



KTP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 645

2007/2008

INTERIM REPORT

CONTENTS

CONDENSED CONSOLIDATED INCOME STATEMENT	2
CONDENSED CONSOLIDATED BALANCE SHEET	3
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	5
CONDENSED CONSOLIDATED CASH FLOW STATEMENT	6
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	7
MANAGEMENT DISCUSSION AND ANALYSIS	18
DISCLOSURE OF INTERESTS	21
OTHER INFORMATION.....	25
CORPORATE INFORMATION.....	28

INTERIM RESULTS

The board of directors (the “Board”) of KTP Holdings Limited (the “Company”) is pleased to present the interim report and unaudited condensed consolidated financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 30th September 2007 together with the comparative figures for the corresponding period in 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th September 2007

		Six months ended 30th September	
		2007	2006
		Unaudited	Unaudited
	<i>Notes</i>	US\$'000	<i>US\$'000</i>
Turnover	3	55,955	56,082
Cost of sales		(51,074)	(51,354)
Gross profit		4,881	4,728
Other income	3	1,352	1,739
Distribution costs		(637)	(513)
Administrative expenses		(2,217)	(2,545)
Other gain/(loss)	4	93	(20)
Finance cost		—	(1)
Profit before taxation	5	3,472	3,388
Taxation	6	—	—
Profit attributable to shareholders		3,472	3,388
Interim dividend	7	—	437
		<i>US cents</i>	<i>US cents</i>
Earnings per share — Basic	8	1.02	0.99

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th September 2007

		30th September 2007 Unaudited	31st March 2007 Audited
	Notes	US\$'000	US\$'000
Non-current assets			
Property, plant and equipment	9	9,733	9,317
Investment properties		3,427	3,427
Prepaid lease payments on land use rights		1,166	1,185
Deposits for acquisition of land use rights		109	109
Held-to-maturity investments		501	501
Available-for-sale investments		268	201
Time deposits with original maturity over one year		1,000	1,000
		<u>16,204</u>	<u>15,740</u>
Current assets			
Inventories		12,579	14,235
Trade and bills receivables	10	13,308	12,710
Deposits, prepayments and other receivables		2,362	1,698
Prepaid lease payments on land use rights		34	34
Structured bank deposit		—	1,000
Derivative financial instruments		7	34
Bank balances and cash		25,890	22,343
		<u>54,180</u>	<u>52,054</u>

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

As at 30th September 2007

		30th September 2007 Unaudited	31st March 2007 Audited
	Notes	US\$'000	US\$'000
Current liabilities			
Trade and bills payables	11	9,307	8,676
Accruals and other payables		<u>6,950</u>	<u>7,220</u>
		<u>16,257</u>	<u>15,896</u>
Net current assets		<u>37,923</u>	<u>36,158</u>
Total assets less current liabilities		<u>54,127</u>	<u>51,898</u>
Capital and reserves			
Share capital	12	440	440
Reserves		<u>53,687</u>	<u>51,458</u>
Total equity		<u>54,127</u>	<u>51,898</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September 2007

	Share Capital	Contributed surplus	Investment revaluation reserve	Retained profits	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1st April 2007	440	1,466	62	49,930	51,898
Fair value change on available-for- sale investments recognised directly in equity	—	—	67	—	67
Profit for the period	—	—	—	3,472	3,472
Total recognised income for the period	—	—	67	3,472	3,539
2007 final dividend paid	—	—	—	(1,310)	(1,310)
At 30th September 2007	<u>440</u>	<u>1,466</u>	<u>129</u>	<u>52,092</u>	<u>54,127</u>

	Share Capital	Contributed surplus	Investment revaluation reserve	Retained profits	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1st April 2006	440	1,466	—	44,074	45,980
Profit for the period and total recognised income for the period	—	—	—	3,388	3,388
2006 final dividend paid	—	—	—	(1,310)	(1,310)
At 30th September 2006	<u>440</u>	<u>1,466</u>	<u>—</u>	<u>46,152</u>	<u>48,058</u>

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th September 2007

	Six months ended	
	30th September	
	2007	2006
	Unaudited	Unaudited
	US\$'000	US\$'000
Net cash generated from operating activities	4,567	8,146
Net cash generated from/(used in) investing activities	290	(1,748)
Net cash used in financing activities	<u>(1,310)</u>	<u>(1,310)</u>
Net increase in cash and cash equivalents	3,547	5,088
Cash and cash equivalents at 1st April	<u>22,343</u>	<u>20,494</u>
Cash and cash equivalents at 30th September, represented by		
Bank balances and cash	<u>25,890</u>	<u>25,582</u>

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 and its subsidiaries are principally engaged in the manufacturing and sale of footwear products.

