked investment plans and products broking, securities margin financing and provision of corporate finance advisory services. The oil and gas exploration and production are developed through a wholly owned subsidiary, Karl Thomson Energy Limited.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company and most of its subsidiaries.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") .

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & 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 & 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
HK (IFRIC) - INT 18	Transfers of assets from customers
HKFRSs (Amendment)	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

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments (see note 7). However, there has been no changes in the basis of measurement of segment profit or loss, segment assets and segment liabilities.

New and revised HKFRSs affecting the reported results and/or financial position

HKAS 23 (Revised 2007) Borrowing costs

In previous years, the Group expensed all borrowing costs when they were incurred. HKAS 23 (Revised 2007) removes the option previously available to expense all borrowing costs when incurred. The adoption of HKAS 23 (Revised 2007) has resulted in the Group changing its accounting policy to capitalise all such borrowing costs as part of the cost of the qualifying asset. The revised accounting policy does not have a material effect on the reported results and financial position of the Group for the current or prior accounting periods.

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 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related party disclosures[6]
HKAS 27 (Revised)	Consolidated and separate financial statements[1]
HKAS 32 (Amendment)	Classification of rights issues[4]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[3]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[5]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions[3]
HKFRS 3 (Revised)	Business combinations[1]
HKFRS 9	Financial instruments[7]
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a minimum funding requirement[6]
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners[1]
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments[5]

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 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2010.
4 Effective for annual periods beginning on or after 1 February 2010.
5 Effective for annual periods beginning on or after 1 July 2010.
6 Effective for annual periods beginning on or after 1 January 2011.
7 Effective for annual periods beginning on or after 1 January 2013.

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) 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 the other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

4. KEY SOURCE OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, management has made the following estimate that has a significant effect on the amounts recognised in the consolidated financial statements. The key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is discussed below.

Impairment of exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment annually. The Group's determination of whether oil concession rights are impaired requires an estimation of the recoverable amount of the assets. The Group relied on experts to assess the geological prospects for the discovery of oil and gas in the oil field and estimated the value of oil and gas produced in the future at a suitable discount rate in order to calculate the present value. For drilling cost and other exploration and evaluation assets, the Group determined whether the related well costs are expensed if it is determined that such economic viability is not attained within the specific area after performing further feasibility studies that is usually completed within one year of completion of drilling. During the year ended 31 December 2008, an impairment loss of approximately HK$27,377,000 was recognised on exploration and evaluation assets. There was no impairment recognised for the year ended 31 December 2009. The Group's carrying value of exploration and evaluation assets as at 31 December 2009 was approximately HK$382,482,000 (2008: HK$290,182,000).

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the equity balance. The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital, retained profits/accumulated losses and other reserves.

The Directors of the Company review the capital structure on a continuous basis. As part of this review, the Directors consider the cost of capital and the risks associated with capital. The Group will balance its overall capital structure through the payment of dividends, issuance of new shares as well as the issue of new debts or the redemption of existing debts. The Group's overall strategy remains unchanged from prior year.

6. REVENUE

	2009	2008
	HK$'000	*HK$'000*
Commission and brokerage income	**31,581**	42,303
Interest income from:		
Clients	**3,610**	3,611
Authorised institutions	**86**	752
Others	**34**	83
Advisory fee income	**1,460**	1,255
	36,771	48,004

7. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 January 2009. HKFRS 8 is a disclosure standard that 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 (i.e. the Board of Directors) for the purpose of allocating resources to segments and assessing 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. In the past, the Group' 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 operating segments as compared with the primary segments determined in accordance with HKAS 14. The broking segment reported previously had been divided into (i) broking for securities, futures and options and (ii) advisory for financial management since the internal reports with separate financial information were reviewed by the Board of Directors.

For management purposes, the Group is currently organised into four reportable segments - (a) broking for securities, futures and options, (b) advisory for financial management, (c) securities margin financing and (d) oil and gas. The unreported operating segments including investment banking and money lending business are aggregated and presented as "others". Amounts reported for the prior year have been represented to conform the requirements of HKFRS 8.

Broking for securities, futures and options	—	provision of stockbroking, futures and options broking.
Advisory for financial management	—	provision of mutual funds, insurance-linked investment plans and products advising.
Securities margin financing	—	provision of securities margin financing.
Oil and gas	—	exploration and production of oil and gas.

Segment revenue and results

The following is an analysis of the Group's revenue and results by segment.

