THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **KTP Holdings Limited** (the "**Company**"), you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms of the Offer contained therein.

STAR CROWN CAPITAL LTD

(Incorporated in the British Virgin Islands with limited liability)

KTP HOLDINGS LIMITED

(港台集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 645)

COMPOSITE DOCUMENT RELATING TO UNCONDITIONAL MANDATORY CASH OFFER BY

BRIDGE PARTNERS CAPITAL LIMITED

ON BEHALF OF STAR CROWN CAPITAL LTD TO ACQUIRE ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF KTP HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED BY STAR CROWN CAPITAL LTD AND PERSONS ACTING IN CONCERT WITH IT)

Financial Adviser to Star Crown Capital Ltd

BRIDGE PARTNERS CAPITAL LIMITED

Independent Financial Adviser to the Independent Board Committee

高銀融資有限公司

GOLDIN FINANCIAL LIMITED

Terms used in this cover page shall have the same meaning as those defined in the section headed "Definitions" of this Composite Document.

A letter from the Board is set out on pages 14 to 18 of this Composite Document. A letter from Bridge Partners containing, among other things, details of the terms of the Offer is set out on pages 6 to 13 of this Composite Document. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the Offer is set out on pages 19 to 20 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offer is set out on pages 21 to 37 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out on pages I-1 to I-8 in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Registrar by no later than 4:00 p.m. on Wednesday, 16th February 2011 or such later time and/or date as the Offeror may decide and announce in accordance with the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdictions outside Hong Kong should read the details in this regard which are contained in the paragraph headed "Overseas Shareholders" of Appendix I to this Composite Document before taking any action. It is the responsibility of each overseas Shareholder who wishes to accept the Offer to satisfy himself, herself or itself as to the full observance of all applicable laws and regulations of the relevant jurisdictions in connection therewith, including but not limited to the obtaining of any governmental, exchange control or other consent and any registration or filing which may be required in compliance with all necessary formalities, regulatory and/or legal requirements. Each overseas Shareholder is advised to seek professional advice on deciding whether to accept the Offer.

26th January 2011

* *For identification purposes only*

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	2011 *(Note 1)*
Commencement date for acceptance of the Offer	26th January
Latest time and date for acceptance of the Offer *(Note 2)*	4:00 p.m. on Wednesday, 16th February
Closing Date *(Note 2)*	Wednesday, 16th February
Announcement of the results of the Offer and the level of acceptances or as to whether the Offer has been revised or extended uploaded to the Stock Exchange's website	By 7:00 p.m. on Wednesday, 16th February
Latest date for posting of remittances to the Shareholders in respect of valid acceptances under the Offer *(Note 3)*	Friday, 25th February

Notes:

1 All times and dates contained in this Composite Document refer to Hong Kong local times and dates.

2. In accordance with the Takeovers Code, the Offer must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance of the Offer is 4:00 p.m. on Wednesday, 16th February 2011 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror will issue an announcement through the website of the Stock Exchange by 7:00 p.m. on Wednesday, 16th February 2011 stating whether the Offer has expired, or have been revised or extended. In the event that the Offeror decides to extend the Offer, at least 14 days' notice in writing will be given to the Independent Shareholders before the Offer is closed. For further details, please refer to the paragraph headed "2. Acceptance Period and Revision" in Appendix I to this Composite Document.

3. Remittances in respect of the cash consideration (after deducting the seller's *ad valorem* stamp duty) payable for the Offer Shares under the Offer will be posted to the accepting Independent Shareholders by ordinary post at their own risk as soon as possible, but in any event within 10 days of the date of receipt by the Registrar of all valid requisite documents of title to render the acceptance by such Independent Shareholder under the Offer complete and valid. For further details, please refer to the paragraph headed "5. Settlement" in Appendix I to this Composite Document.

In this Composite Document, the following expressions have the following meanings, unless the context otherwise requires:

"Acquisition"	the acquisition of the Sale Shares by the Purchaser from the Vendors on the terms of the Sale and Purchase Agreement
"acting in concert"	has the meaning ascribed to it under the Takeovers Code
"associated corporations"	has the meaning ascribed to it under Part XV of the SFO
"associates"	has the meaning ascribed to it under the Takeovers Code
"Board"	the board of Directors
"Bridge Partners"	Bridge Partners Capital Limited, a licensed corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and appointed by the Offeror to advise it in respect of the Offer
"Business Days"	a day (other than Saturday, Sunday or days on which a typhoon signal 8 or above or black rainstorm is hoisted in Hong Kong at 10:00 a.m.) on which banks in Hong Kong are open for general banking business
"BVI"	the British Virgin Islands
"Bye-laws"	the bye-laws of the Company
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Closing Date"	Wednesday, 16th February 2011, the closing date of the Offer, which is 21 days after the date on which this Composite Document is posted, or if the Offer is extended, any subsequent closing date of the Offer as extended and announced by the Offeror in accordance with the Takeovers Code

"Company"	KTP Holdings Limited (stock code: 645), a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange
"Completion"	completion of the Sale and Purchase Agreement
"Composite Document"	this composite offer and response document jointly issued by the Offeror and the Company in connection with the Offer
"Consideration"	the consideration paid by the Offeror to the Vendors for the acquisition of the Sale Shares on the terms and conditions of the Sale and Purchase Agreement, being HK$346,088,522.80 or HK$1.70 per Sale Share
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"Directors"	the directors of the Company
"Encumbrances"	any claim, charge, mortgage, security, lien, option, equity, power of sale, hypothecation or other third party rights, retention of title, right of pre-emption, right of first refusal or security interest of any kind
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
"Form of Acceptance"	the form of acceptance and transfer of the Share(s) in respect of the Offer which accompanies this Composite Document
"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HK$" and "HK cent(s)"	Hong Kong dollars and cent(s) respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Independent Board Committee"	an independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Ng Wai Hung, Mr. Lee Siu Leung and Mr. Yuen Sik Ming, established for the purpose of advising the Independent Shareholders in relation to the Offer
"Independent Financial Adviser" or "Goldin Financial"	Goldin Financial Limited, a licensed corporation under the SFO licensed to carry on Type 6 (advising on corporate finance) regulated activity and appointed by the Company to advise the Independent Board Committee in respect of the Offer
"Independent Shareholders"	Shareholders other than the Offeror and persons acting in concert with it
"Joint Announcement"	the joint announcement issued by the Company and the Offeror dated 6th January 2011 in respect of, among other things, the Acquisition and the Offer
"Last Trading Date"	4th January 2011, being the last day on which the Shares were traded on the Stock Exchange prior to the suspension of trading in the Shares before the publication of the Joint Announcement
"Latest Practicable Date"	24th January 2011, being the latest practicable date prior to the date of this circular for ascertaining certain information in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix 10 to the Listing Rules
"Mr. Chua" or "Purchaser's Guarantor"	Mr. Chua Chun Kay

"Mr. Lee" or "Vendors' Guarantor"	Mr. Lee Chi Keung, Russell, the Chairman of the Board and an executive Director
"Ms. Yu"	Ms. Yu Mee See, an executive Director and the spouse of Mr. Lee
"Offer"	the unconditional mandatory cash offer made by Bridge Partners on behalf of the Offeror to acquire all the issued Shares other than those already owned by the Offeror and persons acting in concert with it
"Offer Period"	has the meaning ascribed to it under the Takeovers Code, being the period from 14th December 2010 (being the date when the Company made an announcement on a possible offer pursuant to Rule 3.7 of the Takeovers Code) until the date when the Offer is closed for acceptance
"Offer Price"	HK$1.70 per Share payable in cash by the Offeror under the Offer
"Offer Shares"	issued Shares other than those already owned or agreed to be acquired by the Offeror and persons acting in concert with it
"Offeror" or "Purchaser"	Star Crown Capital Ltd, a company incorporated in BVI with limited liability
"Offeror Director"	the sole director of the Offeror, being Mr. Chua
"PRC"	The People's Republic of China, which for the purpose of this Composite Document shall exclude Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan
"Registrar"	Computershare Hong Kong Investor Services Limited, being the Hong Kong branch share registrar and transfer office of the Company and located at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
"Relevant Period"	the period beginning 6 months prior to 14th December 2010 and ending with the Latest Practicable Date

"Sale and Purchase Agreement"	the sale and purchase agreement dated 5th January 2011 and entered into between the Vendors, the Vendors' Guarantor, the Purchaser and the Purchaser's Guarantor pursuant to which, among other things, the Vendors agreed to sell, and the Purchaser agreed to purchase, the Sale Shares on the terms and conditions thereof
"Sale Shares"	an aggregate of 203,581,484 Shares, representing approximately 59.77% of the issued share capital of the Company as at the Latest Practicable Date
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
"Shareholder(s)"	registered holder(s) of the Shares
"Share(s)"	Share(s) of nominal value of HK$0.01 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Top Source"	Top Source Securities Limited, a company incorporated in BVI with limited liability
"US$"	United States dollars, the lawful currency of the United States of America
"Vendors"	collectively, Top Source and Wonder Star
"Wonder Star"	Wonder Star Securities Limited, a company incorporated in BVI with limited liability
"%"	per cent

寶橋 BRIDGE PARTNERS

BRIDGE PARTNERS CAPITAL LIMITED

Unit 605, 6/F, Low Block,
Grand Millennium Plaza,
181 Queen's Road Central,
Central, Hong Kong

26th January 2011

To the Independent Shareholders

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH OFFER
BY
BRIDGE PARTNERS CAPITAL LIMITED
ON BEHALF OF STAR CROWN CAPITAL LTD
TO ACQUIRE ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF
KTP HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY STAR CROWN CAPITAL LTD
AND PERSONS ACTING IN CONCERT WITH IT)

INTRODUCTION

Reference is made to the Joint Announcement. Immediately following the Completion, the Offeror and persons acting in concert with it were interested in 203,581,484 Shares, representing approximately 59.77% of the issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares (other than those already owned by the Offeror and persons acting in concert with it).

We have been appointed by the Offeror as its financial adviser to make the Offer on its behalf. This letter, Appendix I to this Composite Document and the accompanying Form of Acceptance set out, among other things, the terms and other details of the Offer, information on the Offeror and the intention of the Offeror regarding the Group. Terms used in this letter shall have the same meaning as those defined in the Composite Document unless the context otherwise requires.

The Independent Shareholders are strongly advised to consider carefully the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from the Independent Financial Adviser" as set out in this Composite Document.

THE OFFER

Principal terms of the Offer

Bridge Partners is making, on behalf of the Offeror, the Offer to acquire all the issued Shares other than those already owned by the Offeror and persons acting in concert with it on the following basis:

For each Share . . . . HK$1.70 in cash

As at the Latest Practicable Date, there were 340,616,934 Shares in issue and the Company did not have any outstanding options, warrants or securities convertible or exchangeable into Shares. Taking into account of the 203,581,484 Shares already owned by the Offeror, 137,035,450 Shares are the subject of the Offer. No person acting in concert with the Offeror owned any Share immediately prior to or immediately after the Completion.

Condition of the Offer

The Offer is unconditional.

Comparison of value

The Offer Price is the same as the Consideration of HK$1.70 per Sale Share under the Sale and Purchase Agreement, and represents:

(a) a discount of approximately 36.09% to the closing price of HK$2.66 per Share as quoted on the Stock Exchange on the Last Trading Date;

(b) a discount of approximately 37.96% to the average closing price of HK$2.74 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Date;

(c) a discount of approximately 41.18% to the average closing price of HK$2.89 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Date;

(d) a discount of approximately 22.37% to the average closing price of HK$2.19 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Date;

(e) a discount of approximately 7.61% to the closing price of HK$1.84 per Share as quoted on the Stock Exchange on 10th December 2010, being the last Business Day prior to the commencement of the Offer Period;

(f) a premium of approximately 0.59% over the closing price of HK$1.69 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(g) a premium of approximately 106.56% over the audited consolidated net asset value of the Company of approximately US$0.105 (approximately HK$0.823) per Share as at 31st March 2010, being the date to which the latest audited consolidated financial results of the Group were made up.

Highest and lowest prices of the Shares

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK$3.30 on 22nd December 2010, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK$0.75 on 22nd July 2010.

Total value of the Offer

As at the Latest Practicable Date, there were 340,616,934 Shares in issue and the Company did not have any outstanding options, warrants or securities convertible or exchangeable into Shares. On the basis of the Offer Price of HK$1.70 per Share, the entire issued share capital of the Company is valued at HK$579,048,787.80 and the 137,035,450 Shares subject to the Offer are valued at HK$232,960,265.

Confirmation of financial resources

The Offeror will finance the Offer by its internal resources. We are satisfied that sufficient financial resources are available to the Offeror for meeting its obligations in case of a full acceptance of the Offer. No payment of interest on, repayment of or security for any liability (contingent or otherwise) will depend to any significant extent on the business of the Company.

Effect of accepting the Offer

By accepting the Offer, Shareholders will be deemed to have given a warranty to the Offeror and Bridge Partners that the Shares are sold by the Shareholders to the Offeror free from all Encumbrances and with all rights attached to them, including the rights to receive all dividends and distribution declared, made or paid by reference to a record date on or after the date on which the Offer is made, that is, the date of this Composite Document.

Payment

Payment in cash in respect of acceptance of the Offer will be made as soon as possible and in any event within 10 days of the date on which the Shares are validly tendered for acceptance of the Offer. Relevant documents of title must be received by or on behalf of the Offeror to render each acceptance of the Offer complete and valid.

No fractions of a cent will be payable and the amount of the consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent.

Compulsory acquisition

The Offeror does not intend to exercise any right which may be available to it to compulsorily acquire any outstanding Offer Shares not acquired under the Offer after the close of the Offer.

Stamp duty

Sellers' *ad valorem* stamp duty for Shares registered on the register of members of the Company in Hong Kong arising in connection with acceptance of the Offer will be payable by each Shareholder at the rate of 0.1% of the higher of (i) the market value of the Shares; and (ii) the amount of the consideration payable by the Offeror for such person's Shares, and will be deducted from the cash amount payable by the Offeror to such person under the Offer. The Offeror will pay the buyer's *ad valorem* stamp duty on its own behalf and the Sellers' *ad valorem* stamp duty on behalf of the accepting Shareholders in respect of the Shares accepted under the Offer.

Overseas Shareholders

The availability of the Offer to any persons not resident in Hong Kong may be affected by the applicable laws and regulations and requirements of the relevant jurisdictions. Any persons who are not resident in Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements in their own jurisdiction. It is the responsibility of the Shareholders who have registered addresses outside Hong Kong and wish to accept the Offer to satisfy themselves as to the full observance of all applicable laws and regulations of the relevant jurisdictions in connection therewith (including but not limited to the obtaining of any governmental, exchange control or other consent and any registration or filing which may be required in compliance with all necessary formalities, regulatory and/or legal requirements. Overseas Shareholders will also be fully responsible for the payment of any transfer or other taxes and duties payable in respect of the relevant jurisdictions.

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, Bridge Partners, the Company and their respective directors, officers or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

DEALINGS IN SECURITIES OF THE COMPANY

Details of the dealings in securities of the Company by the Offeror and persons acting in concert with it are set out in the section headed "5. Dealings in Securities of the Company" in Appendix III to this Composite Document.

INFORMATION ON THE GROUP

Details of the information of the Company are set out in the "Letter from the Board" of this Composite Document. Financial information of the Group is set out in Appendix II to this Composite Document.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in BVI with limited liability. The principal business of the Offeror is investment holding and the principal assets held by it are the Sale Shares acquired from the Vendors. The sole legal and beneficial owner and the sole director of the Offeror is Mr. Chua. Mr. Chua, aged 57, is a businessman in Singapore who owns businesses that engage in trading various kinds of commodities, including but not limited to pulp and paper, waste-paper, chemicals and spare-parts. Mr. Chua is a fellow member of the Chartered Management Institute and holds a master's degree in business administration from the University of Leicester, the United Kingdom.

INTENTION OF THE OFFEROR REGARDING THE COMPANY

The Offeror intends to continue the Group's principal business of the manufacturing of footwear products after completion of the Offer. The Offeror also intends to conduct a detailed review of the strategic directions and operations of the Group to chart its long term corporate strategy and growth and to explore other business or investment opportunities which might enhance the Group's future development. The Offeror had no intention to inject any material asset or business into the Group as at the Latest Practicable Date. The Offeror had no intention to redeploy the employees or the fixed assets of the Group other than in its ordinary course of business. To ensure that there will be continuity in the Group's business, Mr. Lee will remain as managing director of the Group's operating subsidiaries and Ms. Yu will remain as an executive director of the Group's operating subsidiaries.

PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

As at the Latest Practicable Date, the Board comprised two executive Directors (Mr. Lee and Ms. Yu) and three independent non-executive Directors. It is intended that, at the Company level, the existing Directors will resign with effect from the earliest time permitted by the Takeovers Code (being the Closing Date) and be replaced by other suitably qualified Directors. The Company will appoint Mr. Chua as an executive Director with effect from the Business Day immediately after the despatch of this Composite Document. Any appointment of new Directors by the Offeror will be in full compliance with the requirements under the Takeovers Code and the Listing Rules. The Board has approved the appointment of Mr. Chua as an executive Director with effect from the Business Day immediately after the despatch of this Composite Document.

The biographical information of Mr. Chua is as follows:

Mr. Chua, aged 57, is a businessman in Singapore who owns businesses that engage in trading various kinds of commodities, including but not limited to pulp and paper, waste-paper, chemicals and spare-parts. Mr. Chua is a fellow member of the Chartered Management Institute and holds a master's degree in business administration from the University of Leicester, United Kingdom.

Mr. Chua has not entered into any service contract with the Company and no specific length of service has been agreed between Mr. Chua and the Company. Mr. Chua's tenure as an executive Director is subject to retirement by rotation and re-election at annual general meetings in accordance with the provisions of the Bye-laws.

