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KTP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 645)

ANNOUNCEMENT —

(1) ENTERING INTO THE SECOND ADDENDUM TO THE MEMORANDUM OF UNDERSTANDING AND THE FIRST ADDENDUM AND (2) DISCLOSURE PURSUANT TO RULE 13.13 OF THE LISTING RULES

THE SECOND ADDENDUM

The Board announces that on 11 January 2012, the Company and LTE entered into the Second Addendum to supplement certain terms and conditions of the MOU and the First Addendum.

ADVANCE TO AN ENTITY

Pursuant to the Second Addendum, the Company shall pay the Further Deposit of US\$4,000,000 to LTE in two tranches before 31 May 2012. In addition to the First Deposit of US\$3,000,000 which have already been paid to LTE before 31 December 2011, the total deposit of US\$7,000,000 exceeds 8% of the total assets of the Company, therefore, the Company hereby announces the details of such advance in accordance with the requirements under Rule 13.13 of the Listing Rules.

GENERAL

All terms and conditions of the Formal Agreements relating to the Proposed Acquisition and the Coal Offtake and Marketing Agreements are still under negotiation among the parties thereto. **Therefore, the terms and conditions of the Formal Agreements and the Coal Offtake and Marketing Agreements may or may not be agreed and the possible transactions contemplated thereunder may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.**

Reference is made to the announcement of KTP Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) dated 26 August 2011 (the “**MOU Announcement**”) in relation to the signing of the memorandum of understanding (“**MOU**”) with PT Langit Timur Energy (“**LTE**”) and the announcement dated 21 October 2011 (the “**First Addendum Announcement**”) in respect of entering into the addendum (“**First Addendum**”) to extend the term and certain provisions of the MOU. Unless the context requires otherwise, capitalised terms used herein shall have the same meaning as those defined in the MOU Announcement and the First Addendum Announcement.

BACKGROUND AND REASONS FOR ENTERING THE SECOND ADDENDUM

As disclosed in the MOU Announcement and the First Addendum Announcement, the Company has placed a total of US\$3,000,000 refundable interest-free deposit (the “**First Deposit**”) with LTE for the participation of the intended tender offer in relation to a coal offtake agreement and marketing agency agreement of coal concessions with exploration licenses of thermal and cooking coal concessions in West Papua, Indonesia (“**Coal Concessions**”). Due diligence review on the Coal Concessions is currently still in process.

The Board is pleased to announce that the Company is currently negotiating with LTE the terms and conditions in respect of the possible acquisition of certain equity interests of a target company which owns certain Coal Concessions with exploration licences (the “**Proposed Acquisition**”) and the entering into of the coal offtake and marketing agreements of the Coal Concessions with LTE (the “**Coal Offtake and Marketing Agreements**”). In light of the above, a second addendum was entered into between the Company and LTE on 11 January 2012 (the “**Second Addendum**”) in respect of the Proposed Acquisition and the Coal Offtake and Marketing Agreements.

PRINCIPAL TERMS OF THE SECOND ADDENDUM

Set out below are the principal terms of the Second Addendum:

1. In consideration of LTE allowing and cooperating with the Company to facilitate its further due diligence review on the Coal Concessions, negotiation on the Proposed Acquisition and LTE granting the exclusivity referred to below, the Company shall pay a further of refundable interest-free deposit of US\$4,000,000 (“**Further Deposit**”) to LTE in 2 tranches: (i) US\$2,000,000 after signing of the Second Addendum and (ii) US\$2,000,000 before 31 May 2012;
2. The exclusivity period for the negotiations of the Proposed Acquisition and the Coal Offtake and Marketing Agreements shall be extended to 31 May 2012 (“**Exclusivity Period**”), during which LTE shall undertake not to, without prior consent of the Company, (i) accept, pursue, solicit, entertain or consider any offers and (ii) negotiate or enter into any discussions or sign, with any party of any contracts or agreements or understanding or arrangement in respect of the Proposed Acquisition and the Coal Offtake and Marketing Agreements.

3. In the event that any formal agreements are entered into between the Company and LTE in respect of the Proposed Acquisition and/or the Coal Offtake and Marketing Agreements (“**Formal Agreements**”), the First Deposit and the Further Deposit shall be used to settle part of the consideration payable under the Formal Agreement(s) upon signing. If the consideration payable under the Formal Agreements are less than the sum of the First Deposit and the Further Deposit, LTE shall, forthwith upon the signing of the Formal Agreement(s), refund such excess amount without interest to the Company.
4. If no Formal Agreement is entered into or if no agreement to extend the Exclusivity Period is reached on or before the expiration of the Exclusivity Period, the MOU, the First Addendum and the Second Addendum shall lapse on the date of expiration of the Exclusivity Period and LTE shall refund the First Deposit and the Further Deposit without interest to the Company within 60 business days.

To the extent not supplemented by the Second Addendum, all terms and conditions set forth in the MOU together with the First Addendum shall remain unchanged and continue to be in full force and effect and all the respective obligation and/or undertakings of the parties under the MOU and the First Addendum shall remain in full force and effect and where applicable, be binding on the parties to the MOU.

INFORMATION ON THE COMPANY AND LTE

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

LTE is a company incorporated and existing under the laws of Republic of Indonesia. It holds certain coal concessions with exploration licences covering more than 200,000 hectares of thermal and cooking coal concessions.

ADVANCE TO AN ENTITY

Pursuant to the Second Addendum, the Company shall pay the Further Deposit of US\$4,000,000 to LTE in two tranches before 31 May 2012. In addition to the First Deposit of US\$3,000,000 which have already been paid to LTE before 31 December 2011, the total deposit of US\$7,000,000 exceeds 8% of the total assets of the Company. Hence, the Company hereby announces the details of such advance in accordance with the requirements under Rule 13.13 of the Listing Rules. There is no collateral involved in connection with the payment of the First Deposit and the Further Deposit.

GENERAL

All terms and conditions of the Formal Agreements relating to the Proposed Acquisition and the Coal Offtake and Marketing Agreements are still under negotiation among the parties thereto. **Therefore, the terms and conditions of the Formal Agreements and the Coal Offtake and Marketing**

Agreements may or may not be agreed and the possible transactions contemplated thereunder may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

The Proposed Acquisition (if proceeded with) may constitute a notifiable transaction for the Company under the Listing Rules. Further announcement(s) in relation to the Proposed Acquisition in compliance with the Listing Rules will be issued as and when appropriate.

By Order of the Board
KTP Holdings Limited
Chua Chun Kay
Chairman

11 January 2012

As at the date of this announcement, the Board comprises Mr. Chua Chun Kay (Chairman) and Mr. David Michael Gormley (Chief Executive Officer) as executive directors of the Company and Mr. Lam Pun Yuen, Frank, Mr. Ngan Hing Hon and Mr. Yeung Kin Bond, Sydney as independent non-executive directors of the Company.