For the year ended 31 December 2009

	Reportable Segments						
	Broking for securities, futures and options *HK$'000*	**Advisory for financial management** *HK$'000*	**Securities margin financing** *HK$'000*	**Oil and gas** *HK$'000*	**Total** *HK$'000*	**Unreportable segment -others** *HK$'000*	**Consolidated** *HK$'000*
REVENUE							
Segment revenue	**29,078**	**5,672**	**1,941**	**—**	**36,691**	**80**	**36,771**
RESULTS							
Segment (loss) profit	**(178)**	**(2,377)**	**1,313**	**1,783**	**541**	**(84)**	**457**
Corporate administration costs							**(1,908)**
Share of loss of an associate							**(26,671)**
Impairment loss on interest an associate							**(23,000)**
Loss before taxation							**(51,122)**

For the year ended 31 December 2008

	Reportable Segments						
	Broking for securities, futures and options *HK$'000*	Advisory for financial management *HK$'000*	Securities margin financing *HK$'000*	Oil and gas *HK$'000*	Total *HK$'000*	Unreportable segment -others *HK$'000*	Consolidated *HK$'000*
REVENUE							
Segment revenue	25,304	20,485	2,065	—	47,854	150	48,004
RESULTS							
Segment (loss) profit	(1,919)	669	1,480	(31,742)	(31,512)	126	(31,386)
Corporate administration costs							(2,575)
Share of profit of an associate							11,195
Loss before taxation							(22,766)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss) profit represents the financial results by each segment without allocation of corporate administration costs and share of loss/profit of an associate. This is the measure reported to the Board of Directors for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by segment:

At 31 December 2009

	Reportable Segments						
	Broking for securities, futures and options	**Advisory for financial management**	**Securities margin financing**	**Oil and gas**	**Total**	**Unreportable segment - others**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
ASSETS							
Segment assets	**143,693**	**4,157**	**43,769**	**393,597**	**585,216**	**1,860**	**587,076**
Interest in an associate							**101,962**
Unallocated assets							**2,805**
Consolidated total assets							**691,843**
LIABILITIES							
Segment liabilities	**102,631**	**1,492**	**3,897**	**13,386**	**121,406**	**36**	**121,442**
Other loans							**10,800**
Amounts due to directors							**6,076**
Unallocated liabilities							**169**
Consolidated total liabilities							**138,487**

At 31 December 2008

	Reportable Segments						
	Broking for securities, futures and options	Advisory for financial management	Securities margin financing	Oil and gas	Total	Unreportable segment - others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS							
Segment assets	127,244	5,539	25,221	314,003	472,007	1,337	473,344
Interest in an associate							151,147
Unallocated assets							2,825
Consolidated total assets							627,316
LIABILITIES							
Segment liabilities	94,263	2,448	1,990	18,130	116,831	—	116,831
Unallocated liabilities							2,197
Consolidated total liabilities							119,028

For the purposes of monitoring segment performances and allocating resources between segments:

- All assets are allocated to operating segments, other than interest in an associate, bank balances and cash for Group administrative purpose and other assets including other receivables, prepayments and deposits of head office.
- All liabilities are allocated to operating segments, other than the portion of other loans and amounts due to directors for general funding of the Group and other liabilities including other payables and accrued expenses in relation to corporate administration costs.

Other segment information

For the year ended 31 December 2009

	Reportable Segments						
	Broking for securities, futures and options *HK$'000*	Advisory for financial management *HK$'000*	Securities margin financing *HK$'000*	Oil and gas *HK$'000*	Total *HK$'000*	Unreportable segment -others *HK$'000*	Consolidated *HK$'000*
Amount included in the measure of segment (loss) profit or segment assets:							
Additions to fixed assets	**737**	**—**	**—**	**—**	**737**	**—**	**737**
Additions to exploration and evaluation assets	**—**	**—**	**—**	**27,868**	**27,868**	**—**	**27,868**
Amortisation of trading rights	**5**	**—**	**—**	**—**	**5**	**—**	**5**
Depreciation	**247**	**6**	**—**	**—**	**253**	**15**	**268**
Write back for allowance for bad and doubtful debts	**(85)**	**—**	**(48)**	**—**	**(133)**	**—**	**(133)**
Expenses relating to repurchase of minibonds	**—**	**1,549**	**—**	**—**	**1,549**	**—**	**1,549**
Finance costs	**65**	**—**	**—**	**257**	**322**	**77**	**399**
Interest income	**—**	**—**	**—**	**(17)**	**(17)**	**—**	**(17)**

