KTP HOLDINGS LIMITED
（港台集團有限公司）*

(Incorporated in Bermuda with limited liability)

(Stock Code: 645)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2009

The board of directors (the "Board") of KTP Holdings Limited (the "Company") is pleased to present the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st March 2009 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2009

	Notes	**2009** **US$'000**	2008 *US$'000*
Turnover	*2*	**64,275**	94,612
Cost of sales		**(58,782)**	(90,039)
Gross profit		**5,493**	4,573
Other income	*2*	**3,510**	2,562
Distribution costs		**(705)**	(1,009)
Administrative expenses		**(3,860)**	(5,183)
Other gains/(losses), net	*3*	**5,240**	(913)
Restructuring provision and assets impairment	*4*	**(6,407)**	(4,098)
Finance costs	*5*	**—**	(2)
Profit/(loss) before taxation	*6*	**3,271**	(4,070)
Taxation	*7*	**(3,009)**	—
Profit/(loss) attributable to shareholders		**262**	(4,070)
Dividend	*8*	**—**	—
Earnings/(loss) per share		***US cents***	*US cents*
— Basic	*9*	**0.1**	(1.2)

* *for identification only*

CONSOLIDATED BALANCE SHEET

As at 31st March 2009

	Notes	2009 US$'000	2008 US$'000
Non-current assets			
Property, plant and equipment		**816**	7,722
Investment properties		**2,692**	3,236
Prepaid lease payments on land use rights		**1,117**	1,151
Held-to-maturity investments		**444**	444
Available-for-sale investments		**—**	247
		5,069	12,800
Current assets			
Inventories		**3,107**	14,401
Trade and bills receivables	*10*	**3,240**	11,382
Deposits, prepayments and other receivables		**357**	663
Deposit for acquisition of land use rights		**252**	109
Tax reserve certificates		**2,000**	1,608
Prepaid lease payments on land use rights		**34**	34
Bank balances and cash		**39,074**	20,883
		48,064	49,080
Current liabilities			
Trade payables	*11*	**900**	7,486
Accruals and other payables		**2,502**	7,819
Tax liabilities		**3,009**	—
		6,411	15,305
Net current assets		**41,653**	33,775
Total assets less current liabilities		**46,722**	46,575
Capital and reserves			
Share capital		**440**	440
Reserves		**46,282**	46,135
Total equity		**46,722**	46,575

Notes:

1. Summary of significant accounting policies

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

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

Adoption of new and revised HKFRSs

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by HKICPA which are or have become effective.

Hong Kong Accounting Standard ("HKAS") 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) — Interpretation ("Int") 12	Service Concession Arrangements
HK(IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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)	Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible Hedged Items[4]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 2 (Amendment)	Share-based Payment — Vesting Conditions and Cancellations[3]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 7 (Amendments)	Financial Instruments: Disclosures — Improving Disclosures about Financial Instruments[3]
HKFRS 8	Operating Segments[3]
HK(IFRIC) — Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[5]
HK(IFRIC) — Int 13	Customer Loyalty Programmes[6]
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation[7]
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners[4]
HK(IFRIC) — Int 18	Transfers of Assets from Customers[8]

[1] *Effective for annual periods beginning on or after 1st January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July 2009*
[2] *Effective for annual periods beginning on or after 1st January 2009, 1st July 2009 and 1st January 2010, as appropriate*
[3] *Effective for annual periods beginning on or after 1st January 2009*
[4] *Effective for annual periods beginning on or after 1st July 2009*
[5] *Effective for annual periods ending on or after 30th June 2009*
[6] *Effective for annual periods beginning on or after 1st July 2008*
[7] *Effective for annual periods beginning on or after 1st October 2008*
[8] *Effective for transfers of assets from customers received on or after 1st July 2009*

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company have commenced considering the potential impact of the other new or revised standards, amendments or interpretations but not yet in a position to determine whether they would have a significant impact on how its results and financial position are prepared and presented.

