KTP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 645)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2006

INTERIM RESULTS

The board of directors (the "Board") of KTP Holdings Limited (the "Company") is pleased to present the unaudited condensed consolidated financial results of the Company and its subsidiaries (the "Group") for the six months ended 30th September 2006 together with the comparative figures for the corresponding period in 2005 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th September 2006

		Six months ended 30th September	
		2006	2005
		Unaudited	Unaudited
	Notes	***US$'000***	*US$'000*
Turnover	*2*	**56,082**	56,009
Cost of sales		**(51,354)**	(51,375)
Gross profit		**4,728**	4,634
Other revenues	*2*	**1,739**	1,158
Distribution costs		**(513)**	(604)
Administrative expenses		**(2,545)**	(2,223)
Fair value changes in financial instruments		**(20)**	68
Finance cost		**(1)**	(1)
Profit before taxation	*3*	**3,388**	3,032
Taxation	*4*	**—**	—
Profit attributable to shareholders		**3,388**	3,032
Interim dividend	*5*	**437**	437
		US cents	*US cents*
Basic earnings per share	*6*	**0.99**	0.89

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th September 2006

	Notes	30th September 2006 Unaudited US$'000	31st March 2006 Audited US$'000
Non-current assets			
Investment properties		**4,826**	4,826
Property, plant and equipment		**7,352**	7,687
Prepaid lease payments		**1,201**	1,219
Held-to-maturity investments		**501**	—
Available-for-sale investments		**55**	—
		13,935	13,732
Current assets			
Inventories		**10,741**	14,480
Trade and bills receivables	7	**12,178**	13,175
Deposits, prepayments and other receivables		**1,683**	1,370
Prepaid lease payments		**34**	34
Structured bank deposits		**1,000**	—
Bank balances and cash		**25,582**	20,494
		51,218	49,553
Current liabilities			
Trade and bills payables	8	**8,404**	9,900
Accruals and other payables		**8,664**	7,405
		17,068	17,305
Net current assets		**34,150**	32,248
Total assets less current liabilities		**48,085**	45,980
Non-current liability			
Derivative financial instruments		**27**	—
		48,058	45,980
Capital and reserves			
Share capital		**440**	440
Reserves		**47,618**	45,540
Total equity		**48,058**	45,980

Notes:

1. **Basis of Preparation and Principal Accounting Policies**

The unaudited condensed consolidated interim financial statements for the six months ended 30th September 2006 ("Interim Financial Statements") have been prepared in accordance with the applicable requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" and other relevant HKASs and Interpretations, the Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants.

These Interim Financial Statements should be read in conjunction with the Group's annual financial statements for the year ended 31st March 2006.

The accounting policies used in the Interim Financial Statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31st March 2006 except for the adoption of new standards, amendments and interpretations which are effective for accounting periods beginning on or after 1st January 2006 as set out below:

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 & HKFRS 4 (Amendments)	Financial Guarantee Contracts
HKFRS-Int4	Determining whether an Arrangement Contains a Lease

The adoption of the above did not have any material impact on the Interim Financial Statements.

Certain new standards, amendments and interpretations to existing standards have been published that are relevant to the Group's business and are mandatory for the Group's accounting periods beginning on or after 1st January 2007 or later periods. The Group has not early adopted these new standards, amendments and interpretations for the six months period ended 30th September 2006.

2. Turnover, Revenues 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 and discounts. Revenues recognised during the period are as follows:

	Six months ended 30th September	
	2006	2005
	Unaudited	Unaudited
	US$'000	*US$'000*
Turnover		
Sales of goods	**56,082**	56,009
Other revenues		
Interest income from unlisted debt securities	**9**	—
Bank interest income	**428**	193
Gross rental income from investment properties	**278**	271
Gross rental income from other properties	**4**	7
Net gain on disposal of property, plant and equipment	**—**	3
Gain on disposal of used property, plant and equipment	**5**	—
Subcontracting income	**498**	244
Others	**517**	440
	1,739	1,158
Total revenues	**57,821**	57,167

An analysis of the Group's results by geographical segment based on the location of its customers is as follows:

	Six months ended 30th September			
	2006		2005	
	Turnover	**Segment Results**	Turnover	Segment results
	Unaudited	**Unaudited**	Unaudited	Unaudited
	US$'000	***US$'000***	*US$'000*	*US$'000*
North America	**35,319**	**2,262**	35,729	2,034
Europe	**7,823**	**501**	7,414	422
Asia (other than Mainland China)	**4,875**	**312**	2,587	147
Mainland China	**7,384**	**473**	8,453	481
Others	**681**	**44**	1,826	105
		3,592		3,189
Unallocated costs		**(183)**		(224)
Fair value changes in financial instruments		**(20)**		68
Finance cost		**(1)**		(1)
Profit before taxation		**3,388**		3,032
Taxation		**—**		—
Profit attributable to shareholders		**3,388**		3,032
Total	**56,082**		56,009	

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. Profit Before Taxation

Profit before taxation has been arrived at after charging:

	Six months ended 30th September	
	2006	2005
	Unaudited	Unaudited
	US$'000	*US$'000*
Amortisation of prepaid lease payments	**17**	17
Depreciation of property, plant and equipment	**963**	1,077
Net exchange loss	**157**	194
Operating lease rentals for land and buildings	**276**	299
Staff costs (including directors' emoluments)	**9,548**	9,238

4. Taxation

No provision for Hong Kong profits tax and overseas taxation has been made in the Interim Financial Statements as the Group has no assessable profits for the period (2005: Nil).

There was no other material unprovided deferred taxation for the period (2005: Nil).

As disclosed in the Company's 2006 annual report, Hong Kong Inland Revenue Department ("IRD") had issued additional profits tax assessments of approximately HK$5,431,000 (equivalent to approximately US$696,000) and HK$3,385,000 (equivalent to approximately US$434,000) relating to the years of assessment 1998/99 and 1999/2000, that is, for the financial years ended 31st March 1999 and 2000, respectively, against a wholly-owned subsidiary of the Company. The Group lodged objections with the IRD against the additional assessments. The IRD agreed to hold over the tax claimed completely subject to the subsidiary in question purchasing tax reserve certificates (the "TRCs") in the above amounts, representing an aggregate of HK$8,816,000 (equivalent to approximately US$1,130,000). These TRCs have been purchased by the Group.

In the opinion of the Board, the subsidiary in question did not carry on any business and derived no profit in or from Hong Kong and therefore, the IRD should conclude that no profits tax is in fact payable by the Group for these years of assessments and no provision for Hong Kong Profits Tax in respect of the additional assessments is considered necessary.

5. Interim Dividend

	Six months ended 30th September	
	2006	2005
	Unaudited	Unaudited
	US$'000	*US$'000*
Interim, dividend proposed of HK$0.01 (2005:HK$0.01) per ordinary share *(Note)*	**437**	437

Note:

At the board meeting held on 22nd December 2006, the Board has resolved to declare the payment of an interim dividend of HK$0.01 cent per ordinary share for the year ending 31st March 2007. This proposed dividend is not reflected as a dividend payable in these accounts, but will be reflected as an appropriation of retained earnings for the year ending 31st March 2007.

6. Earnings Per Share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of US$3,388,000 (2005: US$3,032,000) and the weighted average number of 340,616,934 (2005: 340,616,934) shares in issue during the period.

No fully diluted earnings per share is shown as the Company has no potential dilutive ordinary shares at 30th September 2006 and 2005.

7. Trade and Bills Receivables

The Group allows an average credit period of 30 to 60 days to its trade customers and the ageing analysis of trade and bills receivables (net of provisions for bad and doubtful debts) was as follows:

	30th September 2006 Unaudited ***US$'000***	31st March 2006 Audited *US$'000*
Current to 30 days	**7,355**	9,611
31 — 60 days	**4,033**	3,286
61 — 90 days	**673**	173
Over 90 days	**117**	105
	12,178	13,175

The directors consider that the fair values of the Group's trade and bills receivables at 30th September 2006 approximate to their carrying amounts.