Amounts regularly provided to the Board of Directors but not included in the measure of segment (loss) profit or segment assets:

Interest in an associate	**101,962**
Share of loss of an associate	**26,671**
Impairment loss on interest in an associate	**23,000**

For the year ended 31 December 2008

	Reportable Segments						
	Broking for securities, futures and options *HK$'000*	Advisory for financial management *HK$'000*	Securities margin financing *HK$'000*	Oil and gas *HK$'000*	Total *HK$'000*	Unreportable segment -others *HK$'000*	Consolidated *HK$'000*
Amount included in the measure of segment (loss) profit or segment assets:							
Additions to fixed assets	274	—	—	—	274	—	274
Additions to exploration and evaluation assets	—	—	—	25,318	25,318	—	25,318
Impairment loss on exploration and evaluation assets	—	—	—	27,377	27,377	—	27,377
Amortisation of trading rights	6	—	—	—	6	—	6
Depreciation	369	10	—	—	379	82	461
Allowance for bad and doubtful debts	618	155	566	—	1,339	—	1,339
Finance costs	38	—	—	959	997	128	1,125
Interest income	—	(33)	—	(632)	(665)	—	(665)

Amounts regularly provided to the Board of Directors but not included in the measure of segment (loss) profit or segment assets:

Interest in an associate	151,147
Share of profit of an associate	11,195

Geographical information

All of the activities of the broking for securities, futures and options, advisory for financial management and advisory service and securities margin financing segments are based in Hong Kong and all of the Group's revenue is derived from Hong Kong based on the place of customers located. All of the activities of oil and gas segment are based in Egypt.

The following is an analysis of the non-current assets by geographical location :

	Non-current assets	
	2009	2008
	HK$'000	*HK$'000*
Hong Kong	**103,179**	151,900
Egypt	**382,482**	290,182
	485,661	442,082

Note: Non-current assets excluded statutory deposits and loans receivable.

Information about major customer

There is no single customer contributing over 10% of total revenue of the Group for the years ended 31 December 2009 and 2008.

8. FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
Interest on borrowings wholly repayable within five years:		
Bank borrowings	**66**	166
Amounts due to directors	**328**	453
Other loans	**5**	506
	399	1,125

9. EXPENSES RELATING TO REPURCHASE OF MINIBONDS

In year 2008, a subsidiary of the Group (the "Subsidiary") sold and distributed certain minibond series relating to Lehman Brothers ("Minibonds") amounting to approximately HK$2,570,000. During the year, 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 sixteen distributing banks in relation to the repurchase of the Minibonds. The Subsidiary, on a without prejudice and without admission of liability basis, repurchased the Minibonds amounting to HK$1,549,000, representing expenses incurred by the Subsidiary to compensate its customers who may have suffered from the collapse of the Lehman Brothers Group.

10. TAXATION CHARGE

Amount of the taxation charge for the year ended 31 December 2008 represented the under provision of Hong Kong Profits Tax in prior years.

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009.

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2009 and 31 December 2008 as the Group has no assessable profits for both years.

No provision for profits tax is made in other jurisdictions as the subsidiaries operating in other jurisdictions have no assessable profits for both years.

The taxation charge for the year can be reconciled to the loss before taxation per the consolidated statement of comprehensive income as follows:

	2009	2008
	HK$'000	*HK$'000*
Loss before taxation	**(51,122)**	(22,766)
Taxation charge at the Hong Kong Profits Tax rate of 16.5%	**(8,435)**	(3,756)
Tax effect of share of loss (profit) of an associate	**4,400**	(1,847)
Tax effect of income not taxable for tax purpose	**(720)**	(155)
Tax effect of estimated tax losses not recognised	**893**	533
Underprovision in prior years	**—**	1,264
Tax effect of expenses not deductible for tax purpose	**3,886**	874
Tax effect of deductible temporary differences not recognised	**—**	4,517
Tax effect of utilisation of tax loss previously not recognised	**(24)**	(166)
Taxation for the year	**—**	1,264

11. LOSS FOR THE YEAR

	2009	2008
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**1,195**	1,300
Contributions to retirement benefits schemes (included in staff costs)	**466**	511
Loss from error trades	**13**	75
Loss on disposal of fixed assets	**—**	33
Share of (tax credit) tax of an associate (included in share of (loss) profit of an associate)	**(12)**	384
Interest income on bank deposits (included in other income)	**(17)**	(665)

12. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	2009	2008
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(49,840)**	(15,261)
	Number of shares	
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per share	**599,491**	593,562

No diluted loss per share was presented for both years as there were no potential ordinary shares during both years.

