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KTP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 645)

MAJOR AND CONNECTED TRANSACTION RESUMPTION OF TRADING

On 22 July 2009, the Company and the Purchaser entered into the Sale and Purchase Agreement for the disposal of 100% interest in KTP (BVI) and the Shareholder's Loan at a consideration of US\$18 million (equivalent to approximately HK\$140.4 million).

Mr. Lee Chi Keung, Russell, the ultimate sole beneficial owner of the Purchaser, is a Director and controlling shareholder of the Company, holding 59.76% issued Shares of the Company and hence a connected person of the Company. The Disposal thus constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. In addition, as the applicable percentage ratios in respect of the Disposal exceeds 25% but less than 75%, the Disposal also constitutes a major disposal for the Company. Accordingly, the Disposal will be subject to the approval of the Independent Shareholders. Mr. Lee Chi Keung, Russell and his associates shall abstain from voting at the resolutions regarding the Disposal.

The Company has established the Independent Board Committee to consider and advise the Independent Shareholders with respect to the Disposal. The Company has appointed Grand Cathay Securities (Hong Kong) Limited as its independent financial adviser to advise the Independent Board Committee and Independent Shareholders with respect to the Disposal.

The SGM will be held to consider and, if thought fit, to approve the Disposal. A circular containing, among other things, further information on the Disposal, the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholder and the notice of SGM, will be despatched to the Shareholders as soon as practicable.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 23 July 2009 pending the release of this announcement. Application for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 27 July 2009 has been made by the Company.

SALE AND PURCHASE AGREEMENT

Date

22 July 2009

Parties:

Vendor : KTP Holdings Limited (the “Company”)

Purchaser : Peak Rise Holdings Limited. To the best of the Director’s knowledge, information and belief having made all reasonable enquiry, the principal activity of the Purchaser is investment holding

Assets to be disposed of under the Sale and Purchase Agreement

The Sale Shares, which represents 100% of the issued share capital of KTP (BVI), and the Shareholder’s Loan in the amount of US\$4,570,719.

Conditions precedent

Completion of the Sale and Purchase Agreement is conditional upon the fulfillment of, inter alia, the following Conditions:

1. the passing of resolutions by the Independent Shareholders at the SGM approving the Sale and Purchase Agreement and the declaration and payment of special dividend of HK\$0.30 by the Company;
2. the passing of resolutions by the shareholders of the Company at the general meeting; and
3. the Company has complied with all the requirements under the Listing Rules.

If any of the Conditions is not fulfilled or waived by the Purchaser (as the case may be) on or before the Long Stop Date, all rights and obligations of the parties hereunder shall cease and terminate and the parties shall have no claim against each other arising out of or in connection with the Sale and Purchase Agreement.

Consideration

The consideration of US\$18 million (equivalent to approximately HK\$140.4 million) for the Sale Shares and the Shareholder’s Loan shall be payable by the Purchaser to the Vendor in cash in US\$ (or HK\$ or RMB equivalent) on Completion.

The Directors confirm that the consideration was arrived at after arm's length negotiations between the Company and the Purchaser taking into account the net asset value of the Disposal Group as at 31 March 2009 in the amount of US\$10.7 million and the Shareholder's loan of US\$4.6 million (equivalent to an aggregate of approximately HK\$119.34 million). The proceeds will be used as general working capital of the Company and should opportunities arise, for future investment and payment of special dividend subject to the Completion.

Completion

Completion will take place 14 days after the date upon which the last of the Conditions is satisfied or waived or 30 September 2009 (whichever is the later) or such other date as the Company and the Purchaser may agree in writing.

It is expected that the Group will be benefited as a result of the Disposal as there is gain of US\$2.7 million (equivalent to approximately HK\$21.06 million), being the difference between the Consideration and the net asset value of the Disposal Group and the Shareholder's Loan amounting to US\$15.3 million (equivalent to approximately HK\$119.34 million) as at 31 March 2009. KTP (BVI) will cease to be the subsidiary of the Company upon Completion.

