KTP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 645)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2009

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 2009 together with the comparative figures for the corresponding period in 2008 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th September 2009

		Six months ended 30th September	
		2009	2008
	Notes	**Unaudited**	Unaudited
		US$'000	*US$'000*
Turnover	*2*	**8,947**	40,426
Cost of sales		**(8,129)**	(37,522)
Gross profit		**818**	2,904
Other income		**675**	1,663
Distribution costs		**(112)**	(445)
Administrative expenses		**(1,219)**	(2,489)
Other gains, net		**5**	5,774
Restructuring provision and assets impairment		**—**	(2,921)
Profit from operations		**167**	4,486
Finance costs		**—**	—
Gain on disposal of subsidiaries	*9*	**2,823**	—
Profit before taxation	*3*	**2,990**	4,486
Taxation	*4*	**—**	—
Profit for the period		**2,990**	4,486

	Notes	Six months ended 30th September 2009 Unaudited *US$'000*	2008 Unaudited *US$'000*
Other comprehensive income/(loss)			
Exchange difference arising on translation of foreign operation		**(2)**	(8)
Release of investment revaluation reserve upon disposal of available-for-sale investments		**—**	(60)
Fair value change on available-for-sale investments		**82**	(36)
Other comprehensive income/(loss) for the period		**80**	(104)
Total comprehensive income for the period		**3,070**	4,382
Profit attributable to:			
Equity holders of the Company		**2,990**	4,486
Total comprehensive income attributable to:			
Equity holders of the Company		**3,070**	4,382
Dividend	*5*	**13,101**	—
		US cents	US cents
Earnings per share			
— Basic	*6*	**0.88**	1.32

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30th September 2009

	Notes	30th September 2009 Unaudited US$'000	31st March 2009 Audited US$'000
Non-current assets			
Property, plant and equipment		**795**	816
Investment properties		**—**	2,692
Prepaid lease payments on land use rights		**204**	1,117
Held-to-maturity investments		**444**	444
Available-for-sale investment		**1,511**	—
Total non-current assets		**2,954**	5,069
Current assets			
Inventories		**3,868**	3,107
Trade receivables	*7*	**2,670**	3,240
Deposits, prepayments and other receivables		**283**	357
Deposits for acquisition of land use rights		**—**	252
Held-for-trading investments		**116**	—
Tax reserve certificates		**—**	2,000
Prepaid lease payments on land use rights		**7**	34
Bank balances and cash		**28,621**	39,074
Total current assets		**35,565**	48,064
Current liabilities			
Trade payables	*8*	**763**	900
Accruals and other payables		**1,065**	2,502
Tax liabilities		**—**	3,009
Total current liabilities		**1,828**	6,411
Net current assets		**33,737**	41,653
Total assets less current liabilities		**36,691**	46,722
Capital and reserves			
Share capital		**440**	440
Reserves		**36,251**	46,282
Total equity		**36,691**	46,722

Notes:

1. **Basis of preparation and summary of significant accounting policies**

The unaudited condensed consolidated interim financial statements for the six months ended 30th September 2009 ("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 ("HKICPA") and the applicable requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Interim Financial Statements should be read in conjunction with the Group's annual report for the year ended 31st March 2009.

The Interim Financial Statements has been prepared under the historical costs, except for investment properties and 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 Group's annual report for the year ended 31st March 2009.

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRS") issued by the HKICPA that are effective for the Group's financial year beginning on 1st April 2009:

HKFRSs (Amendments)	Improvements to HKFRSs issued in October 2008, except for the amendments to HKFRS that is effective for annual periods beginning on or after 1st July 2009
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 (Revised) & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
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

The adoption of the new and revised HKFRSs, except for HKAS 1 (Revised) and HKFRS 8 as described below, has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

HKAS 1 (Revised) "Presentation of Financial Statements" separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as single line. In addition, the statement of comprehensive income presents all items of recognised income and expenses, either in one single statement or in two linked statements. The Group has elected to present one statement.

HKFRS 8 "Operating segments" is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 "Segment Reporting", required the identification of 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 (see note 2). The chief operating decision-maker has been identified as the executive directors who collectively make strategic decision.

The Group has not early applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

2. Segment Information

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1st April 2009. HKFRS 8 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, the Company's executive directors, in order to allocate resources to the segments and to assess 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, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments.

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. For management purposes, the Group is currently organised into two (2008: four) major geographical segments based on the location of its customers. These segments are the basis on which the Group reports its primary segment information.

