KTP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 645)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2011 AND CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG, TELEPHONE AND FACSIMILE NUMBERS

INTERIM RESULTS

The board of directors (the "Board") of KTP Holdings Limited (the "Company") is pleased to present the interim report and unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th September 2011 together with the comparative figures for the corresponding period in 2010 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th September 2011

		Six months ended 30th September	
		2011	2010
	Notes	***US$'000***	*US$'000*
		Unaudited	Unaudited
Turnover	*3*	**14,702**	13,509
Cost of sales		**(14,003)**	(12,563)
Gross profit		**699**	946
Other income	*4*	**192**	1,321
Distribution costs		**(107)**	(124)
Administrative expenses		**(558)**	(949)
Other gains, net	*5*	**—**	412
Profit from operations		**226**	1,606
Finance costs		**—**	—

	Notes	Six months ended 30th September **2011** ***US$'000*** **Unaudited**	2010 *US$'000* Unaudited
Profit before tax	*6*	**226**	1,606
Income tax expense	*7*	**(25)**	—
Profit for the period attributable to owners of the Company		**201**	1,606
Other comprehensive expense			
Reclassification adjustment for the cumulative gain included in profit or loss upon disposal of available-for-sale financial assets		**—**	(8)
Other comprehensive expense for the period		**—**	(8)
Total comprehensive income for the period attributable to owners of the Company		**201**	1,598
		US cents	*US cents*
Earnings per share			
— Basic and diluted	*9*	**0.06**	0.47

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th September 2011

	Notes	**30th September 2011 *US$'000* Unaudited**	31st March 2011 *US$'000* Audited
Non-current asset			
Property, plant and equipment		**391**	428
Current assets			
Inventories		**5,330**	5,306
Trade receivables	*10*	**3,523**	3,983
Deposits, prepayments and other receivables		**1,371**	252
Bank balances and cash		**30,320**	31,272
		40,544	40,813
Current liabilities			
Trade payables	*11*	**1,933**	2,304
Accruals and other payables		**2,019**	2,180
Tax payable		**73**	48
		4,025	4,532
Net current assets		**36,519**	36,281
Total assets less current liabilities		**36,910**	36,709
Capital and reserves			
Share capital		**440**	440
Reserves		**36,470**	36,269
Total equity		**36,910**	36,709

Notes:

1. **Basis of preparation**

The unaudited condensed consolidated interim financial statements for the six months ended 30th September 2011 ("Interim Financial Statements") has been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of the Hong Kong Limited (the "Stock Exchange").

2. **Summary of significant accounting policies**

The Interim Financial Statements have been prepared on the historical costs basis, except for certain financial instruments, which are measured at fair values.

The accounting policies used in the Interim Financial Statements are consistent with those used in the preparation of the Company's annual report for the year ended 31st March 2011. The Interim Financial Statements should be read in conjunction with the Company's annual report for the year ended 31st March 2011.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKFRS 1 (Amendment)	Limited exemption from Comparative HKFRS 7 Disclosure for First Time Adopters
HKAS 24 (Revised 2009)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Right Issues
Hong Kong (International Financial Reporting Interpretations Committee ("HK(IFRIC)") — Interpretation ("Int") 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK (IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of the above new and revised standards, amendments and interpretations has had no material effect on how the financial statements of the Group are prepared and presented 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.

HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for the First-time Adopters[1]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[1]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]

HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (Revised 2011)	Employee Benefits[4]
HKAS 27 (Revised 2011)	Separate Financial Statements[4]
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[4]

1 *Effective for annual periods beginning on or after 1st July 2011*
2 *Effective for annual periods beginning on or after 1st January 2012*
3 *Effective for annual periods beginning on or after 1st July 2012*
4 *Effective for annual periods beginning on or after 1st January 2013*

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. However, it is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

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.

(a) Segment revenues, results, assets and liabilities

The Group's operating segment based on information reported to the chief operating decision makers, who have been identified as the directors of the Company, for the purpose of resources allocation and performance assessment.

