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 2010

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 2010 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31st March 2010

	Notes	2010 US$'000	2009 US$'000
Turnover	3	**18,082**	64,275
Cost of sales		**(17,248)**	(58,782)
Gross profit		**834**	5,493
Other income	4	**810**	3,510
Distribution costs		**(242)**	(705)
Administrative expenses		**(2,480)**	(3,860)
Other gains, net	5	**480**	5,240
Restructuring provision and assets impairment		**—**	(6,407)
Gain on disposal of subsidiaries	12	**2,893**	—
Profit before tax	6	**2,295**	3,271
Income tax expense	7	**—**	(3,009)
Profit for the year attributable to owners of the Company		**2,295**	262
Other comprehensive income (expense)			
Exchange differences arising on translation of foreign operation		**—**	(7)
Reclassification adjustment for the cumulative gain included in profit or loss upon disposal of foreign operation		**(4)**	—
Gain on fair value changes of available-for-sale financial assets		**8**	—
Reclassification adjustment for the cumulative gain included in profit or loss upon disposal of available-for-sale financial assets		**—**	(108)
Other comprehensive income (expense) for the year		**4**	(115)
Total comprehensive income for the year attributable to owners of the Company		**2,299**	147
		US cents	US cents
Earnings per share — basic and diluted	9	**0.7**	0.1

* *for identification only*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March 2010

	Notes	**2010** **US$'000**	2009 US$'000
Non-current assets			
Property, plant and equipment		**766**	816
Investment properties		—	2,692
Prepaid lease payments on land use rights		**85**	1,117
Held-to-maturity investments		—	444
		851	5,069
Current assets			
Inventories		**4,106**	3,107
Trade receivables	*10*	**1,935**	3,240
Deposits, prepayments and other receivables		**236**	357
Deposits paid for acquisition of land use rights		—	252
Prepaid lease payments on land use rights		**85**	34
Available-for-sale financial assets		**452**	—
Held for trading investments		**5,273**	—
Tax reserve certificates		—	2,000
Cash held at a non-bank financial institution		**554**	—
Bank balances and cash		**24,594**	39,074
		37,235	48,064
Current liabilities			
Trade payables	*11*	**852**	900
Accruals and other payables		**1,314**	2,502
Income tax liabilities		—	3,009
		2,166	6,411
Net current assets		**35,069**	41,653
Total assets less current liabilities		**35,920**	46,722
Capital and reserves			
Share capital		**440**	440
Reserves		**35,480**	46,282
Total equity		**35,920**	46,722

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.

In the current year, the Group has applied the following new and revised standards, amendments to standards and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1st July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of Hong Kong Accounting Standard ("HKAS") 39
HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) — Interpretation ("Int") 9 and HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) — Int 13	Customer Loyalty Programmes
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) — Int 18	Transfers of Assets from Customers

Except as described below, the adoption of the new and revised HKFRSs had no material effects 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 financial statements) and changes in the format and content of the financial statements.

Improving Disclosure about Financial Instruments
(Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk.

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)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[3]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issue[5]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[6]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[7]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[6]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[8]
HK(IFRIC) — Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments[7]

1 Effective for annual periods beginning on or after 1st July 2009.
2 Amendments that are effective for annual periods beginning on or after 1st July 2009 and 1st January 2010, as appropriate.
3 Amendments that are effective for annual periods beginning on or after 1st July 2010 and 1st January 2011, as appropriate.
4 Effective for annual periods beginning on or after 1st January 2011.
5 Effective for annual periods beginning on or after 1st February 2010.
6 Effective for annual periods beginning on or after 1st January 2010.
7 Effective for annual periods beginning on or after 1st July 2010.
8 Effective for annual periods beginning on or after 1st January 2013.

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.

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1st January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

In addition, as part of Improvements to HKFRSs 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. The amendments will be effective from 1st January 2010, with earlier application permitted. Before the amendments to HKAS 17, leasees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principal set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

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.

2. Change of accounting estimates

Change of depreciation and amortisation rates in the year

In previous years, the Group's leasehold buildings and prepaid lease payments on land use rights were depreciated at 5% per annum and amortised at 2% per annum respectively. With effect from 1st October 2009, certain leasehold buildings and prepaid lease payments on land use rights of the Group are to be depreciated and amortised at 40% per annum.

The estimated useful lives of the leasehold buildings and prepaid lease payments on land use rights held by Brave Win Industries Limited ("Brave Win"), a wholly-owned subsidiary of the Company, have been re-determined according to the earliest date when Brave Win might lose the rights to use the assets in 2012 as detailed in note 12(a). The changes in depreciation and amortisation rates have increased the depreciation charge and amortisation charge for the year by approximately US$15,000 and US$38,000 respectively.