2. Turnover, other income and segment information

The Group is principally engaged in the manufacture of athletic and sports leisure footwear products. Turnover represents gross invoiced sales of sports footwear net of returns, discounts and sales related taxes. Revenues recognised during the year are as follows:

	2009	2008
	US$'000	*US$'000*
Turnover		
Sales of goods	**64,275**	94,612
Other income		
Bank interest income	**598**	822
Interest income from unlisted debt securities	**18**	29
Gross rental income from investment properties	**454**	418
Gain on disposal of property, plant and equipment	**—**	11
Dividend income from available-for-sale investments	**67**	1
Scrap sales	**1,032**	789
Mould transfer income	**599**	—
Net exchange gain	**22**	177
Others	**720**	315
	3,510	2,562
Total revenues	**67,785**	97,174

An analysis of the Group's results by geographical segment based on the location of customers and geographical analysis on segment assets and liabilities based on the locations of assets are as follows:

	North America *US$'000*	Europe *US$'000*	Asia (other than Mainland China) *US$'000*	Mainland China *US$'000*	Others *US$'000*	Total *US$'000*
For the year ended 31st March 2009						
Turnover	**31,539**	**5,520**	**1,942**	**23,715**	**1,559**	**64,275**
Segment results	**2,736**	**479**	**169**	**2,057**	**136**	**5,577**
Unallocated costs						**(1,139)**
Other gains, net	**—**	**—**	**70**	**5,170**	**—**	**5,240**
Restructuring provision and assets impairment	**—**	**—**	**—**	**(6,407)**	**—**	**(6,407)**
Finance costs						**—**
Profit before taxation						**3,271**
Taxation						**(3,009)**
Profit attributable to shareholders						**262**
As at 31st March 2009						
Segment assets	**—**	**—**	**28,556**	**24,577**	**—**	**53,133**
Segment liabilities	**—**	**—**	**3,543**	**2,868**	**—**	**6,411**
For the year ended 31st March 2009						
Other information						
Capital expenditure of property, plant and equipment and land use rights deposit	**—**	**—**	**—**	**315**	**—**	**315**
Depreciation of property, plant and equipment	**—**	**—**	**—**	**1,341**	**—**	**1,341**
Amortisation of prepaid lease payments on land use rights	**—**	**—**	**—**	**34**	**—**	**34**
Allowance for inventories	**—**	**—**	**—**	**190**	**—**	**190**
Written off of inventories	**—**	**—**	**—**	**670**	**—**	**670**
Impairment on property, plant and equipment	**—**	**—**	**—**	**5,549**	**—**	**5,549**
Loss on disposal of property, plant and equipment	**—**	**—**	**—**	**127**	**—**	**127**
Gain on disposal of available-for-sale investments	**—**	**—**	**(70)**	**—**	**—**	**(70)**

	North America US$'000	Europe US$'000	Asia (other than Mainland China) US$'000	Mainland China US$'000	Others US$'000	Total US$'000
For the year ended 31st March 2008						
Turnover	54,982	12,952	5,969	18,598	2,111	94,612
Segment results	1,055	249	115	357	40	1,816
Unallocated costs						(873)
Other losses, net	—	—	106	(1,019)	—	(913)
Restructuring provision and assets impairment	—	—	—	(4,098)	—	(4,098)
Finance costs						(2)
Loss before taxation						(4,070)
Taxation						—
Loss attributable to shareholders						(4,070)
As at 31st March 2008						
Segment assets	—	—	14,555	47,325	—	61,880
Segment liabilities	—	—	518	14,787	—	15,305
For the year ended 31st March 2008						
Other information						
Capital expenditure of property, plant and equipment and trademark	—	—	—	3,308	—	3,308
Depreciation of property, plant and equipment	—	—	59	1,737	—	1,796
Amortisation of prepaid lease payments on land use rights	—	—	—	34	—	34
Written back of allowance for inventories	—	—	—	(93)	—	(93)
Allowance for bad and doubtful debts	30	—	—	—	—	30
Impairment on property, plant and equipment	—	—	—	2,279	—	2,279
Gain on disposal of property, plant and equipment	—	—	—	(11)	—	(11)
Impairment on held-to-maturity investments	—	—	57	—	—	57
Gain on disposal of available-for-sale investments	—	—	(163)	—	—	(163)
Written off of trademark	—	—	—	828	—	828

No analysis of segment information by business segment is presented as the Group has been engaged in the manufacturing and sale of footwear products only.