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 revenues from external customers by geographical location are detailed as below:

	Revenues from external customers	
	Six months ended 30th September	
	2011	2010
	US$'000	*US$'000*
	Unaudited	Unaudited
The People's Republic of China (the "PRC")	**14,097**	12,718
Asia (other than the PRC)	**605**	791
	14,702	13,509

4. Other income

	Six months ended 30th September	
	2011	2010
	US$'000	*US$'000*
	Unaudited	Unaudited
Bank interest income	**7**	22
Interest income from unlisted debt securities	—	1
Gain on disposal of property, plant and equipment	—	1,088
Dividend income from listed securities	—	54
Net exchange gain	—	25
Others	**185**	131
	192	1,321

5. Other gains, net

	Six months ended 30th September	
	2011	2010
	US$'000	*US$'000*
	Unaudited	Unaudited
Gain on disposal of held-for-trading investments	—	427
Loss on disposal of available-for-sale financial assets	—	(15)
	—	412

6. Profit before tax

Profit before tax has been arrived at after charging:

	Six months ended 30th September	
	2011	2010
	US$'000	*US$'000*
	Unaudited	Unaudited
Depreciation of property, plant and equipment	**47**	115
Amortisation of prepaid lease payments on land use rights	—	44
Cost of inventories recognised as expenses	**14,003**	12,563
Staff costs (including directors' emoluments)	**3,065**	3,208
Net exchange loss	**87**	—

7. Income tax expense

	Six months ended 30th September 2011 US$'000 Unaudited	2010 US$'000 Unaudited
Current tax — Hong Kong	**25**	—

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30th September 2011. No Hong Kong profits Tax had been provided for the six months 30th September 2011 as the Group had no assessable profits for that period.

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 both periods as the Group has no assessable profits arising in or deriving from the relevant jurisdictions.

There is no other material unprovided deferred tax for both periods.

8. Dividend

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30th September 2011 (2010: Nil).

9. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during each of the six months ended 30th September 2011 and 2010.

	Six months ended 30th September 2011 Unaudited	2010 Unaudited
Profit for the period attributable to owners of the Company *(US$)*	**201,000**	1,606,000
Weighted average number of ordinary shares in issue	**340,616,934**	340,616,934
Basic earnings per share *(US cents)*	**0.06**	0.47

(b) Diluted

Diluted earnings per share was the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding for the current and prior periods.

10. Trade receivables

The Group allows a credit period ranging from 30 days 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:

	30th September 2011	31st March 2011
	US$'000	*US$'000*
	Unaudited	Audited
Within 30 days	**2,202**	2,443
31-60 days	**1,228**	1,297
61-90 days	**85**	224
Over 90 days	**8**	19
	3,523	3,983

Included in the Group's trade receivables are debtors with aggregate carrying amount of US$93,000 (31st March 2011: US$238,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as the sales are made with creditworthy customers and the amounts are still considered recoverable.

11. Trade payables

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

	30th September 2011	31st March 2011
	US$'000	*US$'000*
	Unaudited	Audited
Within 30 days	**888**	1,506
31-60 days	**575**	706
61-90 days	**464**	85
Over 90 days	**6**	7
	1,933	2,304

The credit period on purchases of goods ranges from 14 days to 90 days. The Group has financial risk management policies in the place to ensure that all payables are settled within the credit timeframe.

12. Operating lease commitment

At 30th September 2011, the Group had commitment for future minimum lease payment under non-cancellable operating lease which fall due as follows:

	30th September 2011	31st March 2011
	US$'000	*US$'000*
	Unaudited	Audited
Within one year	**256**	—
In second to fifth year, inclusive	**615**	—
	871	—

Operating lease payment represents rental payable by the Group for its office premise in Hong Kong. Lease is negotiated for a term of three years (31st March 2011: Nil) with fixed rental. The operating lease contract contains market review clause in the event that the Group exercise its option to renew. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30th September 2011, the Group's turnover increased to US$14.7 million from US$13.5 million for the same period last year. Geographically, Asian countries were the largest market of the Group, which contributed 100% of the Group's turnover for the period under review.

Despite the increase in turnover during the period, the Group's gross profit margin decreased to 5% as compared to 7% for the corresponding period last year. Rising production costs were the biggest challenge to the Group. The double-digit increase in minimum wage in Guangdong Province, the PRC, rising prices of raw materials as well as the acceleration in the pace of Renminbi's appreciation in the first half of year 2011/2012, all of these factors resulted in adverse margin pressure to the Group.

The Group counteracted the margin pressure through disciplined expenses management. The general and administrative expenses as a percentage of sales improved by 3% over the same period last year, owing to the tight control over operating costs.

Other income decreased by US$1.1 million or 85% to US$0.2 million, due primarily to the absence of one-off gain on disposal of leasehold building in Hong Kong in the last corresponding period.

No other gains, net was reported during this period. Last period's amount represented the net gain on disposal of held for trading securities amounting to US$0.4 million.