13. ACCOUNTS RECEIVABLE

	2009	2008
	HK$'000	*HK$'000*
Accounts receivable consist of:		
Accounts receivable arising from the business of dealing in securities:		
– Cash clients	**26,466**	9,577
Less: Allowance for doubtful debts	**(705)**	(795)
	25,761	8,782
Accounts receivable from Hong Kong Futures Exchange Clearing Corporation Limited ("HKFECC") arising from the business of dealing in futures contracts	**7,152**	7,013
Loans to securities margin clients	**38,760**	16,337
Less: Allowance for doubtful debts	**(513)**	(561)
	38,247	15,776
Accounts receivable arising from the business of providing corporate advisory services	**533**	750
	71,693	32,321

The settlement terms of accounts receivable from cash clients 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 HKFECC 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% equivalent to 8.25% (2008: 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$152,234,000 (2008: HK$65,268,000). The Group is permitted to sell or repledge the marketable securities if the customer default the payment as requested by the Group.

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

Accounts receivable from corporate advisory service clients

	2009	2008
	HK$'000	*HK$'000*
0 to 90 days	**229**	200
91 to 180 days	**175**	200
Over 180 days	**129**	350
	533	750

Accounts receivable from cash clients

	2009	2008
	HK$'000	*HK$'000*
0 to 90 days	**24,856**	8,119
91 to 180 days	**905**	663
	25,761	8,782

The accounts receivable with a carrying amount of approximately HK$25,596,000 (2008: HK$6,664,000) are past due but not impaired at the end of the reporting period. The average age of the amount past due but not impaired is within 30 days (2008: within 30 days). In the opinion of the Directors, no significant accounts receivable from corporate advisory service clients and cash clients are impaired at 31 December 2009 and 2008.

Movement in the allowance for doubtful debts of cash clients

	2009	2008
	HK$'000	*HK$'000*
Balance at beginning of the year	**795**	278
Impairment losses recognised on receivables	**5**	673
Amounts written off as uncollectible	**(5)**	(156)
Amounts recovered during the year	**(90)**	—
Balance at end of the year	**705**	795

Movement in the allowance for doubtful debts of securities margin clients

	2009	2008
	HK$'000	*HK$'000*
Balance at beginning of the year	**561**	—
Impairment losses recognised on receivables	**31**	566
Amounts written off as uncollectible	**—**	(5)
Amounts recovered during the year	**(79)**	—
Balance at end of the year	**513**	561

Movement in the allowance for doubtful debts of corporate advisory service clients

	2009	2008
	HK$'000	*HK$'000*
Balance at beginning of the year	**—**	—
Impairment losses recognised on receivables	**—**	100
Amounts written off as uncollectible	**—**	(100)
Balance at end of the year	**—**	—

Included in the allowance for doubtful debts of cash clients and securities margin clients are individually impaired accounts receivable due from clients who have been in severe financial difficulties. The amount was arrived at after considering the proceeds from disposal of respective pledged marketable securities held by the Group.

In determining the recoverability of the accounts receivable, the Group considers any change in the credit quality of the accounts receivable from the date credit was initially granted, subsequent settlement and the fair value of pledged marketable securities up to the reporting date. In the opinion of the Directors, there is no further credit provision required in excess of the existing allowance for doubtful debtors.

Included in the other receivables, prepayments and deposits is HK$736,000 (2008: nil), which is denominated in US$, a currency other than the functional currency of the relevant group entity.

14. ACCOUNTS PAYABLE

	2009	2008
	HK$'000	*HK$'000*
Accounts payable arising from the business of dealing in securities:		
– Cash clients	**77,068**	73,870
– Hong Kong Securities Clearing Company Limited ("HKSCC")	**2,466**	4,628
Accounts payable to clients arising from the business of dealing in futures contracts	**19,477**	13,105
Amounts due to securities margin clients	**3,896**	1,990
	102,907	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 HKFECC. The excess of the outstanding amounts over the required margin deposits stipulated by 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$93,517,000 (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.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

During the year ended 31 December 2009, the total revenue for the Group was approximately HK$36,771,000 (2008: HK$48,004,000). Loss attributable to shareholders was approximately HK$49,840,000 (2008: HK$15,261,000). The core financial business was still below expectation as most local investors remained skeptical about the persistence of the rebound and economic recovery and chose to stay sidelined.