3. Other gains/(losses), net

	2009	2008
	US$'000	*US$'000*
Compensation income *(Note (a))*	**5,714**	—
Fair value loss on investment properties	**(544)**	(191)
Gain on disposal of available-for-sale investments	**70**	163
Impairment on held-to-maturity investments	**—**	(57)
Written off of trademark *(Note (b))*	**—**	(828)
	5,240	(913)

Notes:

(a) Compensation income represented a lump sum consideration of RMB40,000,000, equivalent to approximately US$5,714,000 received by Kong Tai Shoes Manufacturing Company Limited ("KTS"), a wholly-owned subsidiary of the Company for entering into compensation agreements with both 深圳市華特實業有限公司 and 深圳市龍崗區龍崗鎮南聯村瑞合經濟合作社 (collectively known as the "Landlords") on 14th April 2008, in respect of the early termination of the lease agreements by the Landlords for the use of factory premises by KTS located at Longgang, Shenzhen, Mainland China.

(b) For the year ended 31st March 2008, the Group purchased the "Promarks" trademark ("Trademark") from a third party at a consideration of RMB 6,500,000, equivalent to approximately US$828,000 for the rights of the use of Trademark in Mainland China. The Trademark was written off in that year due to the change in market condition and economic environment which were unfavourable to the Group and this amount represented the total investment exposure to the Group. The directors do not expect any further liabilities would arise in respect of the Trademark.

4. Restructuring provision and assets impairment

	2009	2008
	US$'000	*US$'000*
Impairment on property, plant and equipment	**5,549**	2,279
Provision for employees termination benefits	**188**	1,711
Written off of inventories	**670**	—
Allowance for inventories	**—**	108
	6,407	4,098

As disclosed in the Company's 2008 annual report, the Group commenced a restructuring of its production capacity in Mainland China last year following the land resumption of the Group's largest factory in Shenzhen, Mainland China by the local Mainland China government, which led to the relocation of the Group's production base from Shenzhen to Dongguan, Mainland China and the closure of two factories located in Shenzhen, Mainland China (the "Relocation and Restructuring").

The Group continued the Relocation and Restructuring plan during the year and further approved a facilities rationalisation program in order to consolidate the Group's production facilities for greater efficiency and lower costs.

In addition, on 6th May 2009, the Company published an announcement regarding the cessation of manufacturing OEM footwear products for the Group's largest customer. The amount of turnover attributable to such major customer represented 64% of the Group's total turnover of footwear products for the year ended 31st March 2009. In light of the reduction of the OEM footwear orders from its largest customer for the coming year, the Board decided to accelerate the implementation of the restructuring process and temporarily suspend all the production operations in Shenzhen, Mainland China and the two factories located in Dongguan, Mainland China.

As a result, for the year ended 31st March 2009, the total restructuring and redundancy costs in relation to the write-downs on idle property, plant and equipment, written off of obsolete inventories as well as the employees redundancy expenses amounting to approximately US$6,407,000 were recognised in the consolidated income statement.

5. Finance costs

	2009	2008
	US$'000	*US$'000*
Interest on bank overdrafts	—	2

6. Profit/(loss) before taxation

	2009	2008
	US$'000	*US$'000*
Profit/(loss) before taxation has been arrived at after charging and (crediting):		
Auditors' remuneration	**54**	94
Depreciation of property, plant and equipment	**1,341**	1,796
Amortisation of prepaid lease payments on land use rights	**34**	34
Impairment on property, plant and equipment	**5,549**	2,279
Loss on disposal of property, plant and equipment	**127**	—
Cost of inventories recognised as an expense	**58,782**	90,039
Allowance for bad and doubtful debts	—	30
Allowance/(written back of allowance) for inventories (included in cost of sales)	**190**	(93)
Written off of inventories	**670**	—
Staff costs (including directors' emoluments)	**13,394**	22,508
Operating lease rentals in respect of land and buildings	**148**	588

7. Taxation

	2009	2008
	US$'000	*US$'000*
Hong Kong Profits Tax		
Under-provision in prior years *(Note (d))*	**3,009**	—

Notes:

(a) On 26th June 2008, the Hong Kong Legislative Council passes the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment of 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profits for the year.

No provision for the Mainland China Corporate Income Tax ("CIT") as there is no assessable profits for both years for the subsidiaries operated in Mainland China.

Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates. No provision for overseas taxation has been made in the consolidated financial statements as the Group has no assessable overseas profits for both years.