KTP (BVI) is a company incorporated in the British Virgin Islands with limited liability and acts as the holding company of the following companies:

Name of the companies	Effective shareholding interest held by KTP (BVI)	Place of incorporation	Description of business nature
Kong Tai Shoes Manufacturing Co Ltd	100%	Hong Kong	Investment holding
Kenmate Industrial Limited	100%	Hong Kong	Inactive
Choy Fung Industrial Limited	100%	Hong Kong	Inactive
TP Industrial Limited	100%	Hong Kong	Investment holding
Kong Tai Shoes Manufacturing (BVI) Co Ltd	100%	British Virgin Islands	Inactive
TP Investment Limited	100%	Hong Kong	Investment holding
Investmaster Limited	100%	British Virgin Islands	Investment holding
Ever Glory (HK) Limited	100%	Hong Kong	Investment holding
Kenmate Industrial Limited	100%	British Virgin Islands	Inactive

Name of the companies	Effective shareholding interest held by KTP (BVI)	Place of incorporation	Description of business nature
Dongguan Hung Yip Shoes Manufacturing Co Ltd	100%	PRC	Manufacturing of footwear
Donguan Hung Fa Shoes Materials Co Ltd	100%	PRC	Inactive
PT Sung Shin Indonesia	35%	Indonesia	Manufacturing of sole units
China Pacific Int'l Industries Ltd	100%	Hong Kong	Investment holding
Promarks Sports Ltd.	100%	Hong Kong	Inactive
Huizhou Zhongguan Sporting Goods Co Ltd	100%	PRC	Pre-operation

Other than its investment in the above companies, KTP (BVI) is not engaged in any other business activity.

The consolidated total assets value and the net assets value of KTP (BVI) as at 31 March 2008 and 2009 are approximately US\$21.2 million (equivalent to approximately HK\$165.4 million) and approximately US\$10.7 million (equivalent to approximately HK\$83.5 million) respectively. The consolidated net profit (both before and after tax) of KTP (BVI) for the two years ended 31 March 2009 are as follows:

<i>US\$ million</i>	Year ended 31 March 2008	Year ended 31 March 2009
Net profit/(loss) before tax	(3.5)	1.9
Net profit/(loss) after tax	(3.5)	(1.1)

The Land Use Right

As at the date hereof, Brave Win, a wholly owned subsidiary of the Company and a member of the Remaining Group, has the legal right to use a piece in the PRC situated at 東莞市長安鎮宵邊社區第二工業區 (the "Land"). A factory and 2 dormitories (the "Constructions") were constructed on the Land, Brave Win has the right to use the factory and one of the dormitories for the period from 5 August 1990 to 4 August 2040 while the right of use of the other dormitory is for the period from 1 December 1996 to 1 December 2046. For the year ended 31 March 2009, Brave Win had recorded an aggregate net book value of US\$0.5 million for Land and Construction. However, Brave Win does not have legal ownership of the Land.

On 15 April 2009, the PRC authority issued the 《東莞市已建房屋補辦房地產權手續總體方案》 granting the user of the Land a right (the “Right”) to perfect its legal ownership of the Land together with the Constructions by applying to the PRC authority, failing which the PRC authority shall deal with such constructions strictly in accordance with the relevant law and regulation. As Brave Win is not a legal entity for the purpose of making the relevant applications as aforesaid, the Company at the material time resolved to have Dongguan Hung Yip to take up the Right in place of Brave Win. Relevant applications have been made by Dongguan Hung Yip to the PRC authority in respect of the Land which are pending approval as at the date hereof. All the cost to be incurred from the application of the Right will be borne by Dongguan Hung Yip.