MARKET OVERVIEW

Stock market in 2009 was powered by the massive global monetary easing programs and the progress China monetary policy to form a strong V-shaped rebound. The market exited from the doldrums of the Financial Tsunami in the first quarter and rallied straight up throughout the rest of the year. A lot of investors oversold the shares last year and became more aggressive to replenish stocks leaving little and short lived correction room to the market and Chinese investors appeared to be most optimistic. Chinese counters represented the better performers as they were less affected by the financial collapse in Western economies. Investor interests rotated and spilled to cover most of the sectors though they followed closely with the announcement of the economic stimulus plan in each sector by the Chinese government. Domestic consumption was one of the popular themes as many measures focused on promoting domestic consumption to set off declines in weak overseas markets including mortgage rate privilege, home electric appliance subsidies to village, motor car subsidies to village and motor car tax cut. The incentive programs sustained the rise of property, consumer and motor stocks across 2009. Skyworthdigital and Geely Auto rose 18.4 times and 7.8 times respectively whilst the Chinese property stocks gain times of rebound from the year bottoms. Concerns on the global pollution and gradual used-up of the resources diverted the Chinese government attention to encourage the development of clean and recycle energy posting a rosy picture for the sector in which the battery car BYD Company was aggressively sought to shoot up to historic high of HK$ 83 per share about 6.6 times of that at the end of 2008. The development of 3G mobile phone system and the subsequent policy of combining the TV, phone and internet into one mobile phone platform bolstered the earnings for the industry, with Tencent, the internet content provider hitting new price record of HK$175 per share and COMBA, the wireless solution equipment and infrastructure provider bouncing more than 10 times from the year low. The inflation fear and anticipation of recovery revitalised demand for resource and commodities products underpinning the rebound of the resources counters. Overall, the financial and insurance stocks were also benefited from the improvement of financial market. Exceptionally, the infrastructure stocks were under pressure due to its less attractive defensive nature and the transport counters were weak in the light of the poor export performance. As for local stock, the property counters were no doubt the star. The low interest rate environment, shortage of land and the influx of Chinese funds continued to skyrocket the property prices to new historic records in Hong Kong and tens of thousands Hong Kong Dollars per square foot for residential flat was not more a dream. The local property developers are expected to make huge profit in this frenzy property market and their stock prices will have firm fundamental support. HSI rose 51% to close at 21,872 whilst H-Index ended 61% higher at 12,794. Unfortunately, the market turnover was not catching up with the index performance as most investors were not convinced by the market movement as compared to the real economy performance.

The steep market rebound throughout 2009 was perceived to be ahead of the real economy performance and left the equity market vulnerable to correction in 2010 on any excuses including the tightening of China monetary policy and the possible retreat of the unprecedented global monetary stimulus. In fact, China had already raised the bank reserve-requirement ratio twice of 0.5% each to 16.5% to withdraw excessive funds in the market by February 2010. Coincidentally, Federal Reserve of USA had also lifted up its discount rate by 0.25 to 0.75% suddenly. Though the worldwide economy appeared to avoid the repetition of great depression as happened in 1930, the recovery was not balanced around the world. Asian and emerging countries are safely intact whilst Western countries are still struggling for restructuring their bank and financial systems and some are even facing deterioration. There are still some countries falling into deep financial crisis like the recent Greek Crisis and the Dubai Debt Default Incident. Regional financial troubles will still emerge in hammering the market in the coming period and the road to full recovery remains rugged and lengthy. With the back of strong China factors, Hong Kong stock market will likely outperform other regional markets as the funds tend to shift in favour of the Greater China region. Yet, in view of the cautious sentiment towards the gradual withdrawal of the unusual easing measures, the stock market is expected to move within ranges in volatile patterns.

SECURITIES, FUTURES AND OPTIONS BROKERAGE BUSINESS

During the year, revenue for the Group's securities broking business and futures broking business as well as the underwriting commission, which accounted for 79% of total revenue, was HK$29,078,000 (2008: HK$25,304,000). The division improved but was still weaker than expected as most retail investor failed to restore their confidence and interest on this sharp rebound market and their sentiment remains fragile in the current volatile market.

