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 2007

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 2007 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31st March 2007

	Notes	**2007** **US$'000**	2006 US$'000
Turnover	*2*	**101,578**	102,245
Cost of sales		**(92,239)**	(94,366)
Gross profit		**9,339**	7,879
Other income	*2*	**3,216**	3,620
Distribution costs		**(974)**	(1,043)
Administrative expenses		**(4,129)**	(4,748)
Other gains/(loss)	*3*	**152**	(110)
Finance cost	*4*	**(1)**	(1)
Profit before taxation	*5*	**7,603**	5,597
Taxation	*6*	**—**	—
Profit attributable to shareholders		**7,603**	5,597
Dividends	*7*	**1,747**	1,747
		US	US
Earnings per share			
— Basic	*8*	**2.2 cents**	1.6 cents

* *for identification only*

CONSOLIDATED BALANCE SHEET

As at 31st March 2007

	Notes	**2007** **US$'000**	2006 US$'000
Non-current assets			
Property, plant and equipment		**9,317**	7,687
Investment properties		**3,427**	4,826
Prepaid lease payments on land use rights		**1,185**	1,219
Deposits for acquisition of land use rights		**109**	—
Held-to-maturity investments		**501**	—
Available-for-sale investments		**201**	—
Time deposit with original maturity over one year		**1,000**	—
		15,740	13,732
Current assets			
Inventories		**14,235**	14,480
Trade and bills receivables	*9*	**12,710**	13,175
Deposits, prepayments and other receivables		**1,698**	1,370
Prepaid lease payments on land use rights		**34**	34
Structured bank deposit		**1,000**	—
Derivative financial instruments		**34**	—
Bank balances and cash		**22,343**	20,494
		52,054	49,553
Current liabilities			
Trade and bills payables	*10*	**8,676**	9,900
Accruals and other payables		**7,220**	7,405
		15,896	17,305
Net current assets		**36,158**	32,248
Total assets less current liabilities		**51,898**	45,980
Capital and reserves			
Share capital		**440**	440
Reserves		**50,148**	44,230
Proposed final dividend	*7*	**1,310**	1,310
Total equity		**51,898**	45,980

Notes:

1. **Basis of preparation**

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. The consolidated financial statements have been prepared under the historical cost convention except for investment properties and financial instruments, which are measured at fair values.

2. **Turnover, other income and segment information**

Revenues recognised during the year are as follows:

	2007	2006
	US$'000	*US$'000*
Turnover		
Sales of goods	**101,578**	102,245
Other income		
Bank interest income	**894**	494
Interest income from unlisted debt securities	**24**	—
Gross rental income from investment properties	**546**	546
Gross rental income from other properties	**5**	21
Gain on disposal of property, plant and equipment	**5**	5
Subcontracting income	**537**	1,116
Others	**1,205**	1,438
	3,216	3,620
Total revenues	**104,794**	105,865

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

	2007		2006	
	Turnover	**Segment results**	Turnover	Segment results
	US$'000	***US$'000***	*US$'000*	*US$'000*
North America	**60,854**	**4,832**	62,669	3,842
Europe	**14,636**	**1,162**	13,033	799
Asia (other than Mainland China)	**8,452**	**671**	5,692	349
Mainland China	**16,463**	**1,307**	17,432	1,069
Others	**1,173**	**94**	3,419	210
		8,066		6,269
Unallocated costs		**(614)**		(561)
Other gains/(loss)		**152**		(110)
Finance cost		**(1)**		(1)
Profit before taxation		**7,603**		5,597
Taxation		**—**		—
Profit attributable to shareholders		**7,603**		5,597
Total	**101,578**		102,245	

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

3. Other gains/(loss)

	2007	2006
	US$'000	*US$'000*
Increase/(decrease) in fair value of investment properties	**118**	(110)
Fair value change on financial instruments	**34**	—
	152	(110)

4. Finance cost

	2007	2006
	US$'000	*US$'000*
Interest on bank overdrafts	**1**	1

5. Profit before taxation

Profit before taxation has been arrived at after charging:

	2007	2006
	US$'000	*US$'000*
Amortisation of prepaid lease payments on land use rights	**34**	34
Auditors' remuneration	**61**	85
Cost of inventories recognised as an expense	**92,239**	94,366
Depreciation of property, plant and equipment	**1,822**	2,083
Net exchange loss	**273**	480
Operating lease rentals in respect of land and buildings	**558**	584
Staff costs (including directors' emoluments)	**18,497**	18,794

6. Taxation

(a) Hong Kong profits tax is provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the year. No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group has no assessable profit for the year (2006: Nil).