The taxation for the years can be reconciled to the profit/(loss) before taxation per the consolidated income statement as follows:

	2009	2008
	US$'000	*US$'000*
Profit/(loss) before taxation	**3,271**	(4,070)
Calculated at a taxation rate of 16.5% (2008: 17.5%)	**540**	(712)
Effect of different tax rates in other countries	**(1)**	63
Tax effect of income not taxable for tax purpose	**(1,181)**	(432)
Tax effect of expenses not deductible for tax purpose	**177**	1,156
Utilisation of tax losses previously not recognised	**—**	(75)
Tax effect of tax losses not recognised	**465**	—
Under-provision in respect of prior years	**3,009**	—
Taxation for the year	**3,009**	—

(b) Two of the four Mainland China subsidiaries are entitled to the benefit of full exemption from CIT for the first two years commencing on the profit-making year followed by 50% reduction in CIT for each of the subsequent three years. The remaining two Mainland China subsidiaries do not entitle to any exemption from CIT.

(c) Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (2008: 17.5%).

At the balance sheet date, the Group has unused tax losses of approximately US$3,692,000 (2008: US$873,000) available for offsetting against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately US$377,000 which will expire in 31st December 2009 and the remaining balances of approximately US$3,315,000 will expire by 31st December 2013.

There was no other material unprovided deferred taxation for the year (2008: Nil).

(d) Since February 2005, Inland Revenue Department ("IRD") has initiated tax enquire and issued additional profits tax assessments, in aggregate, of approximately HK$22,945,000 (equivalent to approximately US$2,942,000) relating to the years of assessment 1998/1999 to 2002/2003 against KTS. A tax audit was also commenced by the IRD on KTS in respect of the year of assessment 2006/2007.

The Group had lodged objections with the IRD against all these additional assessments ("Objections") and the IRD agreed to hold over the tax claimed completely subject to the said subsidiary in question purchasing tax reserve certificates ("TRCs") amounting to HK$19,338,000 (equivalent to approximately US$2,479,000) up to the date of this report.

Of the total TRCs purchased by the Group, an aggregate amount of HK$15,604,000 (equivalent to approximately US$2,000,000) (2008: US$1,608,000) was purchased by the Group and included in the tax reserve certificates in the consolidated balance sheet as at 31st March 2009. The remaining amount of HK$3,734,000 (equivalent to approximately US$479,000) was purchased by the Group in May 2009.

The factory of KTS located in Mainland China was closed in May 2008 as a result of land resumption by the local Mainland China government. In view of the closure of factory and the cessation of whole production operations of KTS, the directors are considering alternative approaches in the best interest of the Group to resolve the dispute with the IRD, bearing in mind the uncertainty, costs and management time and efforts if the dispute continues to prolong. As such, the Group has made provision for the potential tax liabilities as at 31st March 2009 amounting to HK$23,469,000 (equivalent to approximately US$3,009,000) pending the outcome of the Objections and the tax audit.

The directors of the Company considered that there was no material under-provision of tax liabilities as at 31st March 2009.

8. Dividend

The Board does not recommend the payment of a dividend in respect of the year ended 31st March 2009 (2008: Nil).

9. Earnings/(loss) per share

The calculation of basic earnings/(loss) per share attributable to the equity holders of the Company is based on the profit/(loss) for the year attributable to equity holders of the Company of approximately US$262,000 (2008: loss of US$4,070,000) and the weighted average number of 340,616,934 (2008: 340,616,934) ordinary shares in issue during the year.

No diluted earnings/(loss) per share is presented as the Company did not have any potential shares outstanding for the two years ended 31st March 2009.

10. Trade and bills receivables

	2009	2008
	US$'000	*US$'000*
Trade and bills receivables	**3,240**	11,412
Less: Allowance for bad and doubtful debts	**—**	(30)
	3,240	11,382

The Group allows an average credit period of 30 to 90 days to its trade customers and the ageing analysis of trade and bills receivables net of allowance for bad and doubtful debts at the reporting date is as follows:

	2009	2008
	US$'000	*US$'000*
Within 30 days	**1,141**	4,673
31-60 days	**1,623**	5,571
61-90 days	**473**	1,075
Over 90 days	**3**	63
	3,240	11,382

11. Trade payables

At 31st March 2009, the ageing analysis of trade payables is as follows:

	2009	2008
	US$'000	*US$'000*
Within 30 days	**289**	3,996
31-60 days	**283**	2,030
61-90 days	**136**	607
Over 90 days	**192**	853
	900	7,486

The average credit period on purchases of goods ranging from 14 days to 90 days.