SECURITIES MARGIN FINANCING

During the year, interest income generated from securities margin loan portfolio accounted for 5% of the Group's revenue was HK$1,941,000 (2008: HK$2,065,000). The division gained slightly but investors remain cautious in holding overnight position and tend to be short term in investment.

FINANCIAL MANAGEMENT AND ADVISORY SERVICES

Revenue generated from financial management and advisory services was HK$4,212,000 (2008: HK$19,240,000). Business recovered from the low but industry turned unclear as more tough regulatory policies are expected. The outbreak of Lehman Minibond Incident enlarged the crack between the investors and operators. It may take certain time whereby the regulatory requirement, investor confidence and operators interests get a feasible equilibrium. The Company will still focus on marketing simple and matured financial products to avoid unnecessary controversies.

INVESTMENT BANKING

The Group operates its investment banking division under the subsidiary Karl Thomson Financial Advisory Limited ("KTFA"). Operating revenue generated by the investment banking business was HK$1,460,000 this year (2008: HK$1,245,000).

As the global economy recovered at an unexpectedly fast pace, financial world, the once most suffering industry from the credit crunch in 2008, was the primary sector benefited from. Passing through a year of frequent regulatory reforms, de-leveraging and market consolidations, more competitive industry participants survived and kicked off for acquisition, development and expansionary opportunities world-wide. Blessed by the massive bailouts and revolutionary acts imposed by the rule-makers, the banks have rebuilt its function and regained its credibility. Our investment banking division picked up again under the stabilising business environment. During the year, we have brought to the success of several mergers and acquisitions as well as increased our exposures in financial advisory and consultancy services.

With the pain of the financial turmoil not fully wiped off and the worrying economic outlook in the west, our management is cautiously optimistic about the future ahead. We will strike hard to further expand our network in China through the existing clients and partners. Hopefully this will help to explore more business opportunities and bring along with sustainable growth in a long run.

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 West Esh El Mallaha ("Block 2") and Block 3 West Kom Ombo ("Block 3").

Subject to the completion of the asset exchange agreement which is further elaborated below, KT Energy shall increase its participating interest in Block 2 from 40% to 60% and reduce its participating interest in Block 3 from 40% to 20%.

The Company is continuing its exploratory activities in Block 2 in Egypt. A third exploratory well named South Malak-1 was spud on 16 August 2009 and was drilled to a total depth of 11,200 feet. A very high level of gas and two oil bearing formations Eocene Dolomite and Cretaceous Matulla sandstone were found in this well. The well is currently being cleaned with pump. A further testing will be done by the end of April 2010.

As far as Block 3 is concerned, the Company is still waiting for the final interpreted result from the operator, Groundstar Resources Egypt (Barbados) Inc. ("Groundstar"). A discussion will be held before any drilling plan is formulated.

ASSOCIATE – ELECTROPLATING EQUIPMENT BUSINESS

The technology arm of the Group is developed through our associate, Asia Tele-Net and Technology Corporation Limited ("ATNT").

ATNT was still suffered from the doldrums of the Financial Tsunami in the first three quarters. Although ATNT reported that signs of recovery were seen in late April 2009, due to the minimum time required on the contract negotiation and manufacturing time, orders concluded in late June were only shipped in late September or last quarter. The pricing of these orders were not particularly good. The turnover for the year 2009 was approximately HK$195,000,000 which is 60% less than in the previous year. The gross margin for the year 2009 has dropped by 3%.

ATNT expects to see a moderate recovery in year 2010 while the photo voltaic sector will continue to grow and will soon become a steady income stream for ATNT. Appropriate Research & Development resources are being invested to keep up with the product development pace of ATNT's customers. ATNT still believes only advanced design or technologies will put ATNT a leading position in the industry.

MATERIAL ACQUISITIONS AND DISPOSALS OF COMPANIES

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

On 25 January 2010, the Company has entered into an asset exchange agreement ("Agreement") with Groundstar in relation to Block 2 and Block 3.

According to this agreement, the Company is exchanging its 20% participating interest in Block 3 for Groundstar's 20% participating interest in the Block 2. However, the Agreement is subject to approval of Egyptian regulatory authorities and completion shall take place within 5 days after receipt of such approval. During the interim period before such approval is obtained, the Company shall assume all rights and obligations in respect of Groundstar's 20% participating interest in Block 2 while Groundstar shall assume all rights and obligations in respect of the Company's 20% participating interest in Block 3.