Pursuant to the Sale and Purchase Agreement, the Company and the Purchaser agree that:

- (a) subject to paragraph (b) below, Brave Win shall be entitled to use the Land together with the Constructions until 4 August 2040 or 1 December 2046 (as the case may be); and
- (b) in the event that Dongguan Hung Yip successfully obtains the legal ownership of the Land together with the Constructions and Brave Win or any member of the Remaining Group wishes to continue to use the Land together with the Constructions, the terms in relation to the use of the Land (together with the constructions thereon) shall be negotiated by Dongguan Hung Yip and Brave Win or any member of the Remaining Group (as the case may be).

The Purchaser further grants the Company, pursuant to the Sale and Purchase Agreement, an option to purchase or lease the Land together with the Constructions from Dongguan Hung Yip after Dongguan Hung Yip has obtained the legal ownership of the Land together with the Constructions, subject to such terms and conditions as negotiated by the Purchaser and the Company, taking into account the book value of the Land together with the Constructions in the accounts of Brave Win as at 31 March 2009.

As a result, should Dongguan Hung Yip have obtained the legal ownership of the Land and the Construction, Brave Win may consider exercising the above mentioned option but no details of which have been confirmed at this stage.

The Company and the Purchaser acknowledge and agree that the Right (whether or not approval is obtained) shall, after Completion, remain with Dongguan Hung Yip, and hence beneficially owned by the Purchaser.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the manufacture of footwear products.

The reason for disposing KTP (BVI) is due to the following reasons:

- the Group's major production base in Shenzhen, PRC, which was held by KTS, was closed in May 2008 as a result of the land resumption by the local government of PRC, which led to the significant reduction of the Group's overall production capacity by 50%;
- the reduction of the worldwide orders in 2008 as a result of financial crisis and the cessation of manufacturing of OEM orders for the Group's largest customer in 2009 make the business of the Group even worse off; and
- sale proceeds resulting from the Disposal will increase the liquidity of the Group which will be used for the payment of special dividend to the shareholders of the Company.

As a result of the above detrimental effect on the business of the Group, the Board is of the view that KTP (BVI) would increase the operating cost of the Group without any contribution to the Group. Under such circumstances, the Disposal will reduce the operating cost of the Group which will remain as the manufacturer of footwear products. Upon Completion, Brave Win, which is the manufacturer of sole units, will become the major subsidiary of the Group.

In light of the above, the Directors (excluding the independent non-executive Directors whose view will be provided after taking into consideration the opinion and recommendation made by the independent financial adviser) consider that the Sale and Purchase Agreement was entered into on normal commercial terms, the terms of the Sale and Purchase Agreement are fair and reasonable which have been arrived at after arm's length negotiations and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS OF THE LISTING RULES

Mr. Lee Chi Keung, Russell, the ultimate sole beneficial owner of the Purchaser, is a Director and controlling shareholder of the Company, holding 59.76% issued Shares of the Company and hence a connected person of the Company. The Disposal thus constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. In addition, as the applicable percentage ratios in respect of the Disposal exceeds 25% but less than 75%, the Disposal also constitutes a major disposal for the Company. Accordingly, the Disposal will be subject to the approval of the Independent Shareholders. Mr. Lee Chi Keung, Russell and his associates shall abstain from voting at the resolutions regarding the Disposal.

Upon the Completion, the Company would still have sufficient level of operations or have tangible assets of sufficient value and/or intangible assets of sufficient potential value to warrant the continued listing of the shares of the Company in accordance with Rule 13.24 of the Listing Rules as Brave Win, the major subsidiary of the Group, would continue the principal activity of manufacturing of footwear business. Revenue contributed from Brave Win for the year ended 31 March 2009 is US\$22.8 million, representing approximately 35.4%% of the total revenue for the year ended 31 March 2009, which demonstrates that the Company would have sufficient level of operations upon the Completion.

In view of the above, the Company will not become a cash company under Rule 14.82 of the Listing Rule upon the Completion as the Group would still have sufficient level of operation after the Completion.