12. Event after balance sheet date

On 6th May 2009, the Company published an announcement regarding the cessation of manufacturing OEM footwear products for the Group's largest customer. The amount of turnover attributable to such major customer represented 64% of the Group's total turnover of footwear products for the year ended 31st March 2009. As such, the Group's turnover for the year ending 31st March 2010 will be materially and adversely affected by the reduction of the OEM footwear orders from its major customer.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Tuesday, 8th September 2009 to Tuesday, 15th September 2009, both days inclusive, during which no transfer of shares will be effected. In order to be qualified to attend and vote, all transfer documents, accompanied by the relevant shares certificates, must be lodged with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later 4:00 p.m. on Monday, 7th September 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Highlights

Turnover for the year ended 31st March 2009 decreased 32% to US$64.3 million. Profit attributable to shareholders of US$0.3 million compared to last year's loss of US$4.1 million. Profit/(loss) attributable to shareholders for these two years are after taking into account of the followings:

1. Current year's compensation income of RMB4 million, equivalent to US$5.7 million as compensation to the early termination of leases and closure of the Group's factory located in Longgang, Shenzhen, Mainland China ("Longgang Factory");

2. Restructuring provision and assets impairment of US$6.4 million (2008: US$4.1 million) relating to the Group's decision to further consolidate the Group's production operations this year; and

3. Current year tax provision of US$3.0 million relating to the under-provision of prior years taxation for one of the Group's subsidiary.

Excluding these effects, the Group reported a profit attributable to shareholders of US$4 million for the year ended 31st March 2009 and was breakeven in 2008.

Business Review

The Group's turnover was down 32% from prior year's US$94.6 million to this year's US$64.3 million. Orders from our largest customer, as adversely affected by global financial turmoil decreased 53% from 5.7 million pairs in 2008 to approximately 2.7 million pairs this year and the total sales attributable to the largest customer decreased, along the lines of the orders reduction, to approximately 64% of the Group's turnover for the year ended 31st March 2009.

Management has realised the increasingly competitive operating environment of footwear OEM business in Mainland China over the last few years and mentioned in the previous annual reports of the Company. Last year, the Group suffered a significant loss attributable to shareholders of approximately of US$4.1 million due to the severe business interruption and significant assets impairments caused by the relocation and restructuring of the Group's production operations in Mainland China following the closure of the Longgang Factory ("Relocation and Restructuring").

The Group continued the Relocation and Restructuring plan during the year and further approved a facilities rationalisaion program in order to consolidate the Group's production facilities for greater efficiency and lower costs, which resulted to an improvement of the Group's gross margin from 5% to 8% this year and turnaround to a reported profit attributable shareholders of US$0.3 million or US$4 million if adjusting the net effects of one-time compensation income, restructuring and tax provisions amounting to US$3.7 million as summarised in the above section "Financial Highlights".

Nevertheless, as published on the Company's announcement dated 6th May 2009, the Group had ceased to manufacture the OEM footwear products for its largest customer after failing to negotiate a feasible pricing model in the coming year. In light of the substantial reduction of the Group's turnover due to the loss of OEM footwear orders from its largest customer for the year ending 31st March 2010, the directors of the Group decided to accelerate the implementation of the restructuring process and temporarily suspend all the production operations in Shenzhen, Mainland China and the two factories located in Dongguan, Mainland China. The total restructuring and redundancy costs in relation to the write-downs on idle property, plant and equipment, written off of obsolete inventories as well as the employees redundancy expenses amounting to approximately US$6.4 million were recognised in the consolidated income statement for the year ended 31st March 2009.

Other income for the year was US$3.5 million compared to US$2.6 million last year. The increase was mainly due to the increase in scrap sales of US$0.2 million following the closure of two factories in Shenzhen, Mainland China this year as well as the income received upon the sales of shoes mould amounting to US$0.6 million this year.

In line with the decrease in sales, the general and administrative expenses decreased 26% to US$3.9 million, while maintained at approximately 6% of sales for both years.

Other gains for the year mainly represented compensation income of RMB4 million, equivalent to US$5.7 million as compensation to the early termination of leases and closure of the Longgang Factory.

Tax provision of HK$23.5 million (equivalent to US$3 million) represented the under-provision of prior years taxation for one of the Group's subsidiary. The said subsidiary is in dispute with the Inland Revenue Department regarding the offshore claim for its production operations in Mainland China. In view of the cessation of the whole production operations of the said subsidiary following the closure of the Longgang Factory owned by the said subsidiary in May 2008, the directors are considering various approaches in the best interest of the Group to resolve the dispute with the IRD, bearing in mind the uncertainty, costs and management time and efforts if the dispute continues to prolong. As such, the Group, for the sake of prudence, has made provision for the potential tax liabilities as at 31st March 2009 pending the outcome of the dispute. The directors of the Company considered that there was no material under-provision of tax liabilities as at 31st March 2009.