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

(b) From February 2005 to March 2007, Hong Kong Inland Revenue Department ("IRD") issued additional profits tax assessments, in aggregate, of approximately HK$12,545,000 (equivalent to approximately US$1,608,000) relating to the years of assessment 1998/99, 1999/2000, 2000/2001 that is, for the financial years ended 31st March 1999, 2000 and 2001 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. These TRCs have been purchased by the Group.

In the opinion of the directors, 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.

7. Dividends

	2007	2006
	US$'000	*US$'000*
Interim dividend, paid of HK$0.01 (2006: HK$0.01) per ordinary share	**437**	437
Final dividend, proposed of HK$0.03 (2006: HK$0.03) per ordinary share *(Note)*	**1,310**	1,310
	1,747	1,747

Note:

The proposed final dividend has been proposed by the directors of the Company and is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting.

8. Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of US$7,603,000 (2006: US$5,597,000) and the weighted average number of 340,616,934 (2006: 340,616,934) shares in issue during the year.

No fully diluted earnings per share is shown as the Company has no potential dilutive ordinary shares at 31st March 2007 and 2006.

9. 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 is as follows:

	2007	2006
	US$'000	*US$'000*
Current to 30 days	6,570	9,611
31-60 days	4,591	3,286
61-90 days	749	173
Over 90 days	800	105
	12,710	13,175

The directors consider that the fair values of the Group's trade and bills receivables at 31st March 2007 approximate to their carrying amounts.

10. Trade and bills payables

At 31st March 2007, the ageing analysis of trade and bills payables is as follows:

	2007	2006
	US$'000	*US$'000*
Current to 30 days	**4,705**	5,536
31-60 days	**2,031**	2,785
61-90 days	**1,045**	579
Over 90 days	**895**	1,000
	8,676	9,900

The directors consider that the fair values of the Group's trade and bills payables at 31st March 2007 approximate to their carrying amounts.

FINAL DIVIDEND

The directors have recommended a final dividend of HK$0.03 (2006: HK$0.03) per ordinary share to shareholders whose names appear on the register of members of the Company on 3rd September 2007. The final dividend amounting to approximately HK$10,219,000 (equivalent to US$1,310,000), if approved by shareholders at the annual general meeting of the Company held on 3rd September 2007, is expected to be paid on or around 24th September 2007.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Tuesday, 28th August 2007 to Monday, 3rd September 2007, both days inclusive, during which no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfer documents, accompanied by the relevant shares certificates, must be lodged with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later 4:00 p.m. on Monday, 27th August 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

- Turnover remained the same at US$102 million for both financial years; and

- Profit attributable to shareholders increased by 36% over the previous financial year to US$7.6 million.

BUSINESS REVIEW

The Group reported sales of US$102 million, flat with the previous financial year. Both price and volume remained steady year over year. Geographically, US market, contributing over 60% of the Group's revenue was relatively soft this year and a slight decrease of 3% was reported. Sales in other segments remained comparatively steady.

There is no question that the rising labour costs in Mainland China, the strengthening of Renminbi against US Dollars as well as higher material prices remained the norm throughout the year of 2006/2007. We were compelled to achieve results. We have made some strategic changes to reshape our sourcing and materials costing approach. We are moving away from the traditional "sourcing for cost savings" to "sourcing for value and competitive advantage" to enhance our supply chain efficiency and cost competitiveness. We continued to be disciplined in our materials management to minimize variance in materials flow. We made every effort to reduce lead time and achieve optimum level of stock turns. In many ways, we showed that we are in the right direction and lifting the gross profit margin to 9.2% this year compared to 7.7% last year.

Other income for the year was US$3.2 million compared to US$3.6 million last year. Benefited from the increase in deposit rates offered by the banks, the Group's bank interest income increased by US$0.4 million to US$0.9 million. Nevertheless, this increase was partially offset by the decrease in subcontracting income and income from the sale of scrap materials amounting approximately to US$0.6 million.