3. Turnover and segment information

Turnover represents revenue arising on gross invoiced sales of athletic and sports leisure footwear products, net of returns, discounts and sales related taxes.

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1st April 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 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's primary reporting format was geographical segments by location of customers. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

(a) Segment revenues, results, assets and liabilities

The Group's revenues, results, assets and liabilities are primarily attributable to the sales of athletic and sports leisure footwear products. The directors of the Company consider that there is only one operating and reportable segment for the Group.

(b) Geographical information

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed as below:

	Revenue from external customers		Non-current assets	
	2010	2009	**2010**	2009
	US$'000	*US$'000*	***US$'000***	*US$'000*
The People's Republic of China (the "PRC")	**17,250**	23,715	**851**	4,625
Asia (other than the PRC)	**831**	1,942	**—**	—
North America	**—**	31,539	**—**	—
Europe	**—**	5,520	**—**	—
Others	**1**	1,559	**—**	—
	18,082	64,275	**851**	4,625

Note: Non-current assets exclude financial instruments.

(c) Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2010	2009
	US$'000	*US$'000*
Customer A	**8,145**	9,491
Customer B	**2,745**	N/A[1]
Customer C	**1,844**	N/A[1]
Customer D	**N/A**[1]	40,172

1 The corresponding revenue does not contribute over 10% of the total sales of the Group in the respective year.

4. Other income

	2010	2009
	US$'000	*US$'000*
Bank interest income	**189**	598
Interest income from derivative financial assets	**13**	—
Interest income from unlisted debt securities	**6**	18
Gross rental income from investment properties	**237**	454
Gain on disposal of property, plant and equipment	**34**	—
Dividend income from available-for-sale financial assets	**—**	67
Scrap sales	**203**	1,032
Mould transfer income	**—**	599
Net exchange gain	**—**	22
Others	**128**	720
	810	3,510

5. Other gains, net

	2010	2009
	US$'000	*US$'000*
Compensation *(Note (a))*	**—**	5,714
Gain on fair value changes of held for trading investments	**355**	—
Loss on fair value changes of investment properties	**—**	(544)
Gain on disposal of available-for-sale financial assets	**—**	70
Gain on disposal of held for trading investments	**125**	—
	480	5,240

Note:

(a) For the year ended 31st March 2009, the 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 then 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, the PRC.

6. Profit before tax

Profit before tax has been arrived at after charging:

	2010	2009
	US$'000	*US$'000*
Auditor's remuneration	**53**	54
Depreciation of property, plant and equipment	**229**	1,341
Amortisation of prepaid lease payments on land use rights	**58**	34
Impairment loss recognised in respect of property, plant and equipment	—	5,549
Loss on disposal of property, plant and equipment	—	127
Cost of inventories recognised as expenses	**17,248**	58,782
Allowance for inventories (included in cost of sales)	—	190
Written off of inventories	—	670
Staff costs (including directors' emoluments)	**5,129**	13,394
Net exchange loss	**147**	—
Operating lease rentals in respect of land and buildings	—	148

7. Income tax expense

The amount of income tax expense charged to the consolidated statement of comprehensive income represents:

	2010	2009
	US$'000	*US$'000*
Hong Kong Profits Tax		
Under-provision in prior years *(Note (d))*	—	3,009

Notes:

(a) No Hong Kong Profits Tax had been provided for the two years ended 31st March 2010 and 2009 as the Group has no assessable profits arising in or deriving from Hong Kong.

Taxation arising in other jurisdictions is calculated as the rates prevailing in the relevant jurisdictions in which the Group operates. No taxation had been provided for the two years ended 31st March 2010 and 2009 as the Group has no assessable profits arising in or deriving from the relevant jurisdictions.

The income tax expense for the years can be reconciled to the profit before tax per the consolidated statement of comprehensive income as follows:

	2010	2009
	US$'000	*US$'000*
Profit before tax	**2,295**	3,271
Tax calculated at the statutory tax rate of 16.5% (2009: 16.5%)	**379**	540
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(11)**	(1)
Tax effect of income not taxable for tax purpose	**(519)**	(1,181)
Tax effect of expenses not deductible for tax purpose	**160**	177
Utilisation of tax losses previously not recognised	**(43)**	—
Tax effect of tax losses not recognised	**34**	465
Under-provision in prior years	**—**	3,009
Income tax expense	**—**	3,009

(b) For the year ended 31st March 2009, two of the four PRC subsidiaries were entitled to the benefit of full exemption from the PRC Corporate Income Tax ("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 PRC subsidiaries did not entitle to any exemption from CIT.