8. Trade and Bills Payables

At 30th September 2006, the ageing analysis of trade and bills payables was as follows:

	30th September 2006 Unaudited ***US$'000***	31st March 2006 Audited *US$'000*
Current to 30 days	**4,009**	5,536
31 — 60 days	**2,600**	2,785
61 — 90 days	**813**	579
Over 90 days	**982**	1,000
	8,404	9,900

The directors consider that the fair values of the Group's trade and bills payables at 30th September 2006 approximate to their carrying amounts.

INTERIM DIVIDEND

At the board meeting held on 22nd December 2006, the Board has resolved to declare the payment of an interim dividend of HK$0.01 per share for the year ending 31st March 2007. The interim dividend will be payable on Friday, 19th January 2007 to shareholders whose name appear on the register of members of the Company on Friday, 12th January 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 10th January 2007 to Friday, 12th January 2007, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend which will be payable on Friday, 19th January 2007, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with Computershare Hong Kong Investor Services Limited, Unit 1712-1716, 17/F Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:00 p.m. on Tuesday, 9th January 2007.

BUSINESS REVIEW AND PROSPECT

Group sales for the six month ended 30th September 2006 remained essentially flat at US$56 million as compared to the same period last year. Geographically, North America remained the Group's largest market, where over 60% of the Group's turnover was generated.

Despite the negative effects of the rise in labour costs and the appreciation of Renminbi, gross margin slightly increased from 8.3% to 8.4 % and profit attributable to shareholders increased from US$3.0 million to US$3.4 million, representing an increase of net profit margin from 5.4% to 6.0%. Thus, basic earnings per share increased to 0.99 US cents as compared to 0.89 US cents for the corresponding period last year. The Group counteracted the cost pressure through cost savings as a result of the economies of scale following the implementation of lean manufacturing strategies.

Other revenues increased from US$1.2 million to US$1.7 million. It was mainly due to the increase in interest income and subcontracting income. The distribution and administrative expenses remained low for both periods, although a modest increase from 5% to 5.5% as a percentage of sales was recorded for the period under review.

The trading position of the Group remains difficult for the coming half-year period. Continued increase in labor cost, soaring cost of raw materials, and the appreciation of Renminbi pose severe challenges to the Group's future development. Nonetheless, the Group will continue to strive for enhancing productivity and thus, improving profitability and returns to our shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As always, the Group maintains a strong liquidity and financial position. The Group had cash and bank deposits of approximately US$26.6 million (31st March 2006: US$20.5 million) and essentially debt free with minimal interest expenses incurred for trade financing.

The working capital position continued to be healthy with current ratio of 3.0 times (31st March 2006: 2.9 times) and the total liabilities to shareholders‘ fund ratio of 35.6% (31st March 2006: 37.6%) at the end of the half-year period under review. The average turnover days for stock and trade debtors improved to 52 days and 42 days respectively compared to 55 days and 50 days at 31st March 2006.

At the present time, funding requirements for future capital expenditures are expected to be met by internal cash flows.

RISK OF CURRENCY FLUCTUATIONS

The Group's sales and purchases traded mostly in US dollar. HK dollar is pegged to US dollar at a range between 7.75 to 7.85, the foreign exchange exposure between US dollar and HK dollar is therefore limited.

The Group is exposed to foreign exchange risk arising from various currency exposures mainly to the extent of its receivables and payables in currencies other than US dollar. In addition, certain bank balances and cash are denominated in Renminbi which were subject to foreign exchange control.

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.

EMPLOYEES AND REMUNERATION POLICY

As at 30th September 2006, the Group had a total of approximately 9,000 (2005:11,000) full time employees (include contracted manufacturing workers) in Hong Kong, Korea 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 an 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 (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30th September 2006, 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 of the Company. The Board believes 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. 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.

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 (the "Directors"), all Directors 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 2006.

PUBLICATION OF DETAILED INTERIM RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

The interim report of the Company containing all the information required by the Stock Exchange will be published on the website of the Stock Exchange in due course.

On behalf of the Board
Lee Chi Keung, Russell
Chairman

Hong Kong, 22nd December 2006

As at the date of this notice the Board of the Company comprises Mr. LEE Chi Keung, Russell 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.