Save as disclosed above, as at the Latest Practicable Date, Mr. Chua did not hold any directorship in other listed public companies or any other positions with the Company and other members of the Group in the last three years. Save for his indirect interest in the Sale Shares through the Offeror, Mr. Chua does not have any other interest in the Shares within the meaning of Part XV of the SFO. Mr. Chua does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

Save as disclosed above, as at the Latest Practicable Date, the Board was not aware of any other matters relating to the appointment of Mr. Chua that need to be brought to the attention of the Shareholders. There is no other information relating to the appointment of Mr. Chua as an executive Director that needs to be disclosed pursuant to any of the requirements as set out in Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, upon close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

(i) a false market exists or may exist in the trading of the Shares; or

(ii) there are insufficient Shares in public hands to maintain an orderly market,

then it will consider exercising its discretion to suspend trading in the Shares.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer. Each of the Offeror and the Company will undertake to the Stock Exchange to take appropriate steps following the close of the Offer to ensure that sufficient public float exists.

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further terms and other details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

GENERAL

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

All documents and remittances sent to the Independent Shareholders by ordinary post will be sent to them at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of the Company or in the case of joint Independent Shareholders, to the Independent Shareholder whose name appears first in the register of members of the Company. None of the Offeror, the Company, Bridge Partners, or any of their respective directors or professional advisers or any other parties involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

You are advised to read carefully the "Letter from the Independent Board Committee" and the "Letter from the Independent Financial Adviser" as contained in this Composite Document in relation to their recommendation before deciding whether or not to accept the Offer.

Your attention is also drawn to the additional information set out in the appendices to this Composite Document.

Yours faithfully,
For and on behalf of
Bridge Partners Capital Limited
Monica Lin
Managing Director

KTP HOLDINGS LIMITED
(港台集團有限公司)*

(incorporated in Bermuda with limited liability)

(Stock Code: 645)

Executive Directors:
Lee Chi Keung, Russell *(Chairman)*
Yu Mee See, Maria

Independent Non-executive Directors:
Ng Wai Hung
Lee Siu Leung
Yuen Sik Ming

Registered Office:
Clarendon House
Church Street
Hamilton HM 11
Bermuda

Principal office and place of business in Hong Kong:
Block C, 1st Floor
Wong King Industrial Building
2-4 Tai Yau Street
Sanpokong, Kowloon
Hong Kong

26th January 2011

To the Independent Shareholders

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH OFFER BY BRIDGE PARTNERS CAPITAL LIMITED ON BEHALF OF STAR CROWN CAPITAL LTD TO ACQUIRE ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF KTP HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED BY STAR CROWN CAPITAL LTD AND PERSONS ACTING IN CONCERT WITH IT)

INTRODUCTION

Reference is made to the Joint Announcement made by the Company and the Offeror dated 6th January 2011 in relation to, among other things, the Acquisition and the Offer.

* *For identification purposes only*

Immediately following the Completion, the Offeror and persons acting in concert with it were interested in 203,581,484 Shares, representing approximately 59.77% of the issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares (other than those already owned by the Offeror and persons acting in concert with it).

The Independent Board Committee comprising all independent non-executive Directors namely, Mr. Ng Wai Hung, Mr. Lee Siu Leung and Mr. Yuen Sik Ming, has been constituted to advise the Independent Shareholders in relation to the Offer.

Goldin Financial has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in relation to the Offer, whose appointment has been approved by the Independent Board Committee.

The purpose of this Composite Document is to provide you with, among other things, information relating to the Group, the Offeror and the Offer, the recommendation of the Independent Board Committee to the Independent Shareholders regarding the Offer, and the advice of the Independent Financial Adviser to the Independent Board Committee in relation to the Offer.

THE OFFER

Bridge Partners is making, for and on behalf of the Offeror, the Offer to acquire all the issued Shares other than those already owned by the Offeror and persons acting in concert with it in compliance with the Takeovers Code on the following basis:

For each Share . . . . HK$1.70 in cash

The Offer Price is the same as the Consideration of HK$1.70 per Sale Share under the Sale and Purchase Agreement, and represents:

(a) a discount of approximately 36.09% to the closing price of HK$2.66 per Share as quoted on the Stock Exchange on the Last Trading Date;

(b) a discount of approximately 37.96% to the average closing price of HK$2.74 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Date;

(c) a discount of approximately 41.18% to the average closing price of HK$2.89 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Date;

(d) a discount of approximately 22.37% to the average closing price of HK$2.19 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Date;

(e) a premium of approximately 0.59% over the closing price of HK$1.69 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(f) a premium of approximately 106.56% over the audited consolidated net asset value of the Company of approximately US$0.105 (approximately HK$0.823) per Share as at 31st March 2010, being the date to which the latest audited consolidated financial results of the Group were made up.

As at the Latest Practicable Date, there were 340,616,934 Shares in issue and the Company did not have any outstanding options, warrants or securities convertible or exchangeable into Shares.

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company immediately before and after the Completion and as at the Latest Practicable Date is as follows:

	Immediately before the Completion		**Immediately after the Completion**		**As at the Latest Practicable Date**	
	Number of Shares	*Approx. %*	*Number of Shares*	*Approx. %*	*Number of Shares*	*Approx. %*
Wonder Star	92,977,184	27.30	—	—	—	—
Top Source	110,604,300	32.47	—	—	—	—
The Purchaser and persons acting in concert with it	—	—	203,581,484	59.77	203,581,484	59.77
Public	137,035,450	40.23	137,035,450	40.23	137,035,450	40.23
Total	340,616,934	100.00	340,616,934	100.00	340,616,934	100.00

Note: The interests of Wonder Star include 92,977,184 Shares held directly by Wonder Star and 110,604,300 Shares held by Top Source, a wholly-owned subsidiary of Wonder Star. Wonder Star is wholly-owned by Mr. Lee.

FURTHER INFORMATION ON THE OFFER

Please refer to the "Letter from Bridge Partners" and Appendix I to this Composite Document and the accompanying Form of Acceptance for further information in relation to the Offer, the making of the Offer to the Shareholders residing in overseas countries, taxation, acceptance and settlement procedures of the Offer.

INFORMATION ON THE GROUP

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

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in BVI with limited liability. Please refer to the "Letter from Bridge Partners" contained in this Composite Document for more information on it.

INTENTION OF THE OFFEROR REGARDING THE COMPANY

Your attention is drawn to the letter from Bridge Partners contained in this Composite Document which sets out the intention of the Offeror regarding the business of the Group and the biographical information of the proposed new Director. Regarding the intention of the Offeror in respect of the Group, the Board is willing to render reasonable cooperation with the Offeror further which are of the interests of the Company and the Shareholders as a whole.

PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

Please refer to the paragraph headed "Proposed Change of Board Composition of the Company" in the "Letter from Bridge Partners" for further information in relation to proposed change of board composition of the Company. The Board has approved the appointment of Mr. Chua as an executive Director with effect from the Business Day immediately after the despatch of this Composite Document.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, upon close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

(i) a false market exists or may exist in the trading of the Shares; or

(ii) there are insufficient Shares in public hands to maintain an orderly market,

then it will consider exercising its discretion to suspend trading in the Shares.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer. Each of the Offeror and the Company will undertake to the Stock Exchange to take appropriate steps following the close of the Offer to ensure that sufficient public float exists.

RECOMMENDATION

Your attention is drawn to the letters from the Independent Board Committee and Goldin Financial, respectively, which set out their recommendations and opinions in relation to the Offer and the principal factors considered by them before arriving at their recommendations. You are also advised to read the remainder of this Composite Document and the accompanying Form of Acceptance in respect of the acceptance and settlement procedures of the Offer.

Yours faithfully,
By order of the Board
KTP Holdings Limited
Lee Chi Keung, Russell
Chairman

KTP HOLDINGS LIMITED
(港台集團有限公司)*

(incorporated in Bermuda with limited liability)

(Stock Code: 645)

26th January 2011

To the Independent Shareholders

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER
BY
BRIDGE PARTNERS CAPITAL LIMITED
ON BEHALF OF STAR CROWN CAPITAL LTD
TO ACQUIRE ALL THE ISSUED SHARES IN THE SHARE CAPITAL
OF KTP HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY STAR CROWN CAPITAL LTD
AND PERSONS ACTING IN CONCERT WITH IT)**

We refer to the composite offer and response document (the "**Composite Document**") dated 26th January 2011 jointly issued by the Company and the Offeror, of which this letter forms part. Terms used herein shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

We have been appointed to form the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Goldin Financial Limited has been appointed as the Independent Financial Adviser to advise us in this respect, details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the "Letter from the Independent Financial Adviser" on pages 21 to 37 of the Composite Document.

* *For identification purposes only*

We also wish to draw your attention to the "Letter from the Board" and the "Letter from Bridge Partners" in the Composite Document and the additional information set out in the appendices to the Composite Document.

RECOMMENDATION

Taking into account the terms of the Offer, the advice from the Independent Financial Adviser and the principal factors and reasons taken into consideration by the Independent Financial Adviser in arriving at its recommendation in respect of the Offer, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and therefore we recommend the Independent Shareholders to accept the Offer.

Notwithstanding our recommendation, the Independent Shareholders should consider carefully the terms and conditions of the Offer.

Yours faithfully,
The Independent Board Committee
of KTP Holdings Limited

Ng Wai Hung	**Lee Siu Leung**	**Yuen Sik Ming**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of the letter from Goldin Financial setting out the advice to the Independent Board Committee in respect of the Offer, which has been prepared for the purpose of inclusion in this Composite Document.

高銀融資有限公司
GOLDIN FINANCIAL LIMITED

Goldin Financial Limited
23rd Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

26 January 2011

To: the Independent Board Committee of
KTP Holdings Limited

Dear Sirs,

**UNCONDITIONAL MANDATORY CASH OFFER BY
BRIDGE PARTNERS CAPITAL LIMITED
ON BEHALF OF STAR CROWN CAPITAL LTD
TO ACQUIRE ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF
KTP HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY STAR CROWN CAPITAL LTD
AND PERSONS ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the independent financial adviser to the independent board committee of the board of directors (the "Independent Board Committee") of KTP Holdings Limited (the "Company") in relation to the unconditional mandatory cash offer being made by Bridge Partners Capital Limited on behalf of Star Crown Capital Ltd (the "Offeror") to acquire all the issued shares in the share capital of the Company other than those already owned by the Offeror and persons acting in concert with it (the "Offer"), details of which are set out in the composite document dated 26 January 2011 issued by the Offeror and the Company (the "Composite Document"), of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

On 6 January 2011, the Company and the Offeror jointly announced that the Vendors, the Vendors' Guarantor, the Offeror and the Purchaser's Guarantor entered into the Sale and Purchase Agreement on 5 January 2011 pursuant to which the Offeror agreed to acquire the Sale Shares free from all Encumbrances and with all rights attaching to them, including the rights to receive all dividends and distribution declared, made or paid by reference to a record date on or after the date on which the Offer is made, that is, the date of posting of the Composite Document from the Vendors. The Sale Shares comprise an aggregate of 203,581,484 Shares, representing approximately 59.77% of the issued share capital of the Company as at the date of the Joint Announcement. The total consideration at which the Sale Shares were acquired by the Offeror pursuant to the Sale and Purchase Agreement was HK$346,088,522.80, or HK$1.70 per Sale Share, which was arrived at after arm's length negotiations between the Offeror and the Vendors. Completion of the Sale and Purchase Agreement took place immediately upon the signing of the Sale and Purchase Agreement.

The Offeror and persons acting in concert with it did not hold any Shares immediately before Completion. Immediately following Completion, the Offeror and persons acting in concert with it were interested in 203,581,484 Shares, representing approximately 59.77% of the issued shares capital of the Company. Save for the aforesaid, the Offeror and persons acting in concert with it do not have any other interests in the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares other than those already owned or agreed to be acquired by the Offeror and persons acting in concert with it.

As at the Latest Practicable Date, there were 340,616,934 Shares in issue and the Company did not have any outstanding options, warrants or securities convertible or exchangeable into Shares. Taking into account of 203,581,484 Shares owned by the Offeror, 137,035,450 Shares will be subject to the Offer. No person acting in concert with the Offeror owned any Share immediately prior to or immediately after Completion.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Ng Wai Hung, Mr. Lee Siu Leung and Mr. Yuen Sik Ming, has been established to advise and give recommendation to the Independent Shareholders in respect of the Offer.

We, Goldin Financial, have been appointed by the Company to advise the Independent Board Committee as to (i) whether the terms of the Offer are fair and reasonable; and (ii) whether the Independent Shareholders should accept the Offer.

BASIS OF OUR ADVICE

In formulating our opinion and recommendations, we have reviewed, inter alia, the Joint Announcement, the Sale and Purchase Agreement, the annual reports of the Company for the three financial years ended 31 March 2008, 2009 and 2010 and the interim reports of the Company for the six months ended 30 September 2009 and 2010. We have also reviewed certain information provided by the management of the Company relating to the operation, financial condition and prospect of the Group. We have also (i) considered such other information, analyses and market data which we deemed relevant; and (ii) conducted verbal discussions with the management of the Company regarding the financials, businesses and future outlook of the Group. We have assumed that such information and statements, and any representation made to us, are true, accurate and complete in all material respects as of the date hereof and we have relied upon them in formulating our opinion.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than those relating to the Offeror and persons acting in concert with it, the terms and conditions of the Offer and the intention of the Offeror regarding the Company) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the Offeror and persons acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement herein or in the Composite Document misleading. We consider that we have been provided with, and we have reviewed, all currently available information and documents which are available under present circumstances to enable us to reach an informed view regarding the terms of the Offer and to justify reliance on the accuracy of the information contained in the Composite Document so as to provide a reasonable basis of our opinion. We have no reasons to suspect that any material information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects of the Group. Our opinion was necessarily based on financial, economic, market and other conditions in effect, and the information made available to us, at the Latest Practicable Date.

We have not considered the tax consequences on the Independent Shareholders of acceptance of the Offer since these are particular to their individual circumstances. In particular, Independent Shareholders who are resident overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, should consult their own professional advisers.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendation to the Independent Board Committee, we have taken into account the following principal factors and reasons:

1. Background information of the Group

The Group is principally engaged in the manufacturing of footwear products. Set out below is the audited financial information of the Group for the three years ended 31 March 2008, 2009 and 2010 and the unaudited financial information of the Group for the six months ended 30 September 2009 and 2010:

Table 1: Financial highlights of the Group

	For the year ended 31 March			For the six months ended 30 September	
	2008	**2009**	**2010**	**2009**	**2010**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(unaudited)	(unaudited)
Revenue	94,612	64,275	18,082	8,947	13,509
Profit/(loss) attributable to Shareholders	(4,070)	262	2,295	2,990	1,606

	As at 31 March			As at 30 September
	2008	**2009**	**2010**	**2010**
	US$'000	*US$'000*	*US$'000*	*US$'000*
				(unaudited)
Non-current assets	12,800	5,069	851	700
Current assets	49,080	48,064	37,235	39,880
(Current liabilities)	(15,305)	(6,411)	(2,166)	(3,062)
Net current assets	33,775	41,653	35,069	36,818
Net assets	46,575	46,722	35,920	37,518

For the year ended 31 March 2008, the turnover of the Group dropped from approximately US$101.58 million to approximately US$94.61 million, representing a decrease of approximately 6.86%. As advised by the management of the Company, the decrease in turnover was mainly due to (i) the decrease in production capacity as a result of relocating the Group's production facilities from Shenzhen to Dongguan, the PRC following the receipt of notice of early termination of leases of the Group's largest factory in Shenzhen, the PRC in 2008; and (ii) the drop of orders placed by a major customer. Loss attributable to Shareholders was approximately US$4.07 million, as opposed to the profit attributable to owners of the Company of approximately US$7.60 million in the previous financial year. As advised by the management of the Company, such loss was mainly resulted from (i) the increase in operating and administrative expenses due to the rising labour costs and the appreciation of the Renminbi against US dollars; and (ii) significant assets impairment and provision for employees compensation caused by the aforesaid relocation of production facilities during the year. As at 31 March 2008, the audited net current assets and net assets of the Group amounted to approximately US$33.78 million and approximately US$46.58 million, respectively. The decrease in the net current assets of the Group was mainly due to the decrease in bank balances and cash.

For the year ended 31 March 2009, the turnover of the Group dropped from approximately US$94.61 million to approximately US$64.28 million, representing a decrease of approximately 32.06%. As advised by the management of the Company, such decrease was mainly resulted from the significant reduction in orders from the Company's largest customer as affected by the global financial turmoil and the consolidation of the Group's production capacity following the closure of the abovementioned factory in Shenzhen, the PRC in May 2008. For the year ended 31 March 2009, the Group recorded a profit attributable to the Shareholder of approximately US$0.26 million. As advised by the management of the Company, it was mainly attributable to the compensation income of RMB40.00 million (equivalent to approximately US$5.71 million) received for entering into the compensation agreement with the PRC landlords in respect of the aforesaid early termination of leases of the Groups' factory in Shenzhen, the PRC. As at 31 March 2009, the audited net current assets and net assets of the Group amounted to approximately US$41.65 million and approximately US$46.72 million, respectively. The increase of net current assets was mainly due to decrease in the trade payables.

For the year ended 31 March 2010, the turnover of the Group dropped from approximately US$64.28 million to approximately US$18.08 million, representing a decrease of approximately 71.87%. As advised by the management of the Company, the decrease in turnover was mainly due to loss of orders from the Company's largest customer. The Company disposed of its entire equity interests in KTP (BVI) Company Limited and its subsidiaries during the year, the production facilities of which were idle in consequence of the loss of customer. Profit attributable to the Shareholders increased from approximately US$0.26 million to approximately US$2.30 million, representing a substantial increase of approximately 784.62%. As advised by the management of the Company, such increase in profit was mainly attributable to the gain on disposal of subsidiaries of approximately US$2.89 million. Without taking into account the one-off gain from such disposal, the Group should have recorded a loss of approximately US$0.59 million for the year ended 31 March 2010. As at 31 March 2010, the audited net current assets and net assets of the Group amounted to approximately US$35.07 million and approximately US$35.92 million, respectively. The decrease in the net current assets of the Group was mainly due to the decrease in bank balances and cash.