PROSPECTS

Although the Group's turnover for the year ending 31st March 2010 will be materially and adversely affected by the reduction of the OEM footwear orders from its major customer, the Group continues to maintain the manufacturing of footwear products and monitor the Company's overall operational business and it is considered that the Group's operational and financial position is stable.

The Group will continue to identify and evaluate any business opportunities in footwear industry despite the global financial turmoil and the increasing cost of production in Mainland China.

DIVIDENDS

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

FINANCIAL AND LIQUIDITY RESOURCES

As at 31st March 2009, the Group's financial resources and liquidity continued to be healthy and it is substantially debt-free, with reported cash and bank balances of US$39 million, as compared to US$21 million as at 31st March 2008. Included in the bank balances and cash of the Group were Renminbi deposits and cash of approximately US$13.4 million (31st March 2008: US$8.6 million) kept in Mainland China. Renminbi is not a freely convertible currency.

OPERATING WORKING CAPITAL

The Group follows a policy of prudence in managing its working capital. As mentioned, the Group is expected a significant decrease in turnover for the year ending 31st March 2010 and accordingly, trade receivables and payables as well as inventories experienced significant decline in balances as at 31st March 2009. Nevertheless, our working capital position remained strong with average collection period of accounts receivables and stock turnover of approximately 33 days (2008: 50 days) and 43 days (2008: 50 days) respectively.

The Group maintains tight control on its credit and collection policies and we have not experienced any significant bad debts in the past.

CAPITAL EXPENDITURES AND COMMITMENTS

As at 31st March 2009, the Group had capital commitment amounting to US$0.9 million relating to the acquisition of land use rights in Huizhou, Mainland China.

The Group generally relies on its internally generated cash flow and the existing banking facilities to finance its day to day operations. There are no material plans for investments and capital expenditures except for the Group's regular annual capital expenditures and we believe that the Group has adequate financial resources to meet its funding requirement for its business operation.

EMPLOYEES AND REMUNERATION POLICY

As at 31st March 2009, the Group had a total of 1,600 (2008: 7,000) full time employees (including contracted manufacturing workers) in Hong Kong and Mainland China. The Group's emolument policy is to pay wages and salaries that are competitive in the industry in a way that will be motivational, fair and equitable, and that are dependent on individual and the Group's performance. Apart from salaries, the Group also provides other fringe benefits to employees, which include provident fund schemes and bonus on performance basis.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding directors' securities transactions. All the members of the Board have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the year ended 31st March 2009. The Model Code also applies to other specified senior management of the Group.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31st March 2009, except for the following deviations:

Code Provision A.2.1 stipulates that the role of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Lee Chi Keung, Russell is currently the chairman & chief executive officer of the Company. The Board is of the view that it is in the best interests of the Group to have an executive chairman who is most knowledgeable about of the Group's business and that vesting the roles of both chairman and chief executive officer in the same person would allow the Company to be more effective and efficient in developing long-term business strategies and execution of business plans.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The Company's independent non-executive directors were not appointed for a specific term but is subject to retirement by rotation and reelection at the annual general meeting of the Company in accordance with the Company's Bye-laws.

Code Provision A.4.2 stipulates that all directors appointed to fill casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. The Company's Bye-laws deviate from Code Provision A.4.2 which provides that any new director appointed by the Board during the year shall hold office until the next following annual general meeting after appointment, and he/she shall be eligible for re-election.

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the audited consolidated financial statements of the Group for the year ended 31st March 2009.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published at the website of the Company at www.ktpgroup.com and the websites of irasia.com at www.irasia.com/listco/hk/ktp/index.htm and the Stock Exchange at www.hkex.com.hk. The annual report of the Company for the year ended 31st March 2009 containing all the information required by the Listing Rules will be despatched to shareholders and available on the same websites in due course.

On behalf of the Board
Lee Chi Keung, Russell
Chairman

Hong Kong, 30th June 2009

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Lee Chi Keung, Russell (Chairman) and Ms. Yu Mee See, Maria and three independent non-executive directors, namely Mr. Ng Wai Hung, Mr. Lee Siu Leung and Mr. Yuen Sik Ming