In the event that the approval cannot be obtained within 60 days from 20 September 2010 at the latest, the Agreement shall be terminated and the parties' interest in Block 2 and Block 3 will be put back to their original position as if the Agreement has not been signed.

As a result of the Agreement, Groundstar's interest in Block 3 will increase to 80% and its interest in Block 2 will be nil and on the other hand, the Company's interest in Block 3 will reduce to 20% but its interest in Block 2 will be increased to 60%.

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 31 December 2009, the Group had shareholders' funds of approximately HK$553,356,000 ((2008: HK$508,288,000). The net current assets of the Group were HK$62,724,000 (2008: HK$61,339,000), which consisted of current assets of HK$201,211,000 (2008: HK$180,367,000) and current liabilities of HK$138,487,000 (2008: HK$119,028,000), representing a current ratio of approximately 1.45 (2008: 1.52).

The Group's capital expenditure, daily operations and investment are mainly funded by cash generated from its operations, loans from third parties and financial institutions, and equity financing. During the period, the Group obtained short-term bank borrowings and short-term third parties loans
which is mainly facilitating the margin to client for the application of Initial Public Offering and daily operations and investments. As at 31 December 2009, the Group has cash and cash equivalent (excluding the pledged fixed deposits of general accounts) of HK$20,600,000 (2008: HK$38,016,000).

As at 31 December 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 2 (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 31 December 2009 (2008: Nil).

CHARGE ON ASSETS

The Group held banking facilities from various banks as at 31 December 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 31 December 2009, total pledged fixed deposits was HK$7,504,000 (2008: HK$16,594,000). Pledged fixed deposits of approximately HK$7,504,000 (2008: HK$7,468,000) was pledged to secure banking facilities granted to a subsidiary and no margin clients' listed securities were pledged. As at 31 December 2009, no deposits (2008: HK$9,126,000) was pledged as a bank guarantee 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 31 December 2009, the total number of issued ordinary shares of the Company was 636,843,612 of HK$0.10 each (2008: 593,561,612 shares of HK$0.10 each). The increase in number of issued shares was the result of the placing and subscription of shares during the year.

HUMAN RESOURCES

As at 31 December 2009, the Group employed a total of 91 staff (2008: 100) of which, 39 were commissioned based (2008: 48) and the total related staff cost amounted to HK$13,032,000 (2008: HK$13,646,000). 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.

FINAL DIVIDEND

The Board does not recommend payment of any final dividend for the year ended 31 December 2009 (2008: Nil).

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the financial year 2009, except that the Chairman and the Managing Director who are appointed for a term of 3 years respectively are not subject to rotation or taken into account in determining the number of directors to retire in each annual general meeting in accordance with the Bye-Laws of the Company. This constitutes a deviation from code provision A.4.2. of the Code. As continuation is a key factor to the successful implementation of any longterm 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.

During the financial year, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct for securities transactions by the Directors of the Company. Based on specific enquiry of the Directors of the Company, all Directors have complied with the required standard as set out in the Mode Code throughout the year ended 31 December 2009.

Throughout the accounting period covered by this announcement, the Company has complied with the minimum requirements of the Listing Rules relating to the appointment of at least 3 Independent Non-Executive Directors and one of which have appropriate professional qualifications or accounting or related financial management expertise.

The Audit Committee of the Company has reviewed the accounting principles and practices adopted by the Group and the audited consolidated results for the year ended 31 December 2009 of the Group. The Audit Committee is composed of 3 Independent Non-Executive Directors of the Company.

ANNUAL GENERAL MEETING

The annual general meeting of the company will be held at 2:00 p.m. on Friday, 11 June 2010 at 11 Dai Hei Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Wednesday, 9 June 2010 to Friday, 11 June 2010, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the annual general meeting all transfers accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor standard Limited at 26 Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 8 June 2010.

PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S SECURITIES

During the year ended 31 December 2009, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2009 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF 2009 FINAL RESULTS AND ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

This announcement will be published on the Company's website (www.ktg.com.hk) and the Stock Exchange's website (www.hkexnews.hk). The 2009 Annual Report of the Company containing all the information required by the Listing Rules will be published on the web site of the Stock Exchange in due course.

On behalf of the Board
Karl Thomson Holdings Limited
Lam Kwok Hing
Chairman

Hong Kong, 26 April 2010

As at the date of this announcement, the Board of Directors of 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.