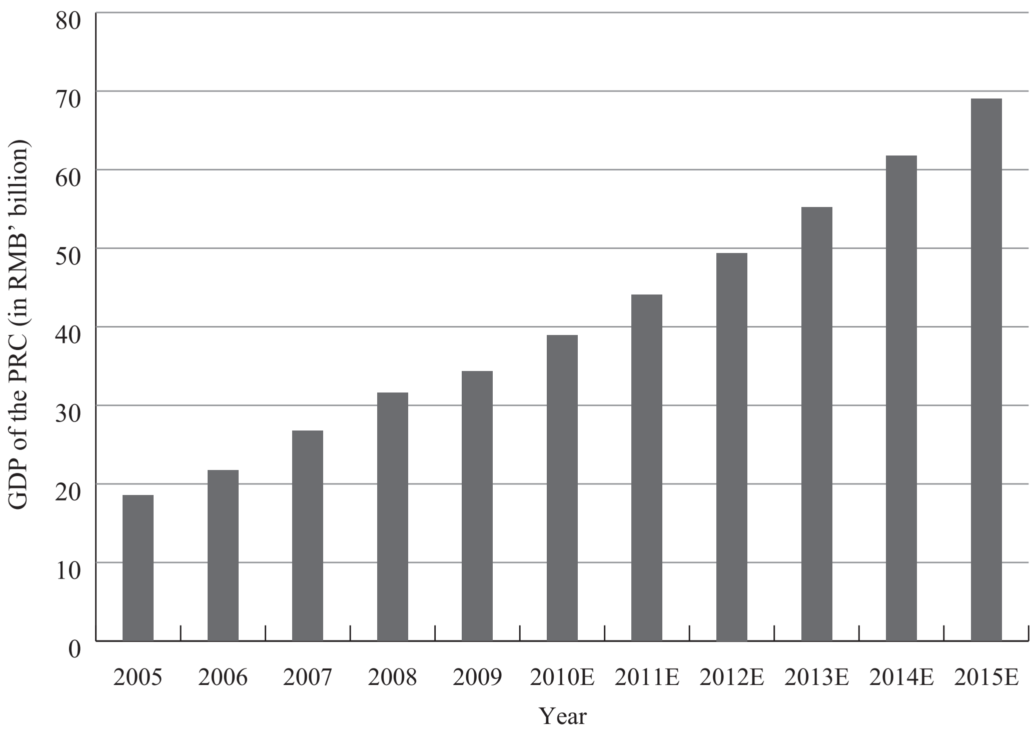
For the six months ended 30 September 2010, the unaudited turnover of the Group increased from approximately US$8.95 million to approximately US$13.51 million, representing an increase of approximately 50.95% as compared to that of the previous period. The increase in turnover of the Group was mainly due to the increase in orders placed by the customers amidst the global economic recovery in year 2010. Profit attributable to the Shareholders decreased from approximately US$2.99 million to approximately US$1.61 million, representing a decrease of approximately 46.15%. As advised by the management of the Company, the decrease in earnings was mainly attributable to the increase in raw material costs, rising labour costs and Renminbi appreciation. As at 30 September 2010, the unaudited net current assets and net assets of the Group amounted to approximately US$36.82 million and approximately US$37.52 million, respectively. The increase in the net current assets was mainly attributable to the decrease in bank balances and cash.

2. Prospects of the Group

As mentioned above, the Group is principally engaged in the manufacturing of footwear products. According to the annual report of the Company for the year ended 31 March 2010 and the interim report of the Company for the six months ended 30 September 2010, the revenue of the Group during these periods are principally derived from the sales of shoe sole products to sports shoes manufacturers, which are therefore largely dependent on the sports shoes industry. In view of the above, we have conducted research from public domains on the future outlook and prospects of the sports shoes industry, particularly in the PRC, where approximately 94.51% and approximately 94.15% of the total revenues of the Group are generated therefrom for the year ended 31 March 2010 and for the six months ended 30 September 2010, respectively. Given the fact that more than 90% of the revenue of the Group was derived from the PRC market, we consider the below research on the PRC market relevant.

According to the China Statistical Yearbook 2010, the gross domestic product (the "GDP") of the PRC increased with a compound annual growth rate (the "CAGR") of approximately 16.60%, from approximately RMB18.58 billion in 2005 to approximately RMB34.35 billion in 2009. The GDP of the PRC is projected to grow with a CAGR of approximately 12.12% from 2010 to 2015, reaching approximately RMB69.00 billion in 2015, as estimated by International Monetary Fund.

GDP of the PRC from 2005 to 2015E



Source: China Statistical Yearbook 2010 and International Monetary Fund

According to the China Statistical Yearbook 2010, the per capita annual disposal income of urban households increased with a CAGR of approximately 13.11% from 2005 to 2009. The total retail sales of consumer goods has been rising in line with the per capita annual disposal income of urban households during the same period, with a CAGR of approximately 16.87%. As a result of the growing economy and affluence in the PRC, it is believed that the PRC consumers will become more willing and able to purchase consumer goods including, but not limited to, sports shoes. According to Hong Kong Trade Development Council, the total retail sales value above designated size of shoes and hats, which include sports shoes, in the PRC increased from RMB30.8 billion in 2004 to approximately RMB85.4 billion in 2009, representing a CAGR of approximately 23.1%. Based on the above, it is believed that the demand for the footwear products of the Group would increase in the medium term.

However, as the footwear manufacturing industry by nature is labour intensive, labour cost in the PRC is considered as an important factor when considering the prospects of the footwear manufacturing industry. According to the China Statistical Yearbook 2010, the average wage of employed persons in urban units has been rising from RMB28,898 in 2008 to RMB32,244 in 2009, representing an increase of approximately 11.58%. Moreover, the producer price index for consumer goods, which includes footwear products, has been decreasing by approximately 1.2% in 2009 as compared to that of 2008. In light of the rising labour cost and decreasing production revenue in the PRC, we are of the view that the operating environment of the Group's footwear manufacturing business would be challenging and the prospects of the Group remain uncertain.

3. Principal terms of the Offer

The Offer Price is HK$1.70 per Share, which is equivalent to the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

The Offer Price of HK$1.70 per Share represents:

(i) a discount of approximately 36.09% to the closing price of HK$2.66 per Share as quoted on the Stock Exchange on the Last Trading Date, being 4 January 2011;

(ii) a discount of approximately 37.96% to the average of the closing prices of HK$2.74 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date;

(iii) a discount of approximately 41.18% to the average of the closing prices of HK$2.89 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Date;

(iv) a discount of approximately 22.37% to the average of the closing prices of HK$2.19 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Date;

(v) a premium of approximately 106.56% over the audited consolidated net asset value of the Company of approximately US$0.105 (approximately HK$0.823) per Share as at 31 March 2010, being the date to which the latest audited consolidated financial results of the Group were made up; and

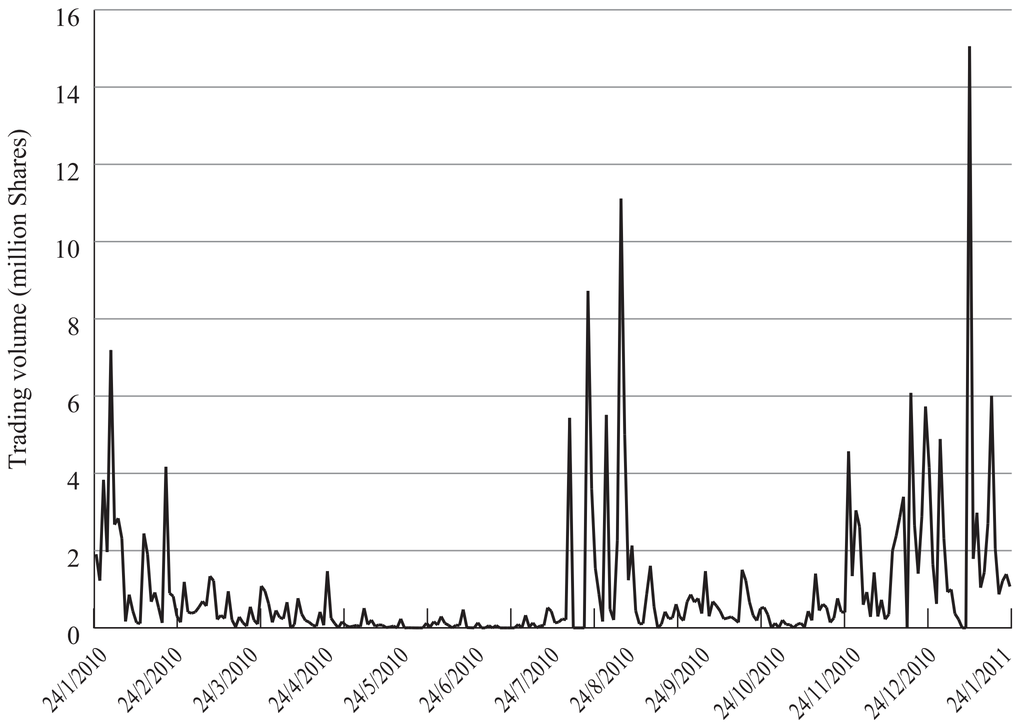
(vi) a premium of approximately 0.59% over the closing price of HK$1.69 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Share price performance

Chart 1 below shows the daily closing price of the Shares versus the Offer Price for the period commencing from 22 January 2010, being the 12-month period prior to the Latest Practicable Date, up to and including the Latest Practicable Date (the "Review Period"):

Chart 1: Share price performance

Chart 2: Liquidity of the Shares



Source: The website of the Stock Exchange (www.hkex.com.hk)

Note: Trading in the Shares was suspended from 5 August 2010 to 10 August 2010, from 13 December 2010 (afternoon session) to 14 December 2010, and from 5 January 2011 to 6 January 2011.

As shown in the charts above, during the Review Period, the highest closing price and the lowest closing price of the Shares were HK$3.30 (on 22 December 2010) and HK$0.75 (on 20 May 2010, 22 July 2010, 23 July 2010 and 26 July 2010), respectively. The Shares were traded in most of the time during the period from 22 January 2010 to 9 December 2010, below the Offer Price.

During the period from 22 January 2010 to 9 December 2010, the price of the Share fluctuated in a range from HK$0.75 to HK$1.72. During the period from 10 December 2010 to 22 December 2010, the price of the Share surged from HK$1.84 to HK$3.30. On 13 December 2010, trading of the Shares was suspended during the afternoon session of the trading hours and subsequently on 14 December 2010, the Company issued an announcement regarding the increase in the price of the Shares on 13 December 2010 and advised that the Company had been informed by the controlling Shareholder that he had received indications from various independent third parties regarding their interests in purchasing all or part of his shareholding in the Company. From 5 January 2011 to 6 January 2011, the trading of the Shares, at the request of the Company, was suspended pending the release of the Joint

Announcement. From 7 January 2011, being the first trading day of the Shares after the publication of the Joint Announcement, to the Latest Practicable Date, the price of the Share was between HK$2.05 and HK$1.69 and closed at HK$1.69 as at the Latest Practicable Date. Save for the aforesaid announcement of the Company dated 14 December 2010 and the Joint Announcement, the Company did not issue any other announcement which is price-sensitive in nature from 9 December 2010 to the Latest Practicable Date. As discussed in the paragraph below, given that the trading volume of the Shares has been extremely low, the market price of the Shares may not be an appropriate indicator of the valuation of the Shares, in particular the realizable value one could get by disposing of the Shares in the open market. In the absence of a meaningful market of reasonable depth for the Shares, we consider that the Offer Price, which was agreed between the Offeror and the Vendors after arm's length negotiations and being the actual transacted price for a sizable amount of the Shares, would be a more accurate indicator of the underlying value that a willing buyer, if any, is prepared to pay for the Shares in the open market, without taking into consideration any control premium that might have been accounted for in the Offer Price.

Historical trading volume of the Shares

Table 2: Historical trading volume of the Shares

Month	Total trading volume *(No. of Shares)*	No. of trading days	Average daily trading volume *(No. of Shares)*	No. of outstanding Shares *(No. of Shares)*	Percentage of total trading volume to no. of outstanding Shares *(Approximate %)*	Percentage of average daily trading volume to no. of outstanding Shares *(Approximate %)*
Jan-10 (from 22 January 2010 to 29 January 2010)	17,889,800	6	2,981,633	340,616,934	5.25	0.88
Feb-10	22,330,000	18	1,240,556	340,616,934	6.56	0.36
Mar-10	11,238,000	23	488,609	340,616,934	3.30	0.14
Apr-10	7,211,500	19	379,553	340,616,934	2.12	0.11
May-10	1,810,000	20	90,500	340,616,934	0.53	0.03
Jun-10	1,632,006	21	77,715	340,616,934	0.48	0.02
Jul-10	2,042,400	21	97,257	340,616,934	0.60	0.03
Aug-10	49,284,278	18	2,738,015	340,616,934	14.47	0.80
Sept-10	11,603,068	21	552,527	340,616,934	3.41	0.16
Oct-10	7,345.020	20	367,251	340,616,934	2.16	0.11
Nov-10	19,206,323	22	873,015	340,616,934	5.64	0.26
Dec-10	47,969,952	21	2,284,283	340,616,934	14.08	0.67
Jan-11 (Up to the Latest Practicable Date)	38,202,800	14	2,728,771	340,616,934	11.22	0.80

Source: The website of the Stock Exchange (www.hkex.com.hk)

As illustrated in the table above, we note that the average daily trading volume of Shares accounted for only a small portion of the outstanding Shares subsisted in the market during the Review Period, which ranged from 77,715 Share to approximately 2,981,633 Shares, representing approximately 0.02% to approximately 0.88% of the Shares in issue. Based on the above, the trading volume of the Shares during the Review Period was very thin, which the average daily trading volume accounted for less than 1% of the total number of the Shares in issue in all months during the Review Period. Given the consistently low liquidity, it may be difficult for the Shareholders to dispose of a large number of Shares in the open market without exerting a downward pressure on the price of the Shares. As such, we are of the view that the Offer provides an alternative exit to the Independent Shareholders to realize their investment in the Shares.

Comparison of the Offer Price

In assessing the fairness and reasonableness of the Offer Price, we have performed a price-to-earning multiple ("P/E Ratio") analysis, which is one of the commonly adopted trading multiple analyses and have researched for companies listed on the Stock Exchange which are engaged in similar business to the Group (the manufacture and sale of sports footwear products). In addition to P/E Ratio, we also assess the Offer Price by reference to the net asset value which is also one of the commonly adopted trading multiple analyses. While we realize that the size of the net asset value may not have direct linkage to the profitability and/or earnings potential, we consider that the price-to-book multiple ("P/B Ratio") analysis adds to the depth of the scope of our analysis. We have discussed with the management of the Company regarding the business of the Group in details and note that the Group is mainly engaged in the manufacture and sale of sports footwear products. To the best of our knowledge, effort and endeavor and based on the information available from the website of the Stock Exchange, we have identified six companies of which (i) are listed on the main board of the Stock Exchange; (ii) are principally engaged in the manufacture and sale of footwear products; and (iii) derived a majority (over 50%) of their revenues from the manufacture and sale of footwear products for their respective latest financial year as stated in their latest annual reports. We note that the market capitalizations of the selected companies cover a wide range and are higher than that of the Group. Under the current selection criteria, only six companies have been selected for our analysis. If those companies with substantially higher market capitalisation are to be excluded from our analysis, a much smaller sample size would be generated which would not produce a meaningful comparison.

Based on the aforesaid selection criteria, we consider the selected companies are relevant and could provide a general reference when assessing the fairness of the Offer Price. The list of the selected companies and their respective P/E Ratios and P/B Ratios, which is exhaustive, are set out below:

Table 3: Comparison with selected companies

Company name	Stock code	Principal business	Market capitalisation *(Note 1)* (1) *(HK$' million)*	Net profit after tax *(Note 2)* (2) *(HK$' million)*	Net asset value *(Note 2)* (3) *(HK$' million)*	P/E Ratio (4)=(1)/(2) *(times)*	P/B Ratio (5)=(1)/(3) *(times)*
Stella International Holdings Limited	1836	Development, manufacturing and sale of footwear products	13,456.79	793.17 *(Note 3)*	5,909.33 *(Note 3)*	16.97	2.28
Kingmaker Footwear Holdings Limited	1170	Manufacturing and sale of footwear products, and retailing and wholesaling	1,075.13	105.02	897.50	10.24	1.20
Symphony Holdings Limited	1223	Manufacturing and trading of footwear, trading, retailing and distribution of licensed products, property investment and investments holding	715.06	18.79	1,295.55	38.06	0.55
Yue Yuen Industrial (Holdings) Limited	551	Manufacturing, marketing and retailing of athletic footwear, athletic style leisure footwear, casual and outdoor footwear	44,273.73	3,589.44 *(Note 3)*	27,375.79 *(Note 3)*	12.33	1.62
Pegasus International Holdings Limited	676	Manufacture and sale of footwear products	891.45	8.56 *(Note 3)*	914.19 *(Note 3)*	104.11	0.98
Meike International Holdings Limited	953	Manufacturing and trading of sports footwear, apparel, accessories and shoe soles	1,995.65	112.18 *(Note 4)*	739.58 *(Note 4)*	17.79	2.70
			Median			**17.38**	1.41
			Mean			**33.25**	1.56
			Maximum			**104.11**	2.70
			Minimum			**10.24**	0.55
The Company *(Note 5)*			575.64	17.83	291.51	32.28	1.97
The Offer *(Note 6)*			579.05	17.83	291.51	32.47	1.99

Source: The website of the Stock Exchange (www.hkex.com.hk)

Notes:

(1) Based on the closing price on the Latest Practicable Date.

(2) Based on the latest financial data as published in the respective annual/interim reports available as at the Latest Practicable Date.

(3) Converted from US$ using the exchange rate of US$1.00 to HK$7.77, being the exchange rate on 5 January 2011 (source: www.oanda.com).

(4) Converted from RMB using the exchange rate of RMB0.85 to HK$1.00, being the exchange rate on 5 January 2011 (source: www.oanda.com).

(5) Based on the closing price of the Shares on the Latest Practicable Date.

(6) Calculated using the Offer Price of HK$1.70 per Share.