The unaudited condensed consolidated financial statements are presented in United States Dollars, which is the same as the functional currency of the Company. The unaudited condensed consolidated financial statements have been approved for issue by the Board on 21st December 2007.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

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

The Interim Financial Statements have been prepared under the historical cost convention except for investment properties and certain financial instruments, which are measured at revalued amounts or fair values, as appropriate. The accounting policies used in the Interim Financial Statements are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31st March 2007.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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

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

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

¹ Effective for annual periods beginning on or after 1st January 2009

² Effective for annual periods beginning on or after 1st January 2008

³ Effective for annual periods beginning on or after 1st July 2008

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. TURNOVER, REVENUES AND SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of athletic and sports leisure footwear products. Turnover represents gross invoiced sales of sports footwear net of returns and discounts. Revenues recognised during the period are as follows:

	Six months ended 30th September	
	2007	2006
	Unaudited	Unaudited
	<i>US\$'000</i>	<i>US\$'000</i>
Turnover		
Sales of goods	55,955	56,082
Other income		
Bank interest income	444	428
Interest income from unlisted debt securities	9	9
Gross rental income from investment properties	205	278
Gross rental income from other properties	—	4
Gain on disposal of used property, plant and equipment	8	5
Subcontracting income	20	498
Others	666	517
	<u>1,352</u>	<u>1,739</u>
Total revenues	<u>57,307</u>	<u>57,821</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. TURNOVER, REVENUES AND SEGMENT INFORMATION *(Continued)*

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

	Six months ended 30th September			
	2007		2006	
	Turnover Unaudited <i>US\$'000</i>	Segment results Unaudited <i>US\$'000</i>	Turnover Unaudited <i>US\$'000</i>	Segment results Unaudited <i>US\$'000</i>
North America	34,603	2,228	35,319	2,262
Europe	7,719	497	7,823	501
Asia (other than Mainland China)	2,967	191	4,875	312
Mainland China	9,812	632	7,384	473
Others	854	55	681	44
		3,603		3,592
Unallocated costs		(224)		(183)
Other gain/(loss)		93		(20)
Finance cost		—		(1)
Profit before taxation		3,472		3,388
Taxation		—		—
Profit attributable to shareholders		3,472		3,388
Total	55,955		56,082	

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. OTHER GAIN/(LOSS)

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

5. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. TAXATION

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

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

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

As disclosed in the Company's 2007 annual report, Hong Kong Inland Revenue Department ("IRD") had from February 2005 to March 2007, issued additional profits tax assessments, in aggregate, of approximately HK\$12,545,000 (equivalent to approximately US\$1,608,000) relating to the years of assessment 1998/1999, 1999/2000 and 2000/2001 that is, for the financial years ended 31st March 1999, 2000 and 2001, respectively, against a wholly-owned subsidiary of the Company. The Group lodged objections with the IRD against the additional assessments. The IRD agreed to hold over the tax claimed completely subject to the subsidiary in question purchasing tax reserve certificates (the "TRCs") in the above amounts. These TRCs have been purchased by the Group.

In the opinion of the Board, the subsidiary in question did not carry on any business and derived no profit in or from Hong Kong and therefore, the IRD should conclude that no profits tax is in fact payable by the Group for these years of assessments and no provision for Hong Kong profits tax in respect of the additional assessments is considered necessary.

7. INTERIM DIVIDEND

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. EARNINGS PER SHARE

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

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

9. PROPERTY, PLANT AND EQUIPMENT

During the period, additions to the Group's property, plant and equipment amounted to approximately US\$1,283,000 (2006: US\$627,000).

10. TRADE AND BILLS RECEIVABLES

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE AND BILLS PAYABLES

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

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

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

12. SHARE CAPITAL

	Par value	Number of	Value
	of shares	ordinary shares	
	<i>HK\$</i>		<i>US\$'000</i>
Authorised:			
At 31st March 2007, 1st April 2007 and 30th September 2007	0.01 each	<u>36,000,000,000</u>	<u>46,452</u>
Issued and fully paid:			
At 31st March 2007, 1st April 2007 and 30th September 2007	0.01 each	<u>340,616,934</u>	<u>440</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. OPERATING LEASE COMMITMENTS

(i) The Group as a lessee

At 30th September 2007, the Group had commitments for future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings which fall due as follows:

	30th September 2007 Unaudited <i>US\$'000</i>	31st March 2007 Audited <i>US\$'000</i>
Not later than one year	452	460
Later than one year and not later than five years	1,552	1,536
Later than five years	<u>8,160</u>	<u>8,282</u>
	<u><u>10,164</u></u>	<u><u>10,278</u></u>

(ii) The Group as a lessor

At 30th September 2007, the Group had commitments for future aggregate minimum lease receipts under non-cancellable operating leases in respect of land and buildings which fall due as follows:

	30th September 2007 Unaudited <i>US\$'000</i>	31st March 2007 Audited <i>US\$'000</i>
Not later than one year	404	404
Later than one year and not later than five years	<u>270</u>	<u>472</u>
	<u><u>674</u></u>	<u><u>876</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. COMMITMENTS

In addition to the operating lease commitments detailed in note 13 above, the Group had the following commitments:

(i) **Capital commitments contracted but not provided for in respect of:**

	30th September 2007 Unaudited <i>US\$'000</i>	31st March 2007 Audited <i>US\$'000</i>
Acquisition of land use rights	963	963
Leasehold improvements	422	368
	<u>1,385</u>	<u>1,331</u>

(ii) **Commitments in respect of capital contributions in wholly foreign-owned enterprises in the Mainland China**

	30th September 2007 Unaudited <i>US\$'000</i>	31st March 2007 Audited <i>US\$'000</i>
Huizhou Zhong Guan Sporting Goods Co. Ltd	10,000	—
Han Tian Sporting Goods (Shenzhen) Co. Ltd.	128	—
	<u>10,128</u>	<u>—</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. RELATED PARTY TRANSACTIONS

Key management compensation

	Six months ended 30th September	
	2007	2006
	Unaudited	Unaudited
	<i>US\$'000</i>	<i>US\$'000</i>
Salaries and allowances	314	327
Contributions to retirement benefits scheme	<u>1</u>	<u>1</u>
	<u>315</u>	<u>328</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

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

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

We are expecting a decline in revenues for the second half of year 2007/2008 and we stay alert to the increasingly difficult operating environment for the OEM footwear business. In addition to continuing our ongoing process improvement efforts to counteract the above adverse margin impacts, active consolidation of the Group's production capabilities are in pace. We are now looking into the possibilities of relocating and integrating the Group's production bases. We are also exploring any new business opportunities so as to diversify the Group's business. In any cases, we are fully aware of the importance of a sound financial position in the difficult times and we will continue our policy of conservative cash flow management and will adopt a prudent approach as to the pace and timing of such plans.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL AND LIQUIDITY RESOURCES

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

Trade receivables as at 30th September 2007 was US\$13.3 million, as compared to US\$12.7 million at 31st March 2007. The average turnover days for both periods were around 50 days. The Group maintains tight control on its credit and collection policies and we have not experienced any significant bad debts in the past. The level of inventories reduced from US\$14.2 million at 31st March 2007 to US\$12.6 million at 30th September 2007, as lower sales was expected for the second half of year 2007/2008. The average turnover days remained healthy at around 58 days and 55 days for current and previously financial period respectively.

The Group generally relies on its internally generated cash flow and the existing banking facilities to finance its day to day operations and we believe that the Group has adequate financial resources to meet its funding requirement for our future business development.

CAPITAL EXPENDITURES AND COMMITMENTS

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

RISK OF CURRENCY FLUCTUATIONS

The Group's sales and purchases traded mostly in US dollar. HK dollar is pegged to US dollar at a range between 7.75 to 7.85, the foreign exchange exposure between US dollar and HK dollar is therefore limited.

The Group is exposed to foreign exchange risk arising from various currency exposures mainly to the extent of its receivables and payables in currencies other than US dollar. In addition, certain bank balances and cash are denominated in Renminbi which were subject to foreign exchange control.

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

DISCLOSURE OF INTERESTS

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY ASSOCIATES CORPORATIONS

As at 30th September 2007, the interests and short positions of each of the directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules were as follows:

Long position in shares of the Company

Name of directors	Capacity	Number of ordinary shares held	Percentage of issued share capital
Lee Chi Keung, Russell ("Mr. Lee")	Interest of controlled corporations	191,809,484 (Note)	56.31%
Yu Mee See, Maria ("Ms. Yu")	Interest of spouse	191,809,484 (Note)	56.31%

Note:

The corporate interests of 191,809,484 shares in the Company represent 81,205,184 shares held by Wonder Star Securities Limited ("Wonder Star") and 110,604,300 shares held by its wholly-owned subsidiary, Top Source Securities Limited. The entire issued share capital of Wonder Star is owned by Mr. Lee. In addition, Ms. Yu, the wife of Mr. Lee is deemed to be interested in these shares.

Save as disclosed above and in the section "Directors' rights to acquire shares" below, none of the directors and chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations as at 30th September 2007.

DISCLOSURE OF INTERESTS

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Share Options Scheme

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.

DISCLOSURE OF INTERESTS

DIRECTORS' RIGHTS TO ACQUIRE SHARES *(Continued)*

Share Options Scheme *(Continued)*

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 of Hong Kong Limited ("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.

Save as disclosed above, at no time during the period was the Company or its subsidiary companies a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the directors or chief executive, nor any of their respective spouses or children under the age of 18 had any rights to subscribe for the shares in the Company or had exercised any such rights during the period.

DISCLOSURE OF INTERESTS