During the year ended 31st March 2010, all the PRC subsidiaries were disposed of by the Group.

(c) Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (2009: 16.5%)

At the end of the reporting period, the Group has unused tax losses of approximately US$204,000 (2009: US$3,692,000) available for offsetting against future profits. No deferred tax assets have been recognised in respect of the tax losses due to the unpredictability of future profit streams. The unrecognised tax losses as at 31st March 2010 may be carried forward indefinitely. Included in unrecognised tax losses for the year ended 31st March 2009 were losses of approximately US$377,000 which has expired on 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 tax for the year ended 31st March 2010 (2009: Nil).

(d) Since February 2005, Inland Revenue Department ("IRD") had initiated tax enquiries 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.

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 as KTS had purchased tax reserve certificates ("TRCs") amounting to HK$19,338,000 (equivalent to approximately US$2,479,000) (2009: US$2,000,000) up to 30th September 2009 when KTS was disposed of together with KTP (BVI) Company Limited and its subsidiaries ("KTP (BVI) Group"). Details of the disposal are set out in note 12(a).

The Group had made provision for the potential income tax liabilities for the years of assessment 1998/1999 to 2006/2007 as at 31st March 2009 amounting to HK$23,469,000 (equivalent to approximately US$3,009,000) pending the outcome of the Objections. No conclusion has been reached up to the disposal of KTS on 30th September 2009. The directors of the Company considered that there was no material under-provision of income tax liabilities in relation to the tax enquiries as at 31st March 2009 and up to the date of the disposal of KTS as at 30th September 2009.

The TRCs and the income tax liabilities had been released upon the disposal of KTS as at 30th September 2009.

8. Dividend

	2010	2009
	US$'000	*US$'000*
Dividend paid and recognised as distribution during the year:		
Special dividend: HK$0.3 (2009: Nil) per ordinary share	**13,101**	—

No final dividend was paid or proposed during the year ended 31st March 2010, nor has any dividend been proposed since the end of the reporting period (2009: Nil).

9. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the two years ended 31st March 2010 and 2009.

	2010	2009
Profit for the year attributable to owners of the Company *(US$)*	**2,295,000**	262,000
Weighted average number of ordinary shares in issue	**340,616,934**	340,616,934
Basic earnings per share *(US cents)*	**0.7**	0.1

(b) Diluted

Diluted earnings per share was the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the two years ended 31st March 2010 and 2009.

10. Trade receivables

	2010	2009
	US$'000	*US$'000*
Trade receivables	**1,935**	3,240
Less: Impairment loss recognised	**—**	—
	1,935	3,240

The Group allows a credit period ranging from 30 to 90 days to its trade customers. Ageing analysis of the Group's trade receivables net of impairment loss at the end of the reporting period presented based on the invoice date is as follows:

	2010	2009
	US$'000	*US$'000*
Within 30 days	**1,206**	1,141
31 to 60 days	**724**	1,623
61 to 90 days	**—**	473
Over 90 days	**5**	3
	1,935	3,240

The Group does not hold any collateral over these balances.

11. Trade payables

Ageing analysis of trade payables at the end of the reporting period presented based on the invoice date is as follows:

	2010	2009
	US$'000	*US$'000*
Within 30 days	**458**	289
31 to 60 days	**382**	283
61 to 90 days	**3**	136
Over 90 days	**9**	192
	852	900

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

12. Disposal of subsidiaries

(a) KTP (BVI) Group

On 22nd July 2009, the Company entered into a sale and purchase agreement with Peak Rise Holdings Limited ("Peak Rise") (a connected person to the Company) to dispose of its entire equity interests in KTP (BVI) Group, wholly-owned subsidiaries of the Company, and its shareholder's loan for a total cash consideration of US$18,000,000. Details of the disposal of KTP (BVI) Group were set out in the Company's circular dated 13th August 2009. Upon completion of the disposal of KTP (BVI) Group on 30th September 2009, the Group ceased to hold any equity interests in the KTP (BVI) Group. The net assets of KTP (BVI) Group at the date of disposal were as follows:

	US$'000
Investment properties	2,692
Prepaid lease payments on land use rights	923
Deposits paid for acquisition of land use rights	252
Prepayment and deposits	617
Tax reserve certificates	2,479
Bank balances and cash	8,031
Trade payables	(193)
Accruals and other payables	(1,271)
Income tax liabilities	(3,009)
Net assets disposed of	10,521
Costs directly attributable to disposal	85
Gain on disposal	2,823
	13,429
Satisfied by:	
Cash consideration	18,000
Assignment of shareholder's loan	(4,571)
	13,429
Net cash inflow arising from disposal:	
Cash consideration received (net of shareholder's loan)	13,429
Bank balances and cash disposed of	(8,031)
Costs directly attributable to disposal	(85)
	5,313

The subsidiaries disposed of during the year ended 31st March 2010 had no significant contribution to the Group's turnover and no significant impact on the results of the Group. The subsidiaries contributed approximately US$3,482,000 to the Group's net operating cash flow, and no significant cash flow impacts in respect of investing and financing activities were noted.