As illustrated in the table above, based on the relevant latest published annual report of the selected companies as at the Latest Practicable Date, the selected companies are trading at P/E Ratios ranging from approximately 10.24 times to approximately 104.11 times, with a mean and median of approximately 33.25 times and approximately 17.38 times respectively. The P/E Ratio of approximately 32.47 times of the Company represented by the Offer Price over the Company's profit after tax per Share as at 31 March 2010 falls within the range of the P/E Ratios of the selected companies and is above the median of the P/E Ratios of the selected companies. Shareholders are reminded that the profit attributable to the Shareholder of approximately US$2.30 million for the year ended 31 March 2010 was mainly attributable to the one-off gain on disposal of subsidiaries of approximately US$2.89 million. If such one-off gain is to be excluded, the Group should have recorded a loss of approximately US$0.59 million, and therefore, the above P/E Ratio analysis would not be applicable.

As illustrated in the table above, based on the relevant latest published annual/interim report of the selected companies as at the Latest Practicable Date, the selected companies are trading at P/B Ratios ranging from approximately 0.55 times to approximately 2.70 times, with a mean and median of approximately 1.56 times and approximately 1.41 times respectively. The P/B Ratio of approximately 1.99 times of the Company represented by the Offer Price over the Company's net asset value per Share as at 31 March 2010 falls within the range of the P/B Ratios of the selected companies and is above the mean and the median of the P/B Ratios of the selected companies.

Based on the above P/E Ratio analysis and P/B Ratio analysis, we are of the view that the Offer Price is fair and reasonable.

4. Information of the Offeror and its intention regarding the Group

As stated in the letter from Bridge Partners, the Offeror is an investment holding company incorporated in the BVI with limited liability. The principal business of the Offeror is investment holding and the principal assets held by it are the Sale Shares acquired from the Vendors. The sole legal and beneficial owner and the sole director of the Offeror is Mr. Chua. Mr. Chua, aged 57, is a businessman in Singapore who owns businesses that engage in trading various kinds of commodities, including but not limited to pulp and paper, waste-paper, chemicals and spare-parts. Mr. Chua is a fellow member of the Chartered Management Institute and holds a master's degree in business administration from the University of Leicester, the United Kingdom.

The Offeror intends that the Group will continue its existing principal business of the manufacturing of footwear products after completion of the Offer. The Offeror also intends to conduct a detailed review of the strategic directions and operations of the Group to chart its long term corporate strategy and growth and to explore other business or investment opportunities which might enhance the Group's future development. The Offeror had no intention to inject any material asset or business into the Group and had no intention to redeploy the employees or the fixed assets of the Group other than in its ordinary course of business as at the Latest Practicable Date.

As at the Latest Practicable Date, the Board comprised two executive Directors (Mr. Lee and Ms. Yu) and three independent non-executive Directors. It is intended that, at the Company level, the existing Directors will resign with effect from the earliest time permitted by the Takeovers Code (being the Closing Date) and be replaced by other suitably qualified Directors. At this stage, the Company will appoint Mr. Chua as an executive Director with effect from the Business Day immediately after the despatch of the Composite Document. Any appointment of new Directors by the Offeror will be in full compliance with the requirements under the Takeovers Code and the Listing Rules. To ensure that there will be continuity in the Group's business, Mr. Lee shall remain as managing director of the Group's operating subsidiaries and Ms. Yu shall remain as executive director of the Group's operating subsidiaries.

As mentioned above, the Offeror intends to continue the existing principal business of the Group and will explore other business or investment opportunities. Upon review of the description of background and the experience of Mr. Chua as stated above, we note that Mr. Chua does not have relevant experience in the existing principal business of the Group. As a controlling Shareholder and a proposed

Director, Mr. Chua is considered instrumental in the management of the Group. It is uncertain that any of the business or investment opportunities would be identified, or if, materialized, such projects would bring positive impacts to the Group. In view of the above, we consider it is uncertain that the proposed changes of the Board would have a positive impact on the existing business of the Group and its performance.

RECOMMENDATIONS

Having considered the abovementioned principal factors and reasons, and after taking into account that:

— in light of the rising labour cost and decreasing production revenue in the PRC, the operating environment of the Group's footwear manufacturing business would be challenging;

— given it is uncertain that any business or investment opportunities would be identified, or if, materialized, such projects would bring positive impacts to the Group, the prospects of the Group remain uncertain;

— the trading volume of the Shares during the Review Period was generally thin and the Offer provides an alternative exit to the Independent Shareholders to realize their investment in the Shares;

— the Offer Price represents a premium of approximately 106.56% over the audited consolidated net asset value of the Company of approximately US$0.105 (approximately HK$0.823) per Share as at 31 March 2010;

— Shareholders may find it difficult to dispose of a large number of Shares in the open market without exerting a downward pressure on the price of the Shares, and the General Offer therefore provides a guaranteed opportunity to the Shareholders to realize their investment in the Company; and

— the P/E Ratio of the Company represented by the Offer Price falls within the range and is above the median of the P/E Ratios of the selected companies and the P/B Ratio of the Company represented by the Offer Price is above the mean and the median of the P/B Ratios of the selected companies in Table 3 above,

We consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer.

Those Independent Shareholders who have a positive view on the Group's future prospects may retain part or all of their shareholdings in the Company and should note that (i) the trading volume of the Shares during the Review Period was generally thin; and (ii) the Offer Price does not represent any discounts to the Group's audited consolidated net asset value of the Company as at 31 March 2010. Accordingly, the Independent Shareholders may consider the Offer as an alternative exit for their investments.

The Independent Shareholders are reminded that they should carefully and closely monitor the market price of the Shares during the Offer Period and consider selling their Shares in the open market during the Offer Period, rather than accepting the Offer even though the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, if the net proceeds from the sales of such Shares in the open market would exceed the net amount receivable under the Offer.

Yours faithfully,
For and on behalf of
Goldin Financial Limited

Billy Tang	**Hidulf Kwan**
Director	*Director*

1. PROCEDURES FOR ACCEPTANCE

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.

(a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form(s) of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), for not less than such number of Shares in respect of which you intend to accept the Offer, by post or by hand to the Registrar marked "**KTP Holdings Limited – Cash Offer**" on the envelope as soon as practicable and in any event, so as to reach the Registrar **by no later than 4:00 p.m. on the Closing Date** or such later time and/or date as the Offeror may determine and announce in compliance with the Takeovers Code.

(b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer whether in full or in part of your Shares, you must either:

(i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, and with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the completed Form(s) of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and send the completed Form(s) of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:00 p.m. on the Closing Date; or

(iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorize HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorize your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.

(c) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost (as the case may be) and you wish to accept the Offer, the Form(s) of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

(d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete the accompanying Form(s) of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to Bridge Partners and/or the Offeror or their respective agent(s) to collect from the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar, and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form(s) of Acceptance.

(e) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form(s) of Acceptance is received by the Registrar **by no later than 4:00 p.m. on the Closing Date** (i.e. Wednesday, 16th February 2011) or such later time and/or date as the Offeror may determine in accordance with the requirements of the Takeovers Code and announce, and is:

(i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those share certificate(s) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or

(iii) certified by the Registrar or the Stock Exchange.

If the Form(s) of Acceptance is executed by a person other than the registered Independent Shareholders, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

(f) No acknowledgement of receipt of any Form(s) of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

(g) The address of the Registrar is 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

2. ACCEPTANCE PERIOD AND REVISION

Unless the Offer has previously been revised or extended with the consent of the Executive, all Forms of Acceptance must be received by the Registrar by 4:00 p.m. on the Closing Date (i.e. Wednesday, 16th February 2011) in accordance with the instructions printed thereon.

If the Offer is extended or revised, the announcement of such extension or revision will state the next closing date and the Offer will remain open for acceptance for a period of not less than 14 days from the posting of the written notification and/or announcement of the extension or revision to the Independent Shareholders and, unless previously extended or revised, shall close on the subsequent closing date. If the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.

The Offeror may introduce new conditions to be attached to any revision to the terms of the Offer, or any subsequent revision thereof but only to the extent necessary to implement the revised Offer and subject to the consent of the Executive. If the Closing Date is extended, any reference in the Composite Document and in the Form(s) of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer as so extended.

3. ANNOUNCEMENTS

(a) As required under Rule 19 of the Takeovers Code, by 6:00 p.m. (or such later time and/or date as the Executive may in exceptional circumstance permit) on the Closing Date, the Offeror must inform the Executive and the Stock Exchange of its intention in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating whether the Offer has been revised, extended or has expired.

The announcement must state the following:

(i) the total number of Shares and rights over Shares for which acceptances of the Offer have been received;

(ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror and persons acting in concert with it before the offer period (as defined under the Takeovers Code); and

(iii) the total number of Shares and rights over Shares acquired or agreed to be acquired during the offer period (as defined under the Takeovers Code) by the Offeror and persons acting in concert with it.

The announcement must include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and persons acting in concert with it have borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The announcement must also specify the percentages of the relevant classes of issued share capital of the Company and the percentage of voting rights represented by these numbers of Shares.

(b) In computing the total number of Shares represented by acceptances, for announcement purposes, acceptances which are not in all respects in complete and good order or that are subject to verification may only be included where they could be counted towards fulfilling the acceptance conditions under paragraph 1(e) of this Appendix.

(c) As required under the Takeovers Code and the Listing Rules, subject to the confirmation, if required, from the Executive and (if applicable) the Stock Exchange that they have no further comments thereon, any announcement in relation to the Offer will be published on the website of the Stock Exchange (http://www.hkex.com.hk) and the website of the Company (http://www.ktpgroup.com).

4. RIGHT OF WITHDRAWAL

(a) Acceptance of the Offer tendered by the Independent Shareholders or by their respective agent(s) on their respective behalf shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (b) below.

(b) If the Offeror is unable to comply with the requirements of Rule 19 of the Takeovers Code, the Executive may require that the Independent Shareholders who have tendered acceptances of the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until such requirements are met.

(c) If the Offer is withdrawn with the consent of the Executive in accordance with the Takeovers Code, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of the Shares (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant Independent Shareholders who have tendered acceptances to the Offer.

5. SETTLEMENT

(a) Provided that the Form(s) of Acceptance and/or the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the Registrar by no later than 4:00 p.m. on the Closing Date for the acceptance of the Offer, a cheque for the amount representing the cash consideration due to each accepting Independent Shareholder in respect of the Shares tendered by him/her/its or his/her/its agent(s) under the Offer, less seller's *ad valorem* stamp duty payable by him/her in the case for tendered Shares, will be despatched to each accepting Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within 10 days from the date of receipt of duly completed acceptances by the Registrar and in accordance with the Takeovers Code.

(b) Settlement of the consideration to which any of the Independent Shareholders is entitled under the Offer will be implemented in full in accordance with the terms of the Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholders.

(c) No fraction of a cent will be payable and the amount of the consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

6. OVERSEAS SHAREHOLDERS

The making of the Offer or the acceptance thereof by persons not being a resident of Hong Kong or with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the applicable laws and regulations and requirements of the relevant jurisdictions. Independent Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should obtain appropriate legal advice, or acquaint themselves about and observe any applicable legal and regulatory requirements in their own jurisdictions.

It is the responsibility of any such persons who wish to accept the Offer to satisfy themselves as to the full observance of all applicable laws and regulations requirements of the relevant jurisdiction in connection therewith, including but not limited to the obtaining of any governmental, exchange control or other consent and any registration or filing which may be required in compliance with all necessary formalities, regulatory and/or legal requirements. Overseas Shareholders will also be fully responsible for the payment of any transfer or other taxes and duties payable in respect of the relevant jurisdictions. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Offeror and/or Bridge Partners that the local laws and requirements have been fully complied with and such acceptance shall be valid and binding in accordance with the applicable laws. Independent Shareholders should consult their respective professional adviser if in doubt.

7. GENERAL

(a) All communications, notices, Form(s) of Acceptance, share certificate(s), transfer receipts, other documents of title in respect of the Shares (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents through ordinary post at their own risk, and none of the Company, the Offeror, Bridge Partners, Goldin Financial, the Registrar nor any of their respective directors or agents or other parties involved in the Offer accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.

(b) The provisions set out in the Form of Acceptance form part of the terms of the Offer.

(c) The accidental omission to despatch this Composite Document and/or the Form(s) of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.

(d) The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

(e) Due execution of a Form of Acceptance will constitute an authority to the Company, the Offeror, the Offeror Director, Bridge Partners or such person or persons as the Offeror may direct, to complete and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares in respect of which such person or persons has/have accepted the Offer.

(f) References to the Offer in this Composite Document and in the Form(s) of Acceptance shall include any revision and/or extension thereof.

(g) The English text of this Composite Document and of the Form(s) of Acceptance shall prevail over their respective Chinese text in case of inconsistencies.

1. FINANCIAL SUMMARY

The following is a summary of the consolidated financial results of the Group as extracted from the respective annual and interim reports of the Company:

	Six months ended 30 September	**Year ended 31 March**		
	2010	**2010**	**2009**	**2008**
	US$'000	*US$'000*	*US$'000*	*US$'000*
	(Unaudited)	*(Audited)*	*(Audited)*	*(Audited)*
Turnover	13,509	18,082	64,275	94,612
Cost of sales	(12,563)	(17,248)	(58,782)	(90,039)
Gross profit	946	834	5,493	4,573
Other income	1,321	810	3,510	2,562
Distribution costs	(124)	(242)	(705)	(1,009)
Administrative expenses	(949)	(2,480)	(3,860)	(5,183)
Other gains (losses), net	412	480	5,240	(913)
Restructuring provision and assets impairment	—	—	(6,407)	(4,098)
Gain on disposal of subsidiaries	—	2,893	—	—
Finance costs	—	—	—	(2)
Profit (loss) before tax	1,606	2,295	3,271	(4,070)
Income tax expense	—	—	(3,009)	—
Profit (loss) for the year attributable to owners of the Company	1,606	2,295	262	(4,070)
	US cents	*US cents*	*US cents*	*US cents*
Earnings (loss) per share – basic and diluted	0.47	0.7	0.1	(1.2)

Notes:

1. The Group did not have any profit or loss to minority interest for the three financial years ended 31st March 2010 and the six months ended 30th September 2010.

2. The Group has not declared any dividends for the three financial years ended 31st March 2010 and the six months ended 30th September 2010 save for the special dividend of HK$0.3 per ordinary share for the financial year ended 31st March 2010, which amounted to approximately US$13.1 million.

3. The auditor of the Company did not issue any qualified audit opinion on the financial statements of the Group for the three financial years ended 31st March 2010.

4. Save for the "Restructuring provision and assets impairment" and the "Gain on disposal of subsidiaries" above, the Company had no exceptional or extraordinary items for each of the three years ended 31st March 2010 and the six months ended 30th September 2010.

2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The following is the full text of the audited consolidated financial statements of the Group for the year ended 31st March 2010 as extracted from the annual report of the Company for the year ended 31st March 2010.

Consolidated Statement of Comprehensive Income

For the year ended 31st March 2010

	Notes	**2010** *US$'000*	**2009** *US$'000*
Turnover	*8*	18,082	64,275
Cost of sales		(17,248)	(58,782)
Gross profit		834	5,493
Other income	*9*	810	3,510
Distribution costs		(242)	(705)
Administrative expenses		(2,480)	(3,860)
Other gains, net	*10*	480	5,240
Restructuring provision and assets impairment	*11*	—	(6,407)
Gain on disposal of subsidiaries	*30*	2,893	—
Profit before tax	*12*	2,295	3,271
Income tax expense	*14*	—	(3,009)
Profit for the year attributable to owners of the Company		2,295	262
Other comprehensive income (expense)			
Exchange differences arising on translation of foreign operation		—	(7)
Reclassification adjustment for the cumulative gain included in profit or loss upon disposal of foreign operation		(4)	—

	Notes	2010 US$'000	2009 US$'000
Gain on fair value changes of available-for-sale financial assets		8	—
Reclassification adjustment for the cumulative gain included in profit or loss upon disposal of available-for-sale financial assets		—	(108)
Other comprehensive income (expense) for the year		4	(115)
Total comprehensive income for the year attributable to owners of the Company		2,299	147
		US cents	*US cents*
Earnings per share — basic and diluted	*16*	0.7	0.1

Consolidated Statement of Financial Position

As at 31st March 2010

	Notes	2010 US$'000	2009 US$'000
Non-current assets			
Property, plant and equipment	17	766	816
Investment properties	18	—	2,692
Prepaid lease payments on land use rights	19	85	1,117
Held-to-maturity investments	20	—	444
		851	5,069
Current assets			
Inventories	21	4,106	3,107
Trade receivables	22	1,935	3,240
Deposits, prepayments and other receivables		236	357
Deposits paid for acquisition of land use rights	23	—	252
Prepaid lease payments on land use rights	19	85	34
Available-for-sale financial assets	24	452	—
Held for trading investments	25	5,273	—
Tax reserve certificates		—	2,000
Cash held at a non-bank financial institution	26	554	—
Bank balances and cash	26	24,594	39,074
		37,235	48,064
Current liabilities			
Trade payables	27	852	900
Accruals and other payables		1,314	2,502
Income tax liabilities		—	3,009
		2,166	6,411
Net current assets		35,069	41,653
Total assets less current liabilities		35,920	46,722
Capital and reserves			
Share capital	28	440	440
Reserves		35,480	46,282
Total equity		35,920	46,722

Consolidated Statement of Changes in Equity

For the year ended 31st March 2010

	Share capital	Contributed surplus	Investments revaluation reserve	Translation reserve	Retained earnings	Total equity
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1st April 2008	440	1,466	108	11	44,550	46,575
Total comprehensive income (expense) for the year	—	—	(108)	(7)	262	147
At 31st March 2009 and 1st April 2009	440	1,466	—	4	44,812	46,722
Total comprehensive income (expense) for the year	—	—	8	(4)	2,295	2,299
Special dividend paid and recognised as distribution *(Note 15)*	—	—	—	—	(13,101)	(13,101)
Release of contributed surplus upon disposal of subsidiaries	—	13,622	—	—	(13,622)	—
At 31st March 2010	440	15,088	8	—	20,384	35,920

Consolidated Statement of Cash Flows

For the year ended 31st March 2010

	2010	2009
	US$'000	*US$'000*
OPERATING ACTIVITIES		
Profit before tax	2,295	3,271
Adjustments for:		
Allowance for inventories	—	190
Amortisation of prepaid lease payments on land use rights	58	34
Depreciation of property, plant and equipment	229	1,341
Dividend income from available-for-sale financial assets	—	(67)
Gain on disposal of available-for-sale financial assets	—	(70)
Gain on disposal of held for trading investments	(125)	—
(Gain) loss on disposal of property, plant and equipment	(34)	127
Gain on disposal of subsidiaries *(Note 30)*	(2,893)	—
Gain on fair value changes of held for trading investments	(355)	—
Impairment loss recognised in respect of property, plant and equipment	—	5,549
Interest income	(208)	(616)
Loss on fair value changes of investment properties	—	544
Provision for employees termination benefits	—	188
Written off of inventories	—	670
Operating cash flows before movements in working capital	(1,033)	11,161
(Increase) decrease in inventories	(999)	10,434
Decrease in trade receivables	1,305	8,142
(Increase) decrease in deposits, prepayments and other receivables	(496)	306
Increase (decrease) in trade payables	145	(6,586)
Increase (decrease) in accruals and other payables	185	(5,505)
Cash (used in) generated from operations	(893)	17,952
Purchase of tax reserve certificates	(479)	(392)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(1,372)	17,560

	2010	2009
	US$'000	*US$'000*
INVESTING ACTIVITIES		
Purchase of held for trading investments	(8,977)	—
Increase in cash held at a non-bank financial institution	(554)	—
Purchase of property, plant and equipment	(209)	(172)
Net cash inflow on disposal of subsidiaries *(Note 30)*	5,307	—
Proceeds on disposal of held for trading investments	4,184	—
Interest received	208	616
Proceeds on disposal of property, plant and equipment	34	61
Proceeds on disposal of available-for-sale financial assets	—	209
Dividend received from available-for-sale financial assets	—	67
Deposits paid for acquisition of land use rights	—	(143)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(7)	638
CASH USED IN FINANCING ACTIVITY		
Special dividend paid	(13,101)	—
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(14,480)	18,198
CASH AND CASH EQUIVALENTS AT 1ST APRIL	39,074	20,883
Effect of foreign exchange rate changes	—	(7)
CASH AND CASH EQUIVALENTS AT 31ST MARCH, represented by bank balances and cash	24,594	39,074

Notes to the Consolidated Financial Statements

For the year ended 31st March 2010

1. GENERAL INFORMATION

KTP Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report. The parent and ultimate holding company is Wonder Star Securities Limited, a company incorporated in the British Virgin Islands ("BVI").