General and administrative expenses decreased by 13% to US$4.1 million, which at 4.1% of sales compared to 4.6% last year. The decrease was mainly due to the reduction of staff costs following the streamlining of certain back office operations in Mainland China factories during the year.

The Group continued to be essentially debt-free with minimal interest expense incurred for small balances of bills payables and bank overdrafts. In line with the increase in gross profit, profit attributable to shareholders increased by US$2.0 million or 36% to US$7.6 million for the year ended 31st March 2007.

DIVIDENDS

An interim dividend of US$0.4 million (HK$0.01 per ordinary share) for the financial year ended 31st March 2007 was approved and paid during the year and the directors proposed a final dividend of HK$0.03 per ordinary share, totaling US$1.3 million, representing a total dividend of US$1.7 million or HK$0.04 per ordinary share for the financial year ended 31st March 2007. The dividend payout ratio for current year was approximately 22% of the profit attributable to shareholders.

FINANCIAL AND LIQUIDITY RESOURCES

As at 31st March 2007, the Group's financial resources and liquidity continued to be healthy. We have focused our management effort to reduce operating expenses and maximize cash flow. The Group's cash flow remained strong with a total of US$7 million net cash generated from operating activities in this year.

Cash and Borrowings

The reported cash and bank balances were US$22 million, as compared to US$20 million as at 31st March 2006. Included in the bank balances and cash of the Group were Renminbi deposits and cash of approximately US$6.6 million (31st March 2006: US$5.4 million) kept in Mainland China. Renminbi is not a freely convertible currency. The Group had no bank borrowings except for a small balance of bills payable of less than US$0.1 million (31st March 2006: US$0.1 million).

The Group also had structured bank deposit and time deposit of, in aggregate, US$2 million which carried higher interest returns with maturities ranged from less than 1 year to 2.5 years. The carrying amounts of these deposits approximate their fair values.

Financial Instruments

During 2006/2007, the Group invested in unlisted floating rate notes which were classified as held-to-maturity investments. The notes carried interests with reference to 3-months Libor. They will be matured in 2021 with guaranteed full payment of investments. The annual effective interest rate for the year ended 31st March 2007 was approximately 6.3%.

In addition, shares of certain Hong Kong listed companies with fair values of US$0.2 million were held by the Group as available-for-sale investments as at 31st March 2007 and the unrealised gains on the holding amounted to US$0.1 million at the balance sheet date.

The Group had also entered into certain forward exchange contracts with a bank for periods within 1 year to minimize the exposure to foreign exchange rate risk in purchasing raw materials in US Dollars. Lower exchange rates were eventually paid. Changes in fair values of derivative financial instruments were recognised in the consolidated income statement for accounting purpose only. They were non-cash in nature and will be reversed to zero at maturity date.

Operating working capital

Trade receivables as at 31st March 2007 decreased by 3.5% over the last years' balance to US$12.7 million which was in line with the decrease in fourth quarter sales as compared to the same period last year. The average turnover days for both years 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.

Inventories remained almost the same for both years and the average turnover days remained healthy at around 58 days and 55 days for current and previously financial year respectively.

CAPITAL EXPENDITURES AND COMMITMENTS

In current year, the Group had acquired a land located at Changning, Bolou County, Huizhou, Guangdong Province, People's Republic of China and has an area of 190 mu (equivalent to 126,666 sq.m.) for a consideration of RMB8.3 million (equivalent to approximately US$1.1 million). Deposit of US$0.1 million was paid during the year and the outstanding balance will be paid upon the issue of land use certificate by the relevant authority. The Group is now in the process of obtaining such certificate. The land currently is a vacant site and the initial plan of the Group at this stage is to construct manufacturing facilities to accommodate future expansion of the Group's operations. In addition, the Group had capital expenditures of US$0.6 million during the year for improving the production facilities in existing factories. As at 31st March 2007, the Group had capital commitments amounting to US$1.3 million in respect of the above.

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.

EMPLOYEES AND REMUNERATION POLICY

As at 31st March 2007, the Group had a total of 9,000 (2006: 10,000) full time employees (including 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 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.

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 Rules Governing the Listing of Securities in the Stock Exchange of Hong Kong Limited throughout the year ended 31st March 2007, 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 2007.

On behalf of the Board
Lee Chi Keung, Russell
Chairman

Hong Kong, 26th July 2007

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