GENERAL

The Company has established the Independent Board Committee to consider and advise the Independent Shareholders with respect to the Disposal. The Company has appointed Grand Cathay Securities (Hong Kong) Limited as its independent financial adviser to advise the Independent Board Committee and Independent Shareholders with respect to the Disposal.

The SGM will be held to consider and, if thought fit, to approve the Disposal. A circular containing, among other things, further information on the Disposal, the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholder and the notice of SGM, will be despatched to the Shareholders as soon as practicable.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 23 July 2009 pending the release of this announcement. Application for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 27 July 2009 has been made by the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“associates”	Has the meaning ascribed to it under the Listing Rules
“Board”	The board of Directors
“Brave Win”	Brave Win Industries Limited, a wholly owned subsidiary of the Vendor and a member of the Remaining Group
“Company”	KTP Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Completion	Completion of the Disposal in accordance with the Sale and Purchase Agreement
“Conditions”	The conditions precedent to the Completion which includes but not limited to those as set out in the paragraph headed “Conditions precedent” under the section headed “Sale and Purchase Agreement”
“connected person”	Has the meaning ascribed to it under the Listing Rules
“Director(s)”	The director(s) of the Company
“Disposal”	The disposal of the Sale Shares by the Vendor to the Purchaser and the assignment of the Shareholder’s Loan by the Vendor in favour of the Purchaser pursuant to the terms of the Sale and Purchase Agreement
“Disposal Group”	Comprising KTP (BVI) and the companies listed under the section headed “Information on KTP (BVI)”
“Dongguan Hung Yip”	Dongguan Hung Yip Shoes Manufacturing Co Ltd, a company incorporated under the laws of the PRC and is a wholly owned subsidiary of KTP (BVI)
“Group”	The Company and its subsidiaries from time to time
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	The independent committee of the Board established by the Company comprising all independent non-executive Directors

“Independent Shareholders”	Shareholders, other than Mr. Lee Chi Keung, Russell and his associates, who are entitled to vote at the SGM pursuant to the Listing Rules
“KTP (BVI)”	KTP (BVI) Company Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly owned subsidiary of the Company
“KTS”	Kong Tai Shoes Manufacturing Co Ltd, a company incorporated in Hong Kong and is a wholly owned subsidiary of KTP (BVI)
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	Means 31 December 2009 or such other date as the Parties may mutually agree in writing.
“PRC”	The People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Peak Rise Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly owned by Mr. Lee Chi Keung, Russell, a Director and controlling shareholder of the Company, holding 59.76% issued Shares of the Company.
“Remaining Group”	The Company together with its subsidiaries, other than the Disposal Group
“Sale and Purchase Agreement”	The sale and purchase agreement dated 22 July 2009 entered into between the Company and the Purchaser in relation to the Disposal
“Sale Shares”	100 shares of US\$1 each of KTP (BVI), representing 100% of the issued share capital of KTP (BVI)
“SGM”	The special general meeting of the Company to be convened for the purposes of considering, and if thought fit, approving, among other matters, the Sale and Purchase Agreement
“Share(s)”	Share(s) of the Company of HK\$ 0.01 each
“Shareholder(s)”	Holder(s) of the Shares
“Shareholder’s Loan	the unsecured and interest free debt owed in the amount of US\$4,570,719 owed by KTP (BVI) to the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	Per cent

For use in this announcement and for illustration purpose only, conversion of US\$ into HK\$ is based on the approximate exchange rate of US\$1.00 to HK\$7.80.

By the Order of the Board
Lee Chi Keung Russell
Chairman

Hong Kong, 24 July 2009

As at the date of this announcement, the Board is comprised of 5 Directors, of which Mr. LEE Chi Keung, Russell and Miss. YU Mee See, Maria are executive Directors, Mr. NG Wai Hung, LEE Siu Leung and Mr. YUEN Sik Ming are independent non-executive Directors.