The consolidated financial statements are presented in United States dollar ("US$"), which is the same as the functional currency of the Company.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 36.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

In the current year, the Group has applied the following new and revised standards, amendments to standards and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1st July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of Hong Kong Accounting Standard ("HKAS") 39
HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) — Interpretation ("Int") 9 and HKAS 39 (Amendments)	Embedded Derivatives
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

Except as described below, the adoption of the new and revised HKFRSs had no material effects on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

Improving Disclosure about Financial Instruments
(Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[3]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issue[5]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[6]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[7]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[6]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[8]
HK(IFRIC) — Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments[7]

1 Effective for annual periods beginning on or after 1st July 2009.
2 Amendments that are effective for annual periods beginning on or after 1st July 2009 and 1st January 2010, as appropriate.
3 Amendments that are effective for annual periods beginning on or after 1st July 2010 and 1st January 2011, as appropriate.
4 Effective for annual periods beginning on or after 1st January 2011.
5 Effective for annual periods beginning on or after 1st February 2010.
6 Effective for annual periods beginning on or after 1st January 2010.
7 Effective for annual periods beginning on or after 1st July 2010.
8 Effective for annual periods beginning on or after 1st January 2013.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1st January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

In addition, as part of Improvements to HKFRSs 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. The amendments will be effective from 1st January 2010, with earlier application permitted. Before the amendments to HKAS 17, leasees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principal set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. CHANGE OF ACCOUNTING ESTIMATES

Change of depreciation and amortisation rates in the year

In previous years, the Group's leasehold buildings and prepaid lease payments on land use rights were depreciated at 5% per annum and amortised at 2% per annum respectively. With effect from 1st October 2009, certain leasehold buildings and prepaid lease payments on land use rights of the Group are to be depreciated and amortised at 40% per annum.

The estimated useful lives of the leasehold buildings and prepaid lease payments on land use rights held by Brave Win Industries Limited ("Brave Win"), a wholly-owned subsidiary of the Company, have been re-determined according to the earliest date when Brave Win might lose the rights to use the assets in 2012 as detailed in note 30(a). The changes in depreciation and amortisation rates have increased the depreciation charge and amortisation charge for the year by approximately US$15,000 and US$38,000 respectively.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

4.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

4.2 Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

4.3 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at their fair value using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

4.4 Prepaid lease payments on land use rights

Prepaid lease payments on land use rights represent lease payments paid for the right to use the land on which various plants and buildings are situated. Prepaid lease payments are stated at cost less subsequent amortisation and accumulated impairment losses and are provided to write off the cost over the term of the relevant leases, using the straight-line basis.

4.5 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

4.6 Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

(a) Financial assets

The Group's financial assets are classified into one of the four categories, including financial assets at FVTPL, loans and receivables, held-to-maturity investments and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at fair values through profit or loss

Financial assets at FVTPL include financial assets held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-making; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned in the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, deposits and other receivables, deposits paid for acquisition of land use rights, cash held at a non-bank financial institution and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment loss (see accounting policy in respect of impairment losses on financial assets below).

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment loss (see accounting policy in respect of impairment losses on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of each reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investments revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see accounting policy in respect of impairment losses on financial assets below).

Impairment losses on financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or

- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter into bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade and other receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 to 90 days for trade receivables, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investments revaluation reserve.

(b) Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including trade payables, accruals and other payables are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair values at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

(c) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4.7 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settled the present obligation, its carrying amount is the present value of those cash flows (where the effect is material).

4.8 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of returns, discounts and sales related taxes.

(a) Revenue from sales of sports footwear

Revenue from sales of sports footwear is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

(b) Interest income

Interest income from a financial asset excluding financial assets at FVTPL and derivative financial assets is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(c) Operating lease rental income

Operating lease rental income is recognised on a straight-line basis over the period of the relevant lease terms.

(d) Dividend income

Dividend income from investments including financial assets at FVTPL is recognised when the shareholders' rights to receive payment have been established.

4.9 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. US$) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve).

4.10 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

4.11 Employee benefits

(a) Retirement benefits

Arrangements for staff retirement benefits are made in accordance with local regulations and customs.

The Group's employees in the People's Republic of China (the "PRC") are covered by various government sponsored pension plans. These government agencies are responsible for the pension liabilities to these employees.

The relevant group companies pay monthly contributions to these pension plans based on certain percentages of the salaries, subject to a certain ceiling. Under these plans, the Group has no legal or constructive obligation to make further payments once the required contributions have been paid. Payments are charged as an expense when employees have rendered services entitling them to the contributions.

The Group's Hong Kong employees are entitled to participate in the Mandatory Provident Fund Scheme ("MPF Scheme"), the Group's contributions are at 5% of the employees' relevant income as defined in the Hong Kong Mandatory Provident

Fund Schemes Ordinance up to a maximum of HK$1,000 per employee per month, and are expensed when employees have rendered services entitling them to the contributions.

(b) ***Employee leave entitlements***

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(c) ***Bonus plans***

Provisions for bonus plans due wholly within 12 months after the end of the reporting period are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

4.12 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(a) ***The Group as lessor***

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

(b) ***The Group as lessee***

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

(c) ***Leasehold land and buildings***

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operation leases and amortised over the lease term on a straight-line basis.

4.13 Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised as income immediately.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

5.1 Critical judgements in applying the entity's accounting policies

The followings are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) Leasehold buildings

Despite full purchase consideration has been paid, the Group has not yet obtained the building reality certificates of certain of the Group's buildings from relevant government authorities as detailed in note 17. In the opinion of the directors, the risks and rewards of using these assets have been transferred to the Group and the absence of building reality certificates to these buildings does not impair the value of the relevant buildings to the Group.

(b) Prepaid lease payments on land use rights

Despite full purchase consideration has been paid, the Group has not yet obtained the formal titles of certain of the Group's land use rights from relevant government authorities as detailed in note 19. In the opinion of the directors, the risks and rewards of using these assets have been transferred to the Group and the absence of formal titles to these land use rights does not impair the value of the relevant land use rights to the Group.

(c) Current and deferred tax

The Group is subject to income taxes in different jurisdictions. Significant judgement is required in determining the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The income tax liabilities recognised are based on management's assessment of the likely outcome.

For the year ended 31st March 2010, no deferred tax asset has been recognised in respect of tax losses of approximately US$204,000 (2009: US$3,692,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future.

(d) Reclassification of held-to-maturity investments

The directors of the Company have reviewed the Group's debt securities classified as held-to-maturity investments in the light of its capital maintenance and liquidity requirements and have concluded that the Group intends to dispose of those debt securities in the forseeable future. The carrying amount of the held-to-maturity investments amounted to approximately US$444,000 has been reclassified into available-for-sale financial assets with fair value of approximately US$452,000 at the date of reclassification.

5.2 Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Useful lives and residual value of property, plant and equipment

The Group's net carrying value of property, plant and equipment as at 31st March 2010 was approximately US$766,000 (2009: US$816,000). The Group's management determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment with reference to estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the depreciation charge where useful lives and residual values are different to previous estimated, or it will write-off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Periodic review could result in a change in depreciable lives and residual values and therefore expense in the future periods.

(b) Estimated impairment loss in respect of property, plant and equipment

The Group assesses annually whether the carrying amounts of property, plant and equipment have any indication of impairment, in accordance with relevant accounting policies. The recoverable amounts of property, plant and equipment have been determined based on value in use calculations. These calculations and valuations require the use of judgement and estimates on future operating cash flows and discount rates adopted.

During the year ended 31st March 2009, impairment loss in respect of property, plant and equipment amounted to approximately US$5,549,000 (2010: Nil) had been recognised which was based on management's evaluation on the Group's estimated future production capacity requirement in relation to the extensive restructuring of its production capacity following the cessation of manufacturing Original Equipment Manufacturer ("OEM") footwear products for the Group's largest customer as disclosed in note 11.

(c) ***Estimated fair values of investment properties***

The Group's fair value of investment properties as at 31st March 2009 was approximately US$2,692,000 (2010: Nil). The fair value of investment properties had been determined with reference to independent valuations. The best evidence of fair value is current price in an active market for similar lease and other contracts. The Group employed an independent firm of professional surveyor to determine the open market value for the investment properties of the Group. These valuations required the use of judgement and estimates.

(d) ***Estimated allowance for inventories and written off of inventories***

Management of the Group reviews an ageing analysis and carries out an inventory review on a product by product basis at the end of each reporting period and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in production or sales. Management estimates the net realisable value for finished goods based primarily on the latest invoice prices and current market conditions. As at 31st March 2010, the carrying amounts of inventories are approximately US$4,106,000 (2009: US$3,107,000).

The Group writes off inventories based on an assessment of the realisability of inventories. Written off of inventories is recorded where events or changes in circumstances indicate that the balances may not be realised.

The identification of written off requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and written off of inventories in the period is recognised in which such estimates have been changed. During the year ended 31st March 2009, inventories of approximately US$670,000 had been written off (2010: Nil) in relation to the extensive restructuring of its production capacity following the cessation of manufacturing OEM footwear products for the Group's largest customer as disclosed in note 11.

(e) ***Estimated impairment loss in respect of trade and other receivables***

The Group's management determines the provision for impairment loss in respect of trade and other receivables based on the evaluation of collectability and ageing analysis of receivables and on management's judgement. Impairment loss is recognised where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment loss in respect of trade and other receivables requires the use of judgement and estimates. Where the expectations are different from the original estimates, such differences will impact the carrying value of receivables and the impairment loss in respect of trade and other receivables is recognised in the year in which such estimates have been changed.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising return to shareholders through the optimisation of the equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as raising of new borrowings.

7. FINANCIAL INSTRUMENTS

7.1 Categories of financial instruments

	2010	**2009**
	US$'000	*US$'000*
Financial assets		
Held-to-maturity investments	—	444
Loans and receivables (including cash and cash equivalents)	27,267	42,582
Available-for-sale financial assets	452	—
Financial assets at FVTPL — held for trading investments	5,273	—
	32,992	43,026
Financial liabilities		
Other financial liabilities at amortised cost	2,166	2,324

7.2 Reclassification of financial assets

During the year ended 31st March 2010, the Group has made the reclassification of debt securities classified as held-to-maturity investments amounted to approximately US$444,000 into available-for-sale financial assets with fair value of approximately US$452,000 at the date of reclassification as the directors of the Company consider that the Group intends to dispose of the debt securities in the forseeable future.

7.3 Financial risk management objectives and policies

The Group's major financial instruments include held-to-maturity investments, trade receivables, deposits and other receivables, deposits paid for acquisition of land use rights, available-for-sale financial assets, held for trading investments, cash held at a non-bank financial institution, bank balances and cash, trade payables, accruals and other payables. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Market risk

(i) Foreign currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. A significant portion of the Group's sales and purchases of raw materials are denominated in the functional currency of the Group (i.e. US$) and, only approximately 29% and 21% (2009: 1% and 20%) of the Group's sales and purchases respectively are denominated in currencies other than the functional currency of the Group.

The Group's exposure to foreign currency risk relates principally to its receivables, bank balances and payables denominated in foreign currencies other than US$, mainly Renminbi ("RMB"), Hong Kong dollars ("HK$"), Australian dollars ("AU$") and Euro.

The carrying amounts of the Group's monetary assets and liabilities that are denominated in currencies other than the functional currencies of relevant group entities at the end of the reporting period are as follows:

	Assets		**Liabilities**	
	2010	**2009**	**2010**	**2009**
	US$'000	*US$'000*	*US$'000*	*US$'000*
RMB	107	13,364	1,486	1,756
HK$	5,267	2,449	383	306
AU$	507	—	—	—
Euro	500	—	—	—
	6,381	15,813	1,869	2,062

The Group currently does not have a foreign currency hedging policy. However, management monitors foreign currency risk and will consider hedging significant foreign currency risk exposure should the need arise.

HK$ is pegged to US$ and the foreign exchange exposure between US$ and HK$ is therefore limited.

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2009: 5%) increase and decrease in US$ against the relevant foreign currencies. 5% (2009: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items and adjusts their translation at the year end for a 5% (2009: 5%) change in foreign currency rates. A negative number below indicates an increase in post-tax profit where US$ strengthens 5% (2009: 5%) against the relevant currencies. For a 5% (2009: 5%) weakening of US$ against the relevant currencies, there would be an equal and opposite impact on the profit, and the balances below would be positive.

	Profit or loss	
	2010	**2009**
	US$'000	*US$'000*
RMB impact	69	(580)
AU$ impact	(25)	—
Euro impact	(25)	—

(ii) Price risk

The Group is exposed to equity price risk through its investments in listed equity securities, standard 995 fine gold and investment fund on listed equity securities. These investments are for treasury management purpose. The Group has established guidelines to monitor the price risk and will consider hedging the significant price risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the reporting date. For sensitivity analysis purpose, the sensitivity rate is 8% in the current year.

If the price of the respective equity instruments had been 8% (2009: Nil) higher/lower:

- post-tax profit for the year ended 31st March 2010 would increase/decrease by US$422,000 (2009: Nil) as a result of the changes in fair value of held for trading investments.

- investments revaluation reserve would increase/decrease by US$36,000 (2009: Nil) as a result of the changes in fair value of available-for-sale financial assets.

(iii) Interest rate risk

As at 31st March 2010 and 2009, the Group had no bank and other borrowings and all of the Group's financial liabilities are non-interest bearing and their maturity dates are within one year. The Group's exposure to fair value interest rate risk is minimal.

The Group is exposed to cash flow interest rate risk in relation to the bank balances. The directors consider the Group's exposure of bank balances to interest rate risk is not significant as interest bearing bank balances and short-term deposits are within short maturity period. Therefore, no sensitivity analysis is presented thereon.

Management monitors interest rate risk and will consider hedging the interest rate risk exposure should the need arise.

(b) ***Credit risk***

As at 31st March 2010, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 98% (2009: the PRC and North America account for 36% and 54% respectively) of the total trade receivables as at 31st March 2010.

The Group has concentration of credit risk as 29% (2009: 36%) and 73% (2009: 80%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

(c) ***Liquidity risk***

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

As at 31st March 2010 and 2009, all of the Group's financial liabilities were non-interest bearing and their maturity dates were within one year.

7.4 Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values due to their immediate or short-term maturities.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- *Level 1 — quoted market prices:*

  Fair value measurements are those derived from quoted market prices (unadjusted) in active market for identical assets or liabilities.

- *Level 2 — valuation technique using observable inputs:*

  Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- *Level 3 — valuation technique with significant unobservable inputs:*

  Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	**Level 2**	**Total**
	US$'000	*US$'000*	*US$'000*
As at 31st March 2010			
Available-for-sale financial assets			
Unlisted debt securities	—	452	452
Financial assets at FVTPL			
Non-derivative financial assets held for trading	1,962	—	1,962
Standard 995 fine gold	2,226	—	2,226
Investment fund on listed equity securities	—	1,085	1,085
	4,188	1,537	5,725

There is no transfers between Level 1 and 2 during the year ended 31st March 2010.

8. TURNOVER AND SEGMENT INFORMATION

Turnover represents revenue arising on gross invoiced sales of athletic and sports leisure footwear products, net of returns, discounts and sales related taxes.

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1st April 2009. HKFRS 8 is a disclosure standard that 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 for the purpose of allocating resources to segments and assessing 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. 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.

(a) Segment revenues, results, assets and liabilities

The Group's revenues, results, assets and liabilities are primarily attributable to the sales of athletic and sports leisure footwear products. The directors of the Company consider that there is only one operating and reportable segment for the Group.