The following is an analysis of the Group's sales by geographical market based on the destination of the goods shipped or delivered, irrespective of the origin of the goods.

	Asia (other than Mainland China) Unaudited *US$'000*	**Mainland China Unaudited** *US$'000*	**Total Unaudited** *US$'000*
For the six months ended 30th September 2009			
Turnover	**333**	**8,614**	**8,947**
Segment results	**19**	**498**	**517**
Unallocated costs			**(355)**
Other gains, net	**5**	**—**	**5**
Profit from operations			**167**
Finance costs			**—**
Gain on disposal of subsidiaries			**2,823**
Profit before taxation			**2,990**
Taxation			**—**
Profit for the period			**2,990**

	North America	Europe	Asia (other than Mainland China)	Mainland China	Others	Total
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
For the six months ended 30th September 2008						
Turnover	22,066	3,690	1,382	12,542	746	40,426
Segment results	1,041	174	65	592	35	1,907
Unallocated costs						(274)
Other gains, net	—	—	60	5,714	—	5,774
Restructuring provision and assets impairment	—	—	—	(2,921)	—	(2,921)
Profit before taxation						4,486
Taxation						—
Profit for the period						4,486

3. Profit before taxation

Profit before taxation has been arrived at after charging:

	Six months ended 30th September	
	2009	2008
	Unaudited	Unaudited
	US$'000	*US$'000*
Depreciation of property, plant and equipment	**102**	695
Amortisation of prepaid lease payments on land use rights	**17**	17
Cost of inventories recognised as expenses	**8,129**	37,522
Staff costs (including directors' emoluments)	**2,380**	8,821
Net exchange loss	**109**	—
Operating lease rentals in respect of land and buildings	**—**	117

4. Taxation

No provision for Hong Kong Profits Tax has been made in the Interim Financial Statements as the Group has no assessable profits for both periods. No provision for Mainland China Enterprise Income Tax as there is no assessable profits for both periods for the subsidiaries operated in Mainland China.

No provision for overseas taxation has been made in the Interim Financial Statements as the Group has no assessable profits for both periods.

There was no other material unprovided deferred taxation for both periods.

5. Dividend

	Six months ended 30th September 2009 Unaudited *US$'000*	2008 Unaudited *US$'000*
Special dividend, paid of HK$0.3 (2008: Nil) per ordinary share	**13,101**	—

The directors do not recommend the payment of interim dividend for the six months ended 30th September 2009 (2008: Nil).

6. Earnings per share

For the six months ended 30th September 2009, the calculation of the basic earnings per share is based on the profit attributable to equity holders of the Company of US$2,990,000 (2008: US$4,486,000) and on the weighted average number of 340,616,934 (2008: 340,616,934) ordinary shares in issue during the period.

No diluted earnings per share for the six months ended 30th September 2009 and 2008 have been presented because there are no potential dilutive ordinary shares outstanding.

7. Trade receivables

The Group allows an average credit period of 30 to 90 days to its trade customers and the ageing analysis of trade receivables is as follows:

	30th September 2009 Unaudited *US$'000*	31st March 2009 Audited *US$'000*
Current to 30 days	**1,341**	1,141
31-60 days	**1,061**	1,623
61-90 days	**230**	473
Over 90 days	**38**	3
	2,670	3,240

8. Trade payables

At 30th September 2009, the ageing analysis of trade payables is as follows:

	30th September 2009 Unaudited *US$'000*	31st March 2009 Audited *US$'000*
Current to 30 days	**474**	289
31-60 days	**280**	283
61-90 days	**6**	136
Over 90 days	**3**	192
	763	900

9. Disposal of subsidiaries

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 (the "Disposal Group") and its shareholder's loan (the "Disposal"). Upon completion of the Disposal on 30th September 2009, the Group ceased to hold any equity interests in the Disposal Group.

The unaudited net assets disposed of at the date of disposal were as follows:

	US$'000
Net assets disposed of	10,521
Gain on disposal of subsidiaries	2,823
	13,344
Satisfied by:	
Cost directly attributable to the Disposal	(85)
Assignment of shareholder's loan	(4,571)
Consideration	18,000
	13,344
Net cash inflow arising from the Disposal:	
Cost directly attributable to the Disposal	(85)
Cash consideration received (net of shareholder's loan)	13,429
Bank balances and cash disposed of	(8,031)
	5,313

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

It is no doubt that the Group faced severe challenges in the last two years. The increasingly competitive operating environment of footwear OEM business in Mainland China squeezed the profit margin of the Group; the closure of the Group's largest factory in Shenzhen following the local Mainland authority's new town planning project in year 2007/08 led to substantial business interruption loss and weakened the competitive edge of the Group; and the loss of the Group's largest customer in May 2009, represented a serious blow to the already hard-hit business.

