KTP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 645)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2007

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 financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30th September 2007 together with the comparative figures for the corresponding period in 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th September 2007

		Six months ended 30th September	
		2007	2006
		Unaudited	Unaudited
	Notes	***US$'000***	*US$'000*
Turnover	*2*	**55,955**	56,082
Cost of sales		**(51,074)**	(51,354)
Gross profit		**4,881**	4,728
Other income	*2*	**1,352**	1,739
Distribution costs		**(637)**	(513)
Administrative expenses		**(2,217)**	(2,545)
Other gain/(loss)	*3*	**93**	(20)
Finance cost		**—**	(1)
Profit before taxation	*4*	**3,472**	3,388
Taxation	*5*	**—**	—
Profit attributable to shareholders		**3,472**	3,388
Interim dividend	*6*	**—**	437
		US cents	*US cents*
Earnings per share — Basic	*7*	**1.02**	0.99

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th September 2007

	Notes	30th September 2007 Unaudited US$'000	31st March 2007 Audited US$'000
Non-current assets			
Property, plant and equipment		**9,733**	9,317
Investment properties		**3,427**	3,427
Prepaid lease payments on land use rights		**1,166**	1,185
Deposits for acquisition of land use rights		**109**	109
Held-to-maturity investments		**501**	501
Available-for-sale investments		**268**	201
Time deposits with original maturity over one year		**1,000**	1,000
		16,204	15,740
Current assets			
Inventories		**12,579**	14,235
Trade and bills receivables	*8*	**13,308**	12,710
Deposits, prepayments and other receivables		**2,362**	1,698
Prepaid lease payments on land use rights		**34**	34
Structured bank deposit		**—**	1,000
Derivative financial instruments		**7**	34
Bank balances and cash		**25,890**	22,343
		54,180	52,054
Current liabilities			
Trade and bills payables	*9*	**9,307**	8,676
Accruals and other payables		**6,950**	7,220
		16,257	15,896
Net current assets		**37,923**	36,158
Total assets less current liabilities		**54,127**	51,898
Capital and reserves			
Share capital		**440**	440
Reserves		**53,687**	51,458
Total equity		**54,127**	51,898

Notes:

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

The unaudited condensed consolidated financial statements for the six months ended 30th September 2007 ("Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" and other relevant HKASs and interpretations and the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and with the applicable disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Interim Financial Statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31st March 2007.

The Interim Financial Statements have been prepared under the historical cost convention except for investment properties and certain financial instruments, which are measured at revalued amounts or fair values, as appropriate. 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 2007.

During this period, the Group has applied, for the first time, a number of new HKFRSs, HKASs and interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA, which are effective for accounting periods commencing on or after 1st April 2007. The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustments has been required.

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective as at 30th September 2007. The directors of the Company anticipate that the application of these new HKFRSs will have no material impact on the results and the financial position of the Group.

HKAS 23 (Revised)	Borrowing Costs[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – INT 12	Service Concession Arrangements[2]
HK(IFRIC) – INT 13	Customer Loyalty Programmes[3]
HK(IFRIC) – INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction[2]

[1] Effective for annual periods beginning on or after 1st January 2009
[2] Effective for annual periods beginning on or after 1st January 2008
[3] Effective for annual periods beginning on or after 1st July 2008

2. Turnover, Revenues and Segment Information

The Group is principally engaged in the manufacture and sale 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	
	2007	2006
	Unaudited	Unaudited
	US$'000	*US$'000*
Turnover		
Sales of goods	**55,955**	56,082
Other income		
Bank interest income	**444**	428
Interest income from unlisted debt securities	**9**	9
Gross rental income from investment properties	**205**	278
Gross rental income from other properties	**—**	4
Gain on disposal of used property, plant and equipment	**8**	5
Subcontracting income	**20**	498
Others	**666**	517
	1,352	1,739
Total revenues	**57,307**	57,821

2. Turnover, Revenues and Segment Information *(continued)*

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			
	2007		2006	
	Turnover	**Segment results**	Turnover	Segment results
	Unaudited	**Unaudited**	Unaudited	Unaudited
	US$'000	***US$'000***	*US$'000*	*US$'000*
North America	**34,603**	**2,228**	35,319	2,262
Europe	**7,719**	**497**	7,823	501
Asia (other than Mainland China)	**2,967**	**191**	4,875	312
Mainland China	**9,812**	**632**	7,384	473
Others	**854**	**55**	681	44
		3,603		3,592
Unallocated costs		**(224)**		(183)
Other gain/(loss)		**93**		(20)
Finance cost		**—**		(1)
Profit before taxation		**3,472**		3,388
Taxation		**—**		—
Profit attributable to shareholders		**3,472**		3,388
Total	**55,955**		56,082	

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 Gain/(Loss)

	Six months ended 30th September	
	2007	2006
	Unaudited	Unaudited
	US$'000	*US$'000*
Fair value change on derivative financial instruments	**(27)**	(20)
Gain on disposal of available-for-sale financial investment	**120**	—
	93	(20)

4. Profit Before Taxation

Profit before taxation has been arrived at after charging:

	Six months ended 30th September	
	2007	2006
	Unaudited	Unaudited
	US$'000	*US$'000*
Amortisation of prepaid lease payments on land use rights	**17**	17
Depreciation of property, plant and equipment	**867**	963
Net exchange loss	**51**	157
Operating lease charges in respect of rental premises	**278**	276
Staff costs (including directors' emoluments)	**10,988**	9,548

5. Taxation

No provision for Hong Kong profits tax has been made in the Interim Financial Statements as the Group has no assessable profits for the period (2006: Nil).