(b) Geographical information

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed as below:

	Revenue from external customers		**Non-current assets**	
	2010	**2009**	**2010**	**2009**
	US$'000	*US$'000*	*US$'000*	*US$'000*
The PRC	17,250	23,715	851	4,625
Asia (other than the PRC)	831	1,942	—	—
North America	—	31,539	—	—
Europe	—	5,520	—	—
Others	1	1,559	—	—
	18,082	64,275	851	4,625

Note: Non-current assets exclude financial instruments.

(c) Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2010	**2009**
	US$'000	*US$'000*
Customer A	8,145	9,491
Customer B	2,745	N/A[1]
Customer C	1,844	N/A[1]
Customer D	N/A[1]	40,172

1 The corresponding revenue does not contribute over 10% of the total sales of the Group in the respective year.

9. OTHER INCOME

	2010	2009
	US$'000	*US$'000*
Bank interest income	189	598
Interest income from derivative financial assets	13	—
Interest income from unlisted debt securities	6	18
Gross rental income from investment properties	237	454
Gain on disposal of property, plant and equipment	34	—
Dividend income from available-for-sale financial assets	—	67
Scrap sales	203	1,032
Mould transfer income	—	599
Net exchange gain	—	22
Others	128	720
	810	3,510

10. OTHER GAINS, NET

	2010	2009
	US$'000	*US$'000*
Compensation *(Note (a))*	—	5,714
Gain on fair value changes of held for trading investments	355	—
Loss on fair value changes of investment properties	—	(544)
Gain on disposal of available-for-sale financial assets	—	70
Gain on disposal of held for trading investments	125	—
	480	5,240

Note:

(a) For the year ended 31st March 2009, the compensation income represented a lump sum consideration of RMB40,000,000, equivalent to approximately US$5,714,000 received by Kong Tai Shoes Manufacturing Company Limited ("KTS"), a then wholly-owned subsidiary of the Company for entering into compensation agreements with both 深圳市華特實業有限公司 and 深圳市龍崗區龍崗鎮南聯村瑞合經濟合作社 (collectively known as the "Landlords") on 14th April 2008, in respect of the early termination of the lease agreements by the Landlords for the use of factory premises by KTS located at Longgang, Shenzhen, the PRC.

11. RESTRUCTURING PROVISION AND ASSETS IMPAIRMENT

	2010	2009
	US$'000	*US$'000*
Impairment loss recognised in respect of property, plant and equipment	—	5,549
Provision for employees termination benefits	—	188
Written off of inventories	—	670
	—	6,407

For the year ended 31st March 2009, the restructuring provision and assets impairment related to the redundancy of the Group's production facilities in Shenzhen, the PRC as well as the two factories located in Dongguan, the PRC following the land resumption of the Group's largest factory in Shenzhen, the PRC by the local PRC government and the cessation of manufacturing OEM footwear products for the Group's largest customer.

12. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	2010 *US$'000*	2009 *US$'000*
Auditor's remuneration	53	54
Depreciation of property, plant and equipment	229	1,341
Amortisation of prepaid lease payments on land use rights	58	34
Impairment loss recognised in respect of property, plant and equipment	—	5,549
Loss on disposal of property, plant and equipment	—	127
Cost of inventories recognised as expenses	17,248	58,782
Allowance for inventories (included in cost of sales)	—	190
Written off of inventories	—	670
Staff costs (including directors' emoluments) *(Note 13)*	5,129	13,394
Net exchange loss	147	—
Operating lease rentals in respect of land and buildings	—	148

13. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2010 *US$'000*	2009 *US$'000*
Wages and salaries	5,053	12,374
Termination benefits	2	794
Contributions to retirement benefit schemes *(Note (a))*	74	226
	5,129	13,394

Notes:

(a) Contributions to retirement benefit schemes

All Hong Kong employees of the Group are eligible to join a MPF Scheme registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance in Hong Kong. The Group's contributions to the MPF Scheme are expensed as incurred and are 100% vested in the employees as soon as they are paid to the MPF Scheme but all benefits derived from the mandatory contributions must be preserved until the employees reach the age of 65 subject to a few exceptions. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the MPF Scheme.

The Group is also required to make contributions to pension schemes operated by the municipal governments of various cities in the PRC at certain percentage of payroll costs of its employees. The governments are responsible for the entire pension obligation payable to retired employees. The only obligation of the Group is to pay the ongoing required contributions under these schemes.

(b) Directors' emoluments

The emoluments paid or payable to each of the five (2009: five) directors are as follows:

At 31st March 2010

		Other emoluments		
	Fees	Basic salaries, other allowances and benefits in kinds	Contributions to retirement benefit scheme	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Executive directors				
LEE Chi Keung, Russell	—	501	2	503
YU Mee See, Maria	—	90	2	92
Independent non-executive directors				
NG Wai Hung	5	—	—	5
LEE Siu Leung	5	—	—	5
YUEN Sik Ming	5	—	—	5
Total emoluments	15	591	4	610

At 31st March 2009

		Other emoluments		
	Fees	Basic salaries, other allowances and benefits in kinds	Contributions to retirement benefit scheme	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Executive directors				
LEE Chi Keung, Russell	—	133	2	135
YU Mee See, Maria	—	15	2	17
Independent non-executive directors				
NG Wai Hung	5	—	—	5
LEE Siu Leung	5	—	—	5
YUEN Sik Ming	5	—	—	5
Total emoluments	15	148	4	167

(c) Senior management's emoluments

The five individuals whose emoluments were the highest in the Group for the year ended 31st March 2010 include two (2009: one) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2009: four) individuals during the year which fall within the bands of below HK$1,000,000 (2010: equivalent to US$128,787 and 2009: equivalent to US$129,024) are as follows:

	2010	**2009**
	US$'000	*US$'000*
Basic salaries, other allowance and benefits in kinds	129	226

No directors and senior management waived or agreed to waive any emoluments during the two years ended 31st March 2010 and 2009.

No emoluments were paid by the Company to any of the directors and senior management as inducement to join or upon joining the Group or as compensation for loss of office during the two years ended 31st March 2010 and 2009.

14. INCOME TAX EXPENSE

The amount of income tax expense charged to the consolidated statement of comprehensive income represents:

	2010	**2009**
	US$'000	*US$'000*
Hong Kong Profits Tax		
Under-provision in prior years *(Note (d))*	—	3,009

Notes:

(a) No Hong Kong Profits Tax had been provided for the two years ended 31st March 2010 and 2009 as the Group has no assessable profits arising in or deriving from Hong Kong.

Taxation arising in other jurisdictions is calculated as the rates prevailing in the relevant jurisdictions in which the Group operates. No taxation had been provided for the two years ended 31st March 2010 and 2009 as the Group has no assessable profits arising in or deriving from the relevant jurisdictions.

The income tax expense for the years can be reconciled to the profit before tax per the consolidated statement of comprehensive income as follows:

	2010	2009
	US$'000	*US$'000*
Profit before tax	2,295	3,271
Tax calculated at the statutory tax rate of 16.5% (2009: 16.5%)	379	540
Effect of different tax rates of subsidiaries operating in other jurisdictions	(11)	(1)
Tax effect of income not taxable for tax purpose	(519)	(1,181)
Tax effect of expenses not deductible for tax purpose	160	177
Utilisation of tax losses previously not recognised	(43)	—
Tax effect of tax losses not recognised	34	465
Under-provision in prior years	—	3,009
Income tax expense	—	3,009

(b) For the year ended 31st March 2009, two of the four PRC subsidiaries were entitled to the benefit of full exemption from the PRC Corporate Income Tax ("CIT") for the first two years commencing on the profit-making year followed by 50% reduction in CIT for each of the subsequent three years. The remaining two PRC subsidiaries did not entitle to any exemption from CIT.

During the year ended 31st March 2010, all the PRC subsidiaries have been disposed of by the Group.

(c) Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (2009: 16.5%).

At the end of the reporting period, the Group has unused tax losses of approximately US$204,000 (2009: US$3,692,000) available for offsetting against future profits. No deferred tax assets have been recognised in respect of the tax losses due to the unpredictability of future profit streams. The unrecognised tax losses as at 31st March 2010 may be carried forward indefinitely. Included in unrecognised tax losses for the year ended 31st March 2009 were losses of approximately US$377,000 which has expired on 31st December 2009 and the remaining balances of approximately US$3,315,000 will expire by 31st December 2013.

There is no other material unprovided deferred tax for the year ended 31st March 2010 (2009: Nil).

(d) Since February 2005, Inland Revenue Department ("IRD") had initiated tax enquiries and issued additional profits tax assessments, in aggregate, of approximately HK$22,945,000 (equivalent to approximately US$2,942,000) relating to the years of assessment 1998/1999 to 2002/2003 against KTS.

The Group had lodged objections with the IRD against all these additional assessments ("Objections") and the IRD agreed to hold over the tax claimed completely as KTS had purchased tax reserve certificates ("TRCs") amounting to HK$19,338,000 (equivalent to approximately US$2,479,000) (2009: US$2,000,000) up to 30th September 2009 when KTS was disposed of together with KTP (BVI) Company Limited and its subsidiaries ("KTP (BVI) Group"). Details of the disposal are set out in note 30(a).

The Group had made provision for the potential income tax liabilities for the years of assessment 1998/1999 to 2006/2007 as at 31st March 2009 amounting to HK$23,469,000 (equivalent to approximately US$3,009,000) pending the outcome of the Objections. No conclusion has been reached up to the disposal of KTS on 30th September 2009. The directors of the Company considered that there was no material under-provision of income tax liabilities in relation to the tax enquiries as at 31st March 2009 and up to the date of the disposal of KTS as at 30th September 2009.

The TRCs and the income tax liabilities had been released upon the disposal of KTS as at 30th September 2009.

15. DIVIDEND

	2010	2009
	US$'000	*US$'000*
Dividend paid and recognised as distribution during the year:		
Special dividend: HK$0.3 (2009: Nil) per ordinary share	13,101	—

No final dividend was paid or proposed during the year ended 31st March 2010, nor has any dividend been proposed since the end of the reporting period (2009: Nil).

16. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the two years ended 31st March 2010 and 2009.

	2010	2009
Profit for the year attributable to owners of the Company *(US$)*	2,295,000	262,000
Weighted average number of ordinary shares in issue	340,616,934	340,616,934
Basic earnings per share *(US cents)*	0.7	0.1

(b) Diluted

Diluted earnings per share was the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the two years ended 31st March 2010 and 2009.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Cost						
At 1st April 2008	7,956	2,321	7,663	762	209	18,911
Additions	—	69	94	9	—	172
Disposals/written off	(619)	(449)	(2,542)	(188)	—	(3,798)
At 31st March 2009 and 1st April 2009	7,337	1,941	5,215	583	209	15,285
Additions	—	42	167	—	—	209
Disposals/written off	—	(139)	—	(23)	—	(162)
Eliminated on disposal of subsidiaries	(5,252)	(1,611)	(4,552)	(526)	(78)	(12,019)
At 31st March 2010	2,085	233	830	34	131	3,313
Accumulated depreciation and impairment						
At 1st April 2008	4,627	731	5,263	450	118	11,189
Charged for the year	323	266	425	295	32	1,341
Disposals/written off	(619)	(418)	(2,385)	(188)	—	(3,610)
Impairment loss recognised	2,745	1,281	1,513	10	—	5,549
At 31st March 2009 and 1st April 2009	7,076	1,860	4,816	567	150	14,469
Charged for the year	68	55	75	9	22	229
Disposals/written off	—	(139)	—	(23)	—	(162)
Eliminated on disposal of subsidiaries	(5,252)	(1,611)	(4,552)	(525)	(49)	(11,989)
At 31st March 2010	1,892	165	339	28	123	2,547
Carrying values						
At 31st March 2010	193	68	491	6	8	766
At 31st March 2009	261	81	399	16	59	816

(a) The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold buildings	5% and 40% (2009: 5%)
Leasehold improvements	25%
Plant and machinery	10% to 25%
Furniture, fixtures and equipment	25%
Motor vehicles	25%

(b) The carrying value of the Group's buildings shown above comprises:

	2010	2009
	US$'000	*US$'000*
Properties situated on land in the PRC and held under medium-term lease	193	261
Property situated on land in Hong Kong and held under medium-term lease	—	—
	193	261

(c) As at 31st March 2010, the Group had not yet obtained the building reality certificates of certain buildings from the relevant government authorities with the aggregate carrying values of approximately US$193,000 (2009: US$261,000). In the opinion of the directors, the risks and rewards of using these assets have been transferred to the Group and the absence of building reality certificates to these buildings does not impair the value of the relevant buildings to the Group.

(d) During the year ended 31st March 2009, the directors conducted a review of the Group's manufacturing assets and determined that a number of those assets were impaired due to redundancy of the Group's production facilities following the implementation of restructuring plan and the cessation of manufacturing of OEM footwear products for the largest customer as mentioned in note 11. Accordingly, impairment losses of approximately US$2,745,000, US$1,281,000, US$1,513,000 and US$10,000 respectively had been recognised in the consolidated statement of comprehensive income in respect of leasehold buildings, leasehold improvements, plant and machinery and furniture, fixtures and equipment. The recoverable amounts of the relevant assets had been determined on the basis of their value in use. No impairment loss has been recognised in the consolidated statement of comprehensive income in respect of property, plant and equipment for the year ended 31st March 2010.

18. INVESTMENT PROPERTIES

	US$'000
Fair value	
At 1st April 2008	3,236
Loss on fair value changes	(544)
At 31st March 2009 and 1st April 2009	2,692
Disposal of subsidiaries	(2,692)
At 31st March 2010	—

(a) The investment properties are situated on land in the PRC and are held under medium term leases.

(b) The fair value of the Group's investment properties at 31st March 2009 had been arrived at on the basis of a valuation carried out on that date by BMI Appraisals Limited, an independent qualified professional valuer not connected with the Group. BMI Appraisals Limited is a member of Institute of Valuers, and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same locations and conditions.

(c) All the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using fair value model and are classified and accounted for as investment properties.

19. PREPAID LEASE PAYMENTS ON LAND USE RIGHTS

	2010	2009
	US$'000	*US$'000*
Analysed for reporting purposes as:		
Non-current assets	85	1,117
Current assets	85	34
	170	1,151

(a) The land use rights comprise leasehold lands which are situated in the PRC and are held under medium term leases.

(b) As at 31st March 2010, the Group has not yet obtained the title of certain of its land use rights with the aggregate carrying values of US$170,000 (2009: US$215,000). The directors are of the opinions that the risks and rewards of using these assets have been transferred to the Group and the absence of formal title to these land use rights does not impair the value of the relevant land use rights to the Group.

20. HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments comprise:

	2010	2009
	US$'000	*US$'000*
Unlisted debt securities outside Hong Kong, at amortised cost	—	444

As at 31st March 2009, unlisted debt securities comprised floating rate notes denominated in US$ and earned interest with reference to 3-month London Interbank Offered Rate. The held-to-maturity investments would be matured in 2021.

During the year ended 31st March 2010, the Group has reclassified the held-to-maturity investments to available-for-sale financial assets.

21. INVENTORIES

	2010	2009
	US$'000	*US$'000*
Raw materials	2,858	1,937
Work-in-progress	277	240
Finished goods	971	930
	4,106	3,107

22. TRADE RECEIVABLES

	2010	2009
	US$'000	*US$'000*
Trade receivables	1,935	3,240
Less: Impairment loss recognised	—	—
	1,935	3,240

(a) The Group allows a credit period ranging from 30 to 90 days to its trade customers. Ageing analysis of the Group's trade receivables net of impairment loss at the end of the reporting period presented based on the invoice date is as follows:

	2010	2009
	US$'000	*US$'000*
Within 30 days	1,206	1,141
31 to 60 days	724	1,623
61 to 90 days	—	473
Over 90 days	5	3
	1,935	3,240

The Group does not hold any collateral over these balances.

(b) The Group's neither past due nor impaired trade receivables mainly represent sales made to recognised and creditworthy customers. These customers who trade on credit terms are subject to credit verification procedures.

(c) Included in the Group's trade receivables are debtors with aggregate carrying amount of US$33,000 (2009: US$77,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as the sales are made with creditworthy customers and the amounts are still considered recoverable.

Ageing analysis of trade receivables which are past due but not impaired is as follows:

	2010	2009
	US$'000	*US$'000*
31 to 90 days	33	74
Over 90 days	—	3
	33	77

(d) Movements on the impairment loss of trade receivables are as follows:

	2010	2009
	US$'000	*US$'000*
At 1st January	—	30
Receivables written off as uncollectible	—	(30)
At 31st March	—	—

(e) The carrying amounts of the Group's trade receivables are denominated in the following currencies other than the functional currency:

	2010	2009
	US$'000	*US$'000*
RMB	—	4
HK$	726	—
	726	4

23. DEPOSITS PAID FOR ACQUISITION OF LAND USE RIGHTS

As at 31st March 2009, deposits of US$252,000 (2010: Nil) was paid for the acquisition of land use rights in the PRC. Details of the capital commitment are set out in note 32.

The amounts has been released upon the disposal of subsidiaries on 30th September 2009.

24. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets comprise:

	2010	2009
	US$'000	*US$'000*
Unlisted debt securities outside Hong Kong, at fair value	452	—

25. HELD FOR TRADING INVESTMENTS

Held for trading investments comprise:

	2010	2009
	US$'000	*US$'000*
Equity securities listed in Hong Kong	1,962	—
Standard 995 fine gold	2,226	—
Investment fund on listed equity securities	1,085	—
	5,273	—

26. CASH HELD AT A NON-BANK FINANCIAL INSTITUTION/BANK BALANCES AND CASH

(a) Bank balances carry interest at floating rates based on daily bank deposit rates. The short term bank deposits carry fixed interest rate ranging 0.02% to 3.58% (2009: 0.05% to 4.66%) per annum with an original maturity of three months or less.

(b) Cash at bank denominated in RMB of approximately US$89,000 (2009: US$13,089,000) are deposited with banks in the PRC. The conversion of these RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

(c) The carrying amounts of the Group's cash held at a non-bank financial institution and bank balances and cash are denominated in the following currencies other than the functional currency:

	2010	**2009**
	US$'000	*US$'000*
RMB	93	13,094
HK$	4,542	446
AU$	507	—
Euro	500	—
	5,642	13,540

27. TRADE PAYABLES

(a) Ageing analysis of trade payables at the end of the reporting period presented based on the invoice date is as follows:

	2010	**2009**
	US$'000	*US$'000*
Within 30 days	458	289
31 to 60 days	382	283
61 to 90 days	3	136
Over 90 days	9	192
	852	900

The credit period on purchases of goods ranges from 14 days to 90 days. The Group has financial risk management policies in the place to ensure that all payables are settled within the credit timeframe.