Note:

As part of the disposal of KTP (BVI) Group, an agreement was reached among Brave Win, the Company and Peak Rise regarding the land use rights situated at 東莞市長安鎮宵邊社區第二工業區 (the "Land") and the buildings (the "Buildings") constructed thereon in the PRC, which Brave Win has no legal ownership but the right to use the Land together with the Buildings until 4th August 2040 or 1st December 2046 (as the case may be) as follows:

On 15th April 2009, the PRC authority issued the《東莞市已建房屋補辦房地產權手續總體方案》, pursuant to which the user of the Land is granted a right (the "Right") to perfect its legal ownership of the Land together with the Buildings by applying to the PRC authority and the deadline of approving the legal ownership applications by the PRC authority will be on 19th April 2012, failing which the PRC authority shall deal with such Land and Buildings strictly in accordance with the relevant law and regulations.

Pursuant to the legal opinion obtained by the Group, Brave Win is not a legal entity in the PRC for the purpose of making the relevant applications and Brave Win at the material time resolved to have Dongguan Hung Yip Shoes Manufacturing Company Limited ("Dongguan Hung Yip"), a fellow subsidiary of Brave Win and a wholly-owned subsidiary of the Company before the disposal of KTP (BVI) Group to take up the Right in place of Brave Win. A memorandum of understanding ("Memorandum") was entered into between both parties, which agreed that:

(a) Subject to paragraph (b) below, Brave Win shall be entitled to use the Land together with the Buildings until 4th August 2040 or 1st December 2046, as the case may be; and

(b) In the event that Dongguan Hung Yip successfully obtains the legal ownership of the Land together with the Buildings and Brave Win wishes to continue to use the Land together with the Buildings, the terms in relation to the use of the Land together with the constructions thereon shall be negotiation by both parties.

Relevant applications (the "Applications") had been made by Dongguan Hung Yip to the PRC authority in respect of the Right.

Dongguan Hung Yip was disposed of together with KTP (BVI) Group on 30th September 2009 and an agreement was then reached among Brave Win, the Company and Peak Rise to confirm the above mentioned Memorandum and an option was further granted to Brave Win to purchase or lease the Land together with the Buildings from Dongguan Hung Yip after Dongguan Hung Yip had obtained the legal ownership of the Land together with the Buildings, subject to such terms and conditions as negotiated by Peak Rise and the Company and Brave Win, taking into account the carrying value of the Land together with the Buildings in the accounts of Brave Win as at 31st March 2009.

The Applications are currently pending approval by the PRC authority and all the costs to be incurred from the Applications will be borne by Dongguan Hung Yip.

In consideration of the above, during the year ended 31st March 2010, the estimated useful lives of the Land and Buildings held by Brave Win had been re-determined according to the earliest date when Brave Win might lose the rights to use the assets in 2012 as disclosed in note 2.

(b) China Global International Holdings Limited and its subsidiary ("China Global Group")

On 30th March 2010, the Group disposed of its entire equity interests in China Global Group, the wholly-owned subsidiaries of the Company, to an independent third party for a total cash consideration of HK$100 (equivalent to approximately US$13). The net assets of China Global Group at the date of disposal were as follows:

	US$'000
Plant and equipment	30
Bank balances and cash	6
Accruals and other payables	(102)
Net assets disposed of	(66)
Release of translation reserve upon disposal	(4)
	(70)
Gain on disposal	70
	—
Satisfied by:	
Cash consideration	—
Net cash outflow arising from disposal:	
Cash consideration	—
Bank balances and cash disposed of	(6)
	(6)

The subsidiaries disposed of during the year ended 31st March 2010 had no significant contribution to the Group's turnover, results and cash flow.

13. Event after the end of the reporting period

On 9th July 2010, the Company entered into a memorandum of sale and purchase with Joyart Corporation Limited, an independent third party, to dispose of its leasehold building in Hong Kong for a consideration of HK$8,500,000 (equivalent to approximately US$1,090,000).