No provision for overseas taxation has been made in the Interim Financial Statements as the Group has no assessable overseas profits for the period (2006: Nil).

There was no other material unprovided deferred taxation for the period (2006: Nil).

As disclosed in the Company's 2007 annual report, Hong Kong Inland Revenue Department ("IRD") had from February 2005 to March 2007, 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 1998/1999, 1999/2000 and 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 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.

6. Interim Dividend

	Six months ended 30th September	
	2007	2006
	Unaudited	Unaudited
	US$'000	*US$'000*
Interim, dividend proposed of HK$ Nil (2006: HK$0.01) per ordinary share	**—**	437

7. Earnings Per Share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of US$3,472,000 (2006: US$3,388,000) and the weighted average number of 340,616,934 (2006: 340,616,934) ordinary shares in issue during the peiod.

No fully diluted earnings per share has been presented as the Company has no potential dilutive ordinary shares during the six months period ended 30th September 2007 and 2006.

8. Trade and Bills Receivables

The Group allows an average credit period of 30 to 60 days to its trade customers. An ageing analysis of trade and bills receivables is as follows:

	30th September 2007	31st March 2007
	Unaudited	Audited
	US$'000	*US$'000*
Current to 30 days	**6,511**	6,570
31-60 days	**5,891**	4,591
61-90 days	**543**	749
Over 90 days	**363**	800
	13,308	12,710

The directors consider that the fair values of the Group's trade and bills receivables at 30th September 2007 approximate to their carrying amounts due to their short-term maturities.

9. Trade and Bills Payables

At 30th September 2007, an ageing analysis of trade and bills payables is as follows:

	30th September 2007	31st March 2007
	Unaudited	Audited
	US$'000	*US$'000*
Current to 30 days	**3,259**	4,705
31-60 days	**3,594**	2,031
61-90 days	**1,138**	1,045
Over 90 days	**1,316**	895
	9,307	8,676

The directors consider that the fair values of the Group's trade and bills payables at 30th September 2007 approximate to their carrying amounts due to their short-term maturities.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend (2006: HK$0.01 per share) for the six months ended 30th September 2007.

BUSINESS REVIEW AND PROSPECT

The Group reported sales of US$56 million and profit attributable to shareholders of US$3.5 million for the six months ended 30th September 2007, both were essentially flat as compared to the same period last year. On geographic basis, North America continued to be the largest market, contributing over 60% of the Group's turnover for both periods. The Group's gross profit was US$4.9 million, which at 8.7% of sales was in line with the corresponding period last year. Other income decreased by US$0.4 million or 22% to US$1.4 million, due primarily to the decrease in subcontracting income. General and administrative expenses as a percentage of sales, as anticipated, improved 50 basis points over the same period last year. We have a number of initiatives underway to streamline processes and structures in order to have the general and administrative expenses well controlled.

Therefore, from a financial perspective, our operating performance for the first half year of 2007/2008 were virtually flat with those of 2006/2007, which speaks to the difficult environment in which we are operating. Rising labour costs and the shortage of skilled workers; stronger Renminbi against US Dollars; the weakened US economy as well as the reduction in the reliance on China manufacturing by the Group's largest customer due to the constant China trade disputes with the European Union and the United States, all of these complicated the already difficult operating conditions of the Group.

We are expecting a decline in revenues for the second half of year 2007/2008 and we stay alert to the increasingly difficult operating environment for the OEM footwear business. In addition to continuing our ongoing process improvement efforts to counteract the above adverse margin impacts, active consolidation of the Group's production capabilities are in pace. We are now looking into the possibilities of relocating and integrating the Group's production bases. We are also exploring any new business opportunities so as to diversify the Group's business. In any cases, 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 such plans.

FINANCIAL AND LIQUIDITY RESOURCES

As usual, the Group's financial resources and liquidity continue to be strong and it is substantially debt free, with cash and bank balances at 30th September 2007 amounting to US$25.9 million as compared to US$22.3 million as at 31st March 2007.

Trade receivables as at 30th September 2007 was US$13.3 million, as compared to US$12.7 million at 31st March 2007. 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 reduced from US$14.2 million at 31st March 2007 to US$12.6 million at 30th September 2007, as lower sales was expected for the second half of year 2007/2008. The average turnover days remained healthy at around 58 days and 55 days for current and previously financial period respectively.

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.

CAPITAL EXPENDITURES AND COMMITMENTS

For the six months ended 30th September 2007, the Group invested US$1.3 million in the acquisition of plant and machinery and improving the production facilities in existing factories and the Group had the related capital commitments amounting to US$0.4 million as at 30th September 2007.

In addition, as disclosed in the 2007 annual report, the Group had acquired a land located at Changning, Huizhou, the People's Republic of China (the "PRC") and planned to set up facilities to accommodate for the future development of the Group. A wholly foreign owned enterprise in Huizhou, the PRC with registered capital of US$10 million was set up in this respect.

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 2007, the Group had a total of approximately 8,800 (2006: 9,000) 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 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 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 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 2007.

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.hkex.com.hk. The interim report of the Company for the six months ended 30th September 2007 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 2007

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.