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 last year.

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 the equity interests in KTP (BVI) Company Limited and its subsidiaries (collectively known as the "Disposal Group") (the "Disposal"). The production facilities of the Disposal 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 Disposal was completed on 30th September 2009 and the gain arising on the Disposal was amounting to US$2.8 million.

The Group will continue the principal activity of manufacturing of footwear business following the Disposal and will identify and evaluate any new investment opportunities should the opportunities arise.

Financial Review

For the period under review, the financial performance of the Group had been adversely affected by the loss of OEM orders from its largest customer. For the six months ended 30th September 2009, the Group's turnover significantly reduced to US$9.0 million from US$40.4 million for the same period last year. Geographically, Asian countries became the largest market of the Group, which contributed 100% of the Group's turnover for the period under review.

The Group reported a profit for the period of US$3.0 million as compared to US$4.5 million for the corresponding period last year. Excluding the effects of the gain on disposal of subsidiaries of US$2.8 million for the period under review and the restructuring provision and assets impairment of US$2.9 million and compensation income of US$5.7 million for the same period last year, profit for the period decreased from US$1.6 million to 0.2 million for the six months ended 30th September 2009.

Other income for the period was US$0.7 million compared to US$1.7 million for the corresponding period last year. Falling interest rates during the period led to the decrease in interest income of US$0.2 million. In addition, the Group had reported scrap sales of approximately US$0.8 million for the same period last year following the closure of Shenzhen factories.

General and administrative expenses decreased 49% to US$1.2 million, nevertheless, as a percentage of sales, increased by 7.4% to 13.6% over the same period 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.

The Group's financial resources and liquidity continued to be healthy and it is debt-free as at 30th September 2009. The reported cash and bank balances were US$28.6 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 payment of the special dividend of HK$0.3 per ordinary share amounting to US$13.1 million during the period, net of the cash inflow arising from the Disposal amounting to US$5.3 million.

As at 30th September 2009, shares of certain Hong Kong listed companies with fair values of US$0.1 million were held by the Group as held-for-trading investments. In addition, the Group invested in gold bullion which was classified as available-for-sale investment with fair value of approximately US$1.5 million and the unrealised gain on the holding amounted to approximately US$0.1 million at the balance sheet date.

The Group generally relies on its internally generated cash flow and the short term 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.

The substantial reduction in the Group's turnover puts mounting pressure on the Group's profitability and it is the Group's policy to continue tightening cost controls in order to achieve production efficiency and cut overhead costs. Upon completion of the Disposal, the Group's overall operating costs will be significantly reduced for the second half of year 2009/2010 and thus, improve its profitability. The Group remains in a strong financial and cash position and is well-positioned to pursue new investment opportunities, when they become available.

Risk of Currency Fluctuations

The Group mainly operates in Mainland China. 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 certain 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 interim dividend for the six months ended 30th September 2009 (2008: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30th September 2009, the Group had a total of approximately 1,200 (2008: 4,500) full time employees (include 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 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 ("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 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 more knowledgeable about the Group's business and it would allow the Company to be more effective and efficient in developing long-term business strategies and execution of business plans. The Board believes that the balance of power and authority is adequately ensured by the operating of the Board which comprises experienced and high caliber individuals with a substantial number thereof being non-executive directors of the Company.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The Company's non-executive directors were not appointed for a specific term but is subject to retirement by rotation and re-election 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 Articles of Association 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.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its code of conduct regarding the directors' securities transactions. Having made specific enquiry of all directors of the Company, all directors of the Company have confirmed their compliance with the required standard set out in Appendix 10 of the Listing Rules throughout the period.

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 2009.

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 of Hong Kong Limited at www.hkexnews.hk. The interim report of the Company for the six months ended 30th September 2009 containing all the information required by Appendix 16 of the Listing Rules will be despatched to shareholders and available on the same websites in due course.

By Order of the Board
Lee Chi Keung, Russell
Chairman

Hong Kong, 21st December 2009

As at the date of this notice the Board of the Company comprises Mr. LEE Chi Keung, Russell (Chairman) and Ms. YU Mee See, Maria as executive Directors and Mr. NG Wai Hung and Mr. LEE Siu Leung, Mr. YUEN Sik Ming as independent non-executive Directors.