(b) The carrying amounts of the Group's trade payables are denominated in the following currencies other than the functional currency:

	2010	2009
	US$'000	*US$'000*
RMB	754	563
HK$	58	87
	812	650

28. SHARE CAPITAL

	Par value of shares	Number of ordinary shares	Value
	HK$		*US$'000*
Authorised:			
At 1st April 2008, 31st March 2009 and 31st March 2010	0.01 each	36,000,000,000	46,452
Issued and fully paid:			
At 1st April 2008, 31st March 2009 and 31st March 2010	0.01 each	340,616,934	440

29. SHARE OPTIONS

On 30th August 2002, the Company adopted a share option scheme (the "Scheme") whereby, the board of directors at their discretion, invite any eligible participants (including any employees, executive, non-executive and independent non-executive directors of the Group), who have contributed or will contribute to the development of the Group to take up options to subscribe for shares of the Company.

The Company operates the Scheme for the purpose of providing eligible participants with an opportunity to acquire proprietary interests in the Company, which the directors believe will help the building of common objective of the Group and the eligible participants for the betterment of business and profitability of the Group.

The maximum number of option shares can be granted under the Scheme shall not exceed 3,406,169, which is 10% of the total number of shares in issue on the date of the adoption. Unless approved by shareholders of the Company, the total number of shares of the Company issued and to be issued upon exercise of the options granted to each eligible participant (including both exercised and unexercised options) under the Scheme or any other share option scheme adopted by the Company in any 12-month period must not exceed 1% of the shares of the Company in issue.

The period within which the options must be exercised will be specified by the Company at the time of grant. This period must expire no later than 10 years from the date of grant of the options. At the time of grant of the options, the Company may specify a minimum period for which an option must be held before it can be exercised.

The offer of a grant of share options may be accepted within 14 days from the date on which the document containing the offer is delivered to that participant and the amount payable on acceptance of an option is HK$1.00.

The subscription price for the shares of the Company to be issued upon exercise of the options shall be no less than the higher of (i) the closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant; (ii) the average closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share of the Company on the date of grant. The subscription price will be established by the Board at the time the option is offered to the participants.

No options may be granted under the Scheme after the date of the tenth anniversary of the adoption of the Scheme.

No share options have been granted under the Scheme since its adoption.

30. DISPOSAL OF SUBSIDIARIES

(a) KTP (BVI) Group

On 22nd July 2009, the Company entered into a sale and purchase agreement with Peak Rise Holdings Limited ("Peak Rise") (a connected person to the Company) to dispose of its entire equity interests in KTP (BVI) Group, wholly-owned subsidiaries of the Company, and its shareholder's loan for a total cash consideration of US$18,000,000. Details of the disposal of KTP (BVI) Group were set out in the Company's circular dated 13th August 2009. Upon completion of the disposal of KTP (BVI) Group on 30th September 2009, the Group ceased to hold any equity interests in the KTP (BVI) Group. The net assets of KTP (BVI) Group at the date of disposal were as follows:

	US$'000
Investment properties	2,692
Prepaid lease payments on land use rights	923
Deposits paid for acquisition of land use rights	252
Prepayment and deposits	617
Tax reserve certificates	2,479
Bank balances and cash	8,031
Trade payables	(193)
Accruals and other payables	(1,271)
Income tax liabilities	(3,009)
Net assets disposed of	10,521
Costs directly attributable to disposal	85
Gain on disposal	2,823
	13,429
Satisfied by:	
Cash consideration	18,000
Assignment of shareholder's loan	(4,571)
	13,429

	US$'000
Net cash inflow arising from disposal:	
Cash consideration received (net of shareholder's loan)	13,429
Bank balances and cash disposed of	(8,031)
Costs directly attributable to disposal	(85)
	5,313

The subsidiaries disposed of during the year ended 31st March 2010 had no significant contribution to the Group's turnover and no significant impact on the results of the Group. The subsidiaries contributed approximately US$3,482,000 to the Group's net operating cash flow, and no significant cash flow impacts in respect of investing and financing activities were noted.

Note:

As part of the disposal of KTP (BVI) Group, an agreement was reached among Brave Win, the Company and Peak Rise regarding the land use rights situated at 東莞市長安鎮宵邊社區第二工業區 (the "Land") and the buildings (the "Buildings") constructed thereon in the PRC, which Brave Win has no legal ownership but the right to use the Land together with the Buildings until 4th August 2040 or 1st December 2046 (as the case may be) as follows:

On 15th 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》, pursuant to which the user of the Land is granted a right (the "Right") to perfect its legal ownership of the Land together with the Buildings by applying to the PRC authority and the deadline of approving the legal ownership applications by the PRC authority will be on 19th April 2012, failing which the PRC authority shall deal with such Land and Buildings strictly in accordance with the relevant law and regulations.

Pursuant to the legal opinion obtained by the Group, Brave Win is not a legal entity in the PRC for the purpose of making the relevant applications and Brave Win at the material time resolved to have Dongguan Hung Yip Shoes Manufacturing Company Limited ("Dongguan Hung Yip"), a fellow subsidiary of Brave Win and a wholly-owned subsidiary of the Company before the disposal of KTP (BVI) Group to take up the Right in place of Brave Win. A memorandum of understanding ("Memorandum") was entered into between both parties, which agreed that:

(a) Subject to paragraph (b) below, Brave Win shall be entitled to use the Land together with the Buildings until 4th August 2040 or 1st 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 Buildings and Brave Win wishes to continue to use the Land together with the Buildings, the terms in relation to the use of the Land together with the constructions thereon shall be negotiation by both parties.

Relevant applications (the "Applications") had been made by Dongguan Hung Yip to the PRC authority in respect of the Right.

Dongguan Hung Yip was disposed of together with KTP (BVI) Group on 30th September 2009 and an agreement was then reached among Brave Win, the Company and Peak Rise to confirm the above mentioned Memorandum and an option was further granted to Brave Win to purchase or lease the Land together with the Buildings from Dongguan Hung Yip after Dongguan Hung Yip had obtained the legal ownership of the Land together with the Buildings, subject to such terms and conditions as negotiated by Peak Rise and the Company and Brave Win, taking into account the carrying value of the Land together with the Buildings in the accounts of Brave Win as at 31st March 2009.

The Applications are currently pending approval by the PRC authority and all the costs to be incurred from the Applications will be borne by Dongguan Hung Yip.

In consideration of the above, during the year ended 31st March 2010, the estimated useful lives of the Land and Buildings held by Brave Win has been re-determined according to the earliest date when Brave Win might lose the rights to use the assets in 2012 as disclosed in note 3.

(b) China Global International Holdings Limited and its subsidiary ("China Global Group")

On 30th March 2010, the Group disposed of its entire equity interests in China Global Group, the wholly-owned subsidiaries of the Company, to an independent third party for a total cash consideration of HK$100 (equivalent to approximately US$13). The net assets of China Global Group at the date of disposal were as follows:

	US$'000
Plant and equipment	30
Bank balances and cash	6
Accruals and other payables	(102)
Net assets disposed of	(66)
Release of translation reserve upon disposal	(4)
	(70)
Gain on disposal	70
	—
Satisfied by:	
Cash consideration	—
Net cash outflow arising from disposal:	
Cash consideration	—
Bank balances and cash disposed of	(6)
	(6)

The subsidiaries disposed of during the year ended 31st March 2010 had no significant contribution to the Group's turnover, results and cash flow.

31. OPERATING LEASE COMMITMENTS

The Group as lessor

Property rental income earned during the year ended 31st March 2010 is approximately US$237,000 (2009: US$454,000). The Group's properties held for rental purposes, with a carrying amount of US$2,692,000, have been disposed of during the year ended 31st March 2010. No properties are held by the Group at the end of the reporting period and expected to generate any rental yield (2009: 17%) on an ongoing basis.

At the end of the reporting period, the Group had contracted with tenants for future minimum lease payments under non-cancellable operating leases as follows:

	2010	**2009**
	US$'000	*US$'000*
Within one year	—	455
In the second to fifth year inclusive	—	341
	—	796

32. CAPITAL COMMITMENT

Capital commitment contracted for but not provided in respect of:

	2010	**2009**
	US$'000	*US$'000*
Acquisition of land use rights	—	927

33. RELATED PARTY TRANSACTIONS

(a) During the year ended 31st March 2010, the Group has disposed of its entire equity interests in KTP (BVI) Group to Peak Rise, a wholly-owned company of LEE Chi Keung, Russell and in which LEE Chi Keung, Russell and YU Mee See, Maria are the common directors, for a total consideration of US$18,000,000. Details of the disposal are set out in note 30(a).

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2010	**2009**
	US$'000	*US$'000*
Short-term benefits	735	389
Post-employment benefits	4	4
	739	393

The remuneration of directors and senior management is determined by the remuneration committee having regard to the performance of individual and market trends.

34. SUMMARISED STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2010	2009
	US$'000	*US$'000*
Non-current assets		
Property, plant and equipment	—	—
Investments in subsidiaries	31,968	46,743
	31,968	46,743
Current assets		
Deposits and prepayments	2	2
Bank balances and cash	86	144
	88	146
Current liability		
Accruals and other payables	42	167
Net current assets (liabilities)	46	(21)
Total assets less current liabilities	32,014	46,722
Capital and reserves		
Share capital	440	440
Reserves *(Note (a))*	31,574	46,282
Total equity	32,014	46,722

Note:

(a) The reserves' movements of the Company

	Contributed surplus	Retained earnings	Total
	US$'000	*US$'000*	*US$'000*
At 1st April 2008	15,088	31,132	46,220
Total comprehensive income for the year	—	62	62
At 31st March 2009 and 1st April 2009	15,088	31,194	46,282
Total comprehensive expense for the year	—	(1,607)	(1,607)
Special dividend paid and recognised as distribution *(Note 15)*	—	(13,101)	(13,101)
At 31st March 2010	15,088	16,486	31,574

35. EVENT AFTER THE END OF THE REPORTING PERIOD

On 9th July 2010, the Company entered into a memorandum of sale and purchase with Joyart Corporation Limited, an independent third party, to dispose of its leasehold building in Hong Kong for a consideration of HK$8,500,000 (equivalent to approximately US$1,090,000).

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES

As at 31st March 2010 and 2009, the Company had direct and indirect equity interests in the following principal subsidiaries:

Name	Place of incorporation/ operations	Principal activity	Issued share capital/ registered capital	Group equity interests 2010	Group equity interests 2009
China Compass Investments Limited	BVI/Hong Kong	Investment holding	1,000 ordinary shares of US$1 each	100%[1]	100%[1]
Brave Win	Hong Kong/the PRC	Manufacture of sole units	21,000,000 ordinary shares of HK$1 each and 9,000,000 non-voting deferred shares of HK$1 each	100%	100%
TP Industrial Limited	BVI/Hong Kong	Investment holding	100 ordinary shares of US$1 each	100%	100%
KTP (BVI) Company Limited	BVI/Hong Kong	Investment holding	100 ordinary shares of US$1 each	— *(Note a)*	100%[1]
KTS	Hong Kong/the PRC	Investment holding	1,000 ordinary shares of HK$1 each and 31,500,000 non-voting deferred shares of HK$1 each	— *(Note a)*	100%
Kenmate Industrial Limited	Hong Kong/the PRC	Inactive	1,000 ordinary shares of HK$1 each and 8,000,000 non-voting deferred shares of HK$1 each	— *(Note a)*	100%
Dongguan Hung Yip	The PRC	Manufacture of footwear	Registered capital of HK$125,480,000	— *(Note a)*	100%
Dongguan Hung Fa Shoes Materials Co. Ltd. ("Dongguan Hung Fa")	The PRC	Inactive	Registered capital of HK$86,290,000	— *(Note a)*	100%

[1] *directly held by the Company*

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities subsisting at 31st March 2010 and 2009 or any time during the years.

Notes:

(a) The subsidiaries have been disposed of during the year ended 31st March 2010.

(b) As at 31st March 2009, the registered capital of Dongguan Hung Yip and Dongguan Hung Fa had yet been fully paid up and their respective paid up capital as at 31st March 2009 was HK$123,281,520 and HK$76,331,226 respectively. Dongguan Hung Yip and Dongguan Hung Fa have been disposed of during the year end 31st March 2010.

3. UNAUDITED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

The following financial information is extracted from the interim report of the Company for the six months ended 30 September 2010. The Company had no exceptional or extraordinary items for the six months ended 30 September 2010.

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30th September 2010

		Six months ended 30th September	
		2010	**2009**
	Notes	*US$'000*	*US$'000*
		Unaudited	Unaudited
Turnover	*4*	13,509	8,947
Cost of sales		(12,563)	(8,129)
Gross profit		946	818
Other income	*5*	1,321	675
Distribution costs		(124)	(112)
Administrative expenses		(949)	(1,219)
Other gains, net	*6*	412	5
Profit from operations		1,606	167
Gain on disposal of subsidiaries	*15*	—	2,823
Profit before tax	*7*	1,606	2,990
Income tax expense	*8*	—	—
Profit for the period attributable to owners of the Company		1,606	2,990

		Six months ended 30th September	
		2010	**2009**
	Notes	*US$'000*	*US$'000*
		Unaudited	Unaudited
Other comprehensive (expenses) income			
Exchange difference arising on translation of foreign operation		—	(2)
Reclassification adjustment for the cumulative gain included in profit or loss upon disposal of available-for-sale financial assets		(8)	—
Gain on fair value changes on available-for-sale financial assets		—	82
Other comprehensive (expense) income for the period		(8)	80
Total comprehensive income for the period attributable to owners of the Company		1,598	3,070
		US cents	*US cents*
Earnings per share			
— Basic and diluted	*10*	0.47	0.88

Condensed Consolidated Statement of Financial Position

As at 30th September 2010

	Notes	30th September 2010 US$'000 Unaudited	31st March 2010 US$'000 Audited
Non-current assets			
Property, plant and equipment	*11*	659	766
Prepaid lease payments on land use rights		41	85
		700	851
Current assets			
Inventories		4,563	4,106
Trade receivables	*12*	3,560	1,935
Deposits, prepayments and other receivables		230	236
Prepaid lease payments on land use rights		85	85
Available-for-sale financial assets		—	452
Held for trading investments		—	5,273
Cash held at a non-bank financial institution		—	554
Bank balances and cash		31,442	24,594
		39,880	37,235
Current liabilities			
Trade payables	*13*	1,567	852
Accruals and other payables		1,495	1,314
		3,062	2,166
Net current assets		36,818	35,069
Total assets less current liabilities		37,518	35,920
Capital and reserves			
Share capital	*14*	440	440
Reserves		37,078	35,480
Total equity		37,518	35,920

Condensed Consolidated Statement of Changes In Equity

For the six months ended 30th September 2010

	Share capital	Contributed surplus	Investments revaluation reserve	Retained earnings	Total equity
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
At 1st April 2010	440	15,088	8	20,384	35,920
Total comprehensive income (expense) for the period	—	—	(8)	1,606	1,598
At 30th September 2010	440	15,088	—	21,990	37,518

For the six months ended 30th September 2009

	Share capital	Contributed surplus	Investments revaluation reserve	Translation reserve	Retained earnings	Total equity
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
At 1st April 2009	440	1,466	—	4	44,812	46,722
Total comprehensive income (expense) for the period	—	—	82	(2)	2,990	3,070
Special dividend paid and recognised as distribution *(Note 9)*	—	—	—	—	(13,101)	(13,101)
Release of contributed surplus upon disposal of subsidiaries	—	13,622	—	—	(13,622)	—
At 30th September 2009	440	15,088	82	2	21,079	36,691

Condensed Consolidated Cash Flow Statement

For the six months ended 30th September 2010

	Six months ended 30th September	
	2010	**2009**
	US$'000	*US$'000*
	Unaudited	Unaudited
Net cash used in operating activities	(938)	(1,099)
Net cash from investing activities	7,786	3,749
Cash used in financing activity	—	(13,101)
Net increase (decrease) in cash and cash equivalents	6,848	(10,451)
Cash and cash equivalents at 1st April	24,594	39,074
Effect of foreign exchange rate changes	—	(2)
Cash and cash equivalents at 30th September, represented by bank balances and cash	31,442	28,621

Notes to the Condensed Consolidated Financial Statements

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to the interim report. The parent and ultimate holding company is Wonder Star Securities Limited, a company incorporated in the British Virgin Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and sale of footwear products.

The unaudited condensed consolidated interim financial statements for the six months ended 30th September 2010 ("Interim Financial Statements") are presented in United States Dollars, which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

The Interim Financial Statements have 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 (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Interim Financial Statements should be read in conjunction with the Company's annual report for the year ended 31st March 2010.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Interim Financial Statements have been prepared on the historical costs basis, except for 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 Company's annual report for the year ended 31st March 2010.

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Right Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of HKFRSs
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
Hong Kong (International Financial Reporting Interpretations Committee ("HK(IFRIC)") — Interpretation ("Int") 17	Distributions of Non-cash Assets to Owners

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1st April 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1st April 2010.

As there was no transaction during the current period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the Interim Financial Statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The application of the other new and revised HKFRSs had no effect on the Interim Financial Statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related Party Disclosures[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[2]
HKFRS 7	Financial Instruments: Disclosures — Transfers of Financial Assets[4]
HKFRS 9	Financial Instruments[2]
HK(IFRIC) — Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

1 Amendments that are effective for annual periods beginning on or after 1st July 2010 and 1st January 2011, as appropriate

2 Effective for annual periods beginning on or after 1st July 2010

3 Effective for annual periods beginning on or after 1st January 2011

4 Effective for annual periods beginning on or after 1st July 2011

5 Effective for annual periods beginning on or after 1st January 2013

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1st January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. TURNOVER AND SEGMENT INFORMATION

Turnover represents revenue arising on gross invoiced sales of sports footwear products, net of returns, discounts and sales related taxes.

For the purpose of resources allocation and performance assessment, the chief operating decision maker of the Group, being the Group's chief executive officer, regularly reviews the revenue and operating results analysis by geographical market based on destination of the goods shipped or delivered, irrespective of the origin of the goods.

(a) Segment revenues, results, assets and liabilities

The Group's revenues, results, assets and liabilities are primarily attributable to the sales of sports footwear products. The directors of the Company consider that there is only one operating and reportable segment for the Group.

(b) Geographical information

The Group operates in two principal geographical areas — the PRC and Asia. The Group's revenues from external customers by geographical location are detailed as below:

	Six months ended 30th September	
	2010	**2009**
	US$'000	*US$'000*
	Unaudited	Unaudited
The PRC	12,718	8,614
Asia	791	333
	13,509	8,947

5. OTHER INCOME

	Six months ended 30th September	
	2010	**2009**
	US$'000	*US$'000*
	Unaudited	Unaudited
Bank interest income	22	159
Interest income from unlisted debt securities	1	5
Gross rental income from investment properties	—	237
Gain on disposal of property, plant and equipment	1,088	34
Dividend income from listed securities	54	—
Net exchange gain	25	—
Others	131	240
	1,321	675

6. OTHER GAINS, NET

	Six months ended 30th September	
	2010	2009
	US$'000	*US$'000*
	Unaudited	Unaudited
Gain on disposal of held for trading investments	427	6
Loss on disposal of available-for-sale financial assets	(15)	—
Other	—	(1)
	412	5

7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Six months ended 30th September	
	2010	2009
	US$'000	*US$'000*
	Unaudited	Unaudited
Depreciation of property, plant and equipment	115	102
Amortisation of prepaid lease payments on land use rights	44	17
Cost of inventories recognised as expenses	12,563	8,129
Staff costs (including directors' emoluments)	3,208	2,380
Net exchange loss	—	109

8. INCOME TAX EXPENSE

No Hong Kong Profits Tax had been provided for the two periods ended 30th September 2010 and 2009 as the Group has no assessable profits arising in or deriving from Hong Kong.

Taxation arising in other jurisdictions is calculated as the rates prevailing in the relevant jurisdictions in which the Group operates. No taxation had been provided for both periods as the Group has no assessable profits arising in or deriving from the relevant jurisdictions.

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

9. DIVIDEND

	Six months ended 30th September	
	2010	2009
	US$'000	*US$'000*
	Unaudited	Unaudited
Dividend paid and recognised as distribution during the period:		
Special dividend for the six months ended 30th September 2009 of HK$0.3 (2010: Nil) per ordinary share	—	13,101

The directors do not recommend the payment of an interim dividend for the six months ended 30th September 2010 (2009: Nil).

10. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during each of the six months ended 30th September 2010 and 2009.

	Six months ended 30th September	
	2010	**2009**
	Unaudited	Unaudited
Profit for the period attributable to owners of the Company *(US$)*	1,606,000	2,990,000
Weighted average number of ordinary shares in issue	340,616,934	340,616,934
Basic earnings per share *(US cents)*	0.47	0.88

(b) Diluted

Diluted earnings per share was the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the two periods ended 30th September 2010 and 2009.

11. PROPERTY, PLANT AND EQUIPMENT

The Group spent approximately US$8,000 (2009: US$80,000) on additions to property, plant and equipment for the six months ended 30th September 2010.

Included in the gain on disposal of property, plant and equipment of US$1,088,000 for the six months ended 30th September 2010, a net gain of US$1,084,000 was recognised on disposal of the Group's leasehold building in Hong Kong for a consideration of HK$8,500,000 (equivalent to US$1,090,000) during the period.

12. TRADE RECEIVABLES

The Group allows a credit period ranging from 30 days to 90 days to its trade customers. Ageing analysis of the Group's trade receivables net of impairment loss at the end of the reporting period presented based on the invoice date is as follows:

	30th September 2010	**31st March 2010**
	US$'000	*US$'000*
	Unaudited	Audited
Within 30 days	2,151	1,206
31-60 days	1,342	724
61-90 days	63	—
Over 90 days	4	5
	3,560	1,935

13. TRADE PAYABLES

Ageing analysis of trade payables at the end of the reporting period presented based on the invoice date is as follows:

	30th September 2010	**31st March 2010**
	US$'000	*US$'000*
	Unaudited	Audited
Within to 30 days	708	458
31-60 days	817	382
61-90 days	29	3
Over 90 days	13	9
	1,567	852

The credit period on purchases of goods ranges from 14 days to 90 days. The Group has financial risk management policies in the place to ensure that all payables are settled within the credit timeframe.

14. SHARE CAPITAL

	Par value of shares *HK$*	Number of ordinary shares	Value *US$'000*
Authorised:			
At 31st March 2010, 1st April 2010 and 30th September 2010	0.01 each	36,000,000,000	46,452
Issued and fully paid:			
At 31st March 2010, 1st April 2010 and 30th September 2010	0.01 each	340,616,934	440

15. DISPOSAL OF SUBSIDIARIES

KTP (BVI) Company Limited and its subsidiaries ("KTP (BVI) Group")

On 22nd July 2009, the Company entered into a sale and purchase agreement with Peak Rise Holdings Limited ("Peak Rise") (a connected person to the Company) to dispose of its entire equity interests in KTP (BVI) Group, wholly-owned subsidiaries of the Company, and its shareholder's loan for a total consideration of US$18,000,000. Details of the disposal of KTP (BVI) Group were set out in the Company's circular dated 13th August 2009. Upon completion of the disposal of KTP (BVI) Group on 30th September 2009, the Group ceased to hold any equity interests in the KTP (BVI) Group. The net assets of KTP (BVI) Group at the date of disposal were as follows:

	US$'000 Unaudited
Investment properties	2,692
Prepaid lease payments on land use rights	923
Deposits paid for acquisition of land use rights	252
Prepayment and deposits	617
Tax reserve certificates	2,479
Bank balances and cash	8,031
Trade payables	(193)
Accruals and other payables	(1,271)
Income tax liabilities	(3,009)
Net assets disposed of	10,521
Costs directly attributable to disposal	85
Gain on disposal	2,823
	13,429

	US$'000
	Unaudited
Satisfied by:	
Cash consideration	18,000
Assignment of shareholder's loan	(4,571)
	13,429
Net cash inflow arising from disposal:	
Cash consideration received (net of shareholder's loan)	13,429
Bank balances and cash disposed of	(8,031)
Costs directly attributable to disposal	(85)
	5,313

16. **COMMITMENTS**

The Group had no commitment as at 30th September 2010 and 31st March 2010.

17. **RELATED PARTY TRANSACTIONS**

(a) During the six months ended 30th September 2009, the Group had disposed of its entire equity interest in KTP (BVI) Group to Peak Rise, a wholly-owned company of Lee Chi Keung, Russell and in which Lee Chi Keung, Russell and Yu Mee See, Maria are the common directors, for a total consideration of US$18,000,000. Details of the disposal are set out in note 15.

(b) **Compensation of key management personnel**

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30th September	
	2010	**2009**
	US$'000	*US$'000*
	Unaudited	Unaudited
Short-term benefits	397	200
Post-employments benefits	2	1
	399	201

4. INDEBTEDNESS STATEMENT

Apart from intra-group liabilities and normal trade payables, the Group did not have at the close of business on 31st December 2010 any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities or other similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

There has been no material change in the indebtedness or contingent liabilities of the Group since 31st December 2010 and up to the Latest Practicable Date.

5. MATERIAL CHANGE

The Directors confirm that as at the Latest Practicable Date, there had been no material changes in the financial or trading position or outlook of the Group since 31st March 2010, being the date to which the latest published audited consolidated financial statements of the Company were made up.

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information with regards to the Offer and the Company. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than those relating to the Offeror and persons acting in concert with it, the terms and conditions of the Offer and the intention of the Offeror regarding the Company) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Offeror and persons acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statement contained in this Composite Document misleading.

The Offeror Director accepts full responsibility for the accuracy of the information contained in this Composite Document (other than those relating to the Group and its associates) and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than those expressed by the Group and its associates) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statement contained in this Composite Document misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised and issued share capital of the Company was as follows:

Authorised:	
36,000,000,000 Shares	HK$360,000,000
Issued and fully paid-up:	
340,616,934 Shares	HK$3,406,169.34

All issued Shares are fully paid-up and rank *pari passu* with each other in all respects including the rights as to capital, dividends and voting.

Since 31st March 2010, being the end of the last financial year of the Company, and up to the Latest Practicable Date, the Company has not issued any Shares.

As at the Latest Practicable Date, the Company did not have any outstanding options, warrants and other convertible securities or rights affecting the Shares.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the Shares, underlying shares and debentures of the Company and associated corporations

As at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange; or (d) were required to be disclosed in this Composite Document pursuant to the requirements of the Takeovers Code.

As at the Latest Practicable Date, none of the Directors had any interests in the Shares, warrants, options, derivatives, and securities carrying conversion or subscription rights into Shares.

(b) Substantial shareholders' interests and short positions in the Shares

As at the Latest Practicable Date, so far as was known to the Directors, persons other than the Directors or the chief executive of the Company who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, were as follows:

Name of Shareholder	Capacity and nature of interest	Number of Shares held	Approximate percentage of the issued share capital of the Company
The Offeror	Beneficial owner	203,581,484 *(Note)*	59.77
Mr. Chua	Interest through controlled corporation	203,581,484 *(Note)*	59.77

Note: Mr. Chua is the legal and beneficial owner of the entire issued share capital of the Offeror. Therefore, Mr. Chua is deemed to have interest in the 203,581,484 Shares held by the Offeror.

Save as disclosed above, as at the Latest Practicable Date, none of the Offeror, persons acting in concert with it and the Offeror Director owned or controlled any Shares, warrants, options, derivatives, and securities carrying conversion or subscription rights into Shares.

4. INTERESTS IN THE OFFEROR

As at the Latest Practicable Date, none of the Company or any of its Directors had any interest in the shares, warrants, options, derivatives, and securities carrying conversion or subscription rights into shares of the Offeror.

5. DEALINGS IN SECURITIES OF THE COMPANY

During the Relevant Period, save for the Acquisition, there have been no dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into the Shares by the Offeror, persons acting in concert with any it or the Offeror Director.

During the Relevant Period, the Directors had the following dealings in the securities of the Company:

(a) the disposal of the Sale Shares (being 203,581,484 Shares) by the Vendors pursuant to the Sale and Purchase Agreement to the Offeror at the Consideration or HK$1.70 per Sale Share. The Vendors are directly and indirectly wholly-owned by Mr. Lee, the Chairman of the Board and an executive Director.

Save as disclosed above, during the Relevant Period, the Directors did not have any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares.

During the Relevant Period,

(a) no subsidiaries of the Company, pension funds of any member of the Group or advisers to the Company as specified in class (2) of the definition of associate under the Takeovers Code had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares;

(b) no person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares; and

(c) no fund managers (other than exempt fund managers) connected with the Company who managed funds on a discretionary basis had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares.

6. DEALINGS IN SECURITIES OF THE OFFEROR

During the Relevant Period, none of the Company and the Directors had any dealings in the shares, warrants, options, derivatives, and securities carrying conversion or subscription rights into shares of the Offeror.

7. OTHER DISCLOSURE OF INTERESTS

(a) As at the Latest Practicable Date, there was no agreement, arrangement or understanding of transferring, charging or pledging any Offer Shares acquired in pursuance of the Offer to any other person.

(b) As at the Latest Practicable Date, no persons had irrevocably committed themselves to accept or reject the Offer.

(c) As at the Latest Practicable Date and during the Relevant Period, neither the Offeror nor any person acting in concert with it had borrowed or lent any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares.

(d) As at the Latest Practicable Date, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any person acting in concert with it and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer.

(e) As at the Latest Practicable Date, there was no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it might or might not invoke or seek to invoke a pre-condition or a condition to the Offer.

(f) As at the Latest Practicable Date, there was no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code between the Offeror or any person acting in concert with it or any associate of the Offeror and any other persons.

(g) As at the Latest Practicable Date, no Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares were owned or controlled by a subsidiary of the Company or by a pension fund (if any) of any member of the Group or by an adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code.

(h) As at the Latest Practicable Date, none of the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code had any arrangement or indemnity of the kind described in Note 8 to Rule 22 of the Takeovers Code with any person.

(i) As at the Latest Practicable Date, no Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares were owned or controlled by a person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code.

(j) As at the Latest Practicable Date, no shareholding in the Company was managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company.

(k) As at the Latest Practicable Date and during the Relevant Period, none of the Company or any of the Directors had borrowed or lent any Shares, warrants, options, derivatives, and securities carrying conversion or subscription rights into Shares.

(l) As at the Latest Practicable Date, no benefit (other than statutory compensation) had been or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer.

(m) As at the Latest Practicable Date, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.

(n) As at the Latest Practicable Date, no material contracts have been entered into by the Offeror in which any Director has a material personal interest.

(o) As at the Latest Practicable Date, there was no service contract with the Company or any of its subsidiaries or associated companies in force for the Directors (i) which (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the commencement of the Offer Period; (ii) which is a continuous contract with a notice period of 12 months or more; or (iii) which is fixed term contract with more than 12 months to run irrespective of the notice period.

(p) As at the Latest Practicable Date, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code and any other persons.

(q) As at the Latest Practicable Date, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between the Offeror or any person acting in concert with it and any other persons.

8. MATERIAL CONTRACTS

The following material contracts, not being contracts entered into in the ordinary course of business of the Group, have been entered into by the Group after the date two years before the commencement of the Offer Period:

(a) the sale and purchase agreement dated 22nd July 2009 and entered into between the Company and Peak Rise Holdings Limited, pursuant to which the Company agreed to dispose of the entire issued share capital of KTP (BVI) Company Limited and the shareholder's loan to Peak Rise Holdings Limited, for a total consideration of US$18,000,000;

(b) the memorandum of sale and purchase dated 9th July 2010 and the deed of assignment dated 31st August 2010 entered into between the Company and Joyart Corporation Limited, pursuant to which the Company agreed to the sale of Portion of Workspace C2 on 1st Floor of Wong King Industrial Building, Nos. 192-198, Choi Hung Road, Nos. 2-4 Tai Yau Street, Kowloon, Hong Kong, to Joyart Corporation Limited for a consideration of HK$8,500,000;

(c) the deed of tax indemnity dated 5th January 2011 between the Vendors, Mr. Lee and the Company pursuant to which the Vendors and Mr. Lee gave the Company certain indemnity for taxation as provided for therein; and

(d) the non-disclosure agreement dated 5th January 2011 between the Purchaser and the Company pursuant to which the Company agreed to grant the Purchaser and its professional advisers access to information belonging to the Group during the period between the date of the non-disclosure agreement and the close of the Offer with a view to discharging the obligations of the Purchaser under the Takeovers Code and the applicable laws.

Save as disclosed above, there are no other contracts, not being contracts entered into in the ordinary course of business of the Group, having been entered into by the Group after the date two years before the commencement of the Offer Period.

9. MARKET PRICES OF SHARES

(a) The table below set out the closing prices of the Shares as quoted on the Stock Exchange on the last trading day of each of the calendar months during the Relevant Period on which trading of the Shares took place:

Date	**Closing price of Shares** *HK$*
29th June 2010	0.76
30th July 2010	0.82
31st August 2010	1.21
30th September 2010	1.53
29th October 2010	1.31
30th November 2010	1.53
31st December 2010	2.82

(b) The closing price of the Shares as quoted on the Stock Exchange on 10th December 2010, being the last Business Day immediately preceding the date of the announcement made by the Company on a possible offer pursuant to Rule 3.7 of the Takeovers Code, was HK$1.84.

(c) The closing price of the Shares as quoted on the Stock Exchange on 4th January 2011, being the last day on which the Shares were traded on the Stock Exchange prior to the suspension of trading in the Shares on 5th January 2011 and immediately preceding the date of the Joint Announcement, was HK$2.66.

(d) The closing price of the Shares as quoted on the Stock Exchange on 10th December 2010, being the last Business Day on which the Shares were traded for a full trading day on the Stock Exchange prior to the commencement of the Offer Period, was HK$1.84.

10. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

11. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinion or advice which are contained in this Composite Document:

Bridge Partners	a licensed corporation under the SFO licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
Goldin Financial	a licensed corporation under the SFO licensed to carry on Type 6 (advising on corporate finance) regulated activity

Each of Bridge Partners and Goldin Financial has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter and references to its name in the form and context in which they appear.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the principal office and place of business of the Company in Hong Kong at Block C, 1st Floor, Wong King Industrial Building, 2-4 Tai Yau Street, Sanpokong, Kowloon, Hong Kong; (ii) on the website of the SFC (www.sfc.hk); and (iii) the Company's website at http://www.ktpgroup.com while the Offer remains open for acceptance:

(a) the memorandum of association of the Company and the Bye-laws;

(b) the memorandum and articles of association of the Offeror;

(c) the annual reports of the Company for the year ended 31st March 2009 and 2010;

(d) the interim report of the Company for the six months ended 30th September 2010;

(e) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 19 to 20 of this Composite Document;

(f) the letter from Bridge Partners, the text of which is set out on pages 6 to 13 of this Composite Document;

(g) the letter of advice from Goldin Financial to the Independent Board Committee, the text of which is set out on pages 21 to 37 of this Composite Document;

(h) the written consents referred to in the section headed "Experts and Consents" in this appendix; and

(i) the material contracts referred to in the section headed "Material contracts" in this appendix.

13. MISCELLANEOUS

(a) The registered address of the Offeror is Vanterpool Plaza, 2nd Floor, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands.

(b) The person acting in concert with the Offeror is Mr. Chua. The correspondence address of Mr. Chua is 3 Shenton Way, #17-03, Shenton House, Singapore 068805.

(c) The registered address of Bridge Partners is Unit 605, 6/F, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Central, Hong Kong.

(d) The registered address of Goldin Financial is 23rd Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

(e) This Composite Document has been prepared in both English and Chinese languages. In case of any inconsistency, the English text of this document shall prevail over the Chinese text.