Profit for the period attributable to owners of the Company decreased by 87% or US$1.4 million to US$0.2 million. Nevertheless, if excluding last period's gain on disposal of leasehold building in Hong Kong amounting to US$ 1.1 million and US$0.4 million gain on disposal of held for trading securities, the Group's overall performance was essentially flat with net profit margin of 1% for both periods.

Prospect

We have a cautious view of prospect for the remainder of the financial year. We are expecting a decline in revenues for the second half of year 2011/12 and this, combined with increasing manufacturing costs in the PRC, making improvement in margins challenging. We have implemented a number of expense reduction and productivity initiatives to strengthen our operating model. We are also exploring any new business opportunities so as to diversify the Group's revenue streams.

In any case, we are fully aware of the importance of a sound financial position in the difficult times and we will continue our policy of conservative cash flow management and will adopt a prudent approach as to the pace and timing of any investment plans.

Intended Tender Offer for Coal Offtake Agreement

On 26th August 2011 and 21st October 2011, the Company and PT Langit Timur Energy ("LTE") entered into a memorandum of understanding ("MOU") and an addendum to MOU ("Addendum") respectively regarding the Company's intention to participate with LTE relating to the tender offer for coal offtake agreement and acting as a marketing agency in relation to certain coal concessions in Indonesia (the "Intended Tender Offer").

Pursuant to the MOU and the Addendum, the Company shall place a total of US$3 million interest-free refundable deposits with LTE before 31st December 2011 and the period of the MOU's effectiveness shall be up to 26th February 2012 or any other date agreed by both parties for the Company to have an exclusive negotiation with LTE relating to the Intended Tender Offer and conduct due diligence on, among other things, the coal concessions in Indonesia.

Up to the date of this report, deposits of US$2 million has been placed by the Company with LTE, of which US$1 million was paid before 30th September 2011 and included in deposits, prepayment and other receivables at the end of this reporting period.

Liquidity and Financial Resources

The Group's financial resources and liquidity continued to be healthy and it is debt-free as at 30th September 2011. The reported cash and bank balances were US$30.3 million, as compared to US$31.3 million as at 31st March 2011. The Group has adequate liquidity to meet its current and future working capital requirements.

The Group follows a policy of prudence in managing its working capital. Trade receivables as at 30th September 2011 was US$3.5 million, as compared to US$3.9 million as at 31st March 2011. The average turnover days for both periods were around 50 days. The Group maintains tight control on its credit and collection policies and we have not experienced any significant bad debts in the past. The level of inventories maintained at US$5.3 million and the average turnover days remained healthy at around 69 days and 71 days for current and previously financial period respectively.

Risk of Currency Fluctuations

The Group mainly operates in the PRC. A significant portion of the Group's sales, purchases of raw materials and overhead expenses are denominated mostly in US dollar (i.e. functional currency of the Group), HK dollar and Renminbi. HK dollar is pegged to US dollar, the foreign exchange exposure between US dollar and HK dollar is therefore limited.

Renminbi experienced substantial appreciation in recent years and further appreciation of US dollar against Renminbi will affect the Group's financial position and results of operation.

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30th September 2011 (2010: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30th September 2011, the Group had a total of approximately 1,300 (2010: 1,350) full time employees (include 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 period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 30th September 2011 except that the independent non-executive directors of the Company were not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's bye-laws.

COMPLIANCE WITH THE MODEL CODE SET OUT IN APPENDIX 10 TO THE LISTING RULES

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. The Company confirms that, having made specific enquiry of all directors, the directors have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The audit committee comprises all the three independent non-executive directors of the Company. The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the Interim Financial Statements for the six months ended 30th September 2011.

CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG, TELEPHONE AND FACSIMILE NUMBERS

With effect from 24th November 2011, (i) the principal place of business of the Company in Hong Kong will be changed to Unit 1602, 16th Floor, LHT Tower, No. 31 Queen's Road Central, Central, Hong Kong; and (ii) the Company's new telephone and facsimile numbers are (852) 2856 9788 and (852) 2856 9789 respectively.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM 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.hkexnews.hk. The interim report of the Company for the six months ended 30th September 2011 containing all the information required by the Listing Rules will be despatched to shareholders and available on the same websites in due course.

By order of the Board
Chua Chun Kay
Chairman

Hong Kong, 18th November 2011

As at the date of this announcement, the Board comprises Mr. Chua Chun Kay (Chairman) and Mr. David Michael Gormley as executive directors of the Company and Mr. Lam Pun Yuen, Frank, Mr. Ngan Hing Hon and Mr. Yeung Kin Bond, Sydney as independent non-executive directors of the Company.