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Monday, 16th August 2010 to Friday, 20th August 2010, both days inclusive, during which no transfer of shares will be effected. In order to be qualified to attend and vote at the forthcoming annual general meeting, 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 Friday, 13th August 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

2009/2010 was a tough year. The loss of the Group's largest customer resulted in a significant decrease in the Group's turnover to US$18 million for the year ended 31st March 2010 as compared to US$64 million last year. The Group's turnover for the year was solely contributed by the Group's shoe sole production. Geographically, Asian countries became the largest market of the Group, which contributed 100% of the Group's turnover for the year under review.

It was the Group's decision to further streamline the business and suspend the operation of all the unprofitable plants following the cessation of manufacturing OEM orders for the largest customer, resulting to significant assets impairment and massive lay-off of workers in the last two years.

In view of the substantial reduction in revenues in consequence of the loss of orders from the largest customer and the uncertainty of the current and anticipated business prospects of the Group, on 22nd July 2009, the Company entered into a sale and purchase agreement with Peak Rise Holdings Limited (a connected person to the Company) to dispose of the entire equity interests in KTP (BVI) Company Limited and its subsidiaries (collectively known as the "KTP (BVI) Group") (the "KTP (BVI) Disposal)"). The production facilities of the KTP (BVI) Group were idle and was expected to be idle in the near future following the cessation of manufacturing OEM orders for the largest customer. The KTP (BVI) Disposal was completed on 30th September 2009 and the gain arising on the KTP (BVI) Disposal was amounting to US$2.8 million.

In addition, the Group disposed of its equity interests in China Global International Company Limited and its subsidiary ("China Global Group") on 30th March 2010. The China Global Group had no significant contribution to the Group's turnover, results and cash flow for the year ended 31st March 2010 and the gain arising on the disposal of China Global Group was amounting to US$0.1 million. As a result, the total gain arising on the KTP (BVI) Disposal and China Global Disposal was amounting to US$2.9 million and recognised in the consolidated statement of comprehensive income for the year ended 31st March 2010.

The Group reported a profit for the year of US$2.3 million as compared to US$0.3 million for the corresponding year.

Gross profit margin decreased from last year's 8.5% to current year's 4.6%. The reduction of turnover, comparatively lower profit margin for shoe sole production as well as rising production costs in the PRC, especially the raising of PRC minimum wage were factors which magnified the cost pressure on the Group.

Other income for the year was US$0.8 million compared to last year's US$3.5 million. Falling interest rates during the year led to the decrease in interest income of US$0.4 million. In addition, the Group had reported scrap sales and mold transfer income of approximately US$1 million and of US$0.6 million respectively for the year ended 31st March 2009 following the closure of production plants.

General and administrative expenses decreased 36% to US$2.5 million, nevertheless, as a percentage of sales, increased from 6% to 13.7% over last year due to the one-off government and other administrative expenses relating to the closure of factories as well as the negative effects of idle costs associated to the unused production plants as a result of the loss of the largest customer.

FINANCIAL AND LIQUIDITY RESOURCES

As at 31st March 2010, the Group's financial resources and liquidity continued to be healthy and it is substantially debt-free. The reported cash and bank balances were US$25.1 million, as compared to US$39.1 million as at 31st March 2009. The decrease in cash and bank balances was mainly due to the followings:

1. Payment of the special dividend of HK$0.3 per ordinary share amounting to US$13.1 million during the year;

2. Financial investments in equity securities and gold of US$9 million, net of proceeds of the disposal of financial investments of US$4.2 million during the year, amounting to a net cash outflow of US$4.8 million during the year; and

3. Net cash inflow arising from the disposal of subsidiaries amounting to US$5.3 million.

OPERATING WORKING CAPITAL

The Group follows a policy of prudence in managing its working capital. The Group maintains tight control on its credit and collection policies and we have not experienced any significant bad debts in the past. The decrease in trade receivables as 31st March 2010 to US$1.9 million from last year's US$3.2 million reflected current year's reduction of sales. The average collection period of accounts receivables remained healthy at approximately 45 days (2009: 33 days).

The average stock turnover of 85 days (2009: 43 days) was reported in current year. Shoe sole production is now the main business of the Group and it is the Group's practice to maintain of a turnover of raw materials at around 60 days for shoe sole production.

CAPITAL EXPENDITURES AND COMMITMENTS

The Group generally relies on its internally generated cash flow and the existing banking facilities to finance its day to day operations and we believe that the Group has adequate financial resources to meet its funding requirement for our future business development. 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 operations.

EMPLOYEES AND REMUNERATION POLICY

As at 31st March 2010, the Group had a total of 1,600 (2009: 1,600) full time employees (including contracted manufacturing workers) in Hong Kong and the PRC. 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 2010.

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 2010, 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 2010.

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 2010 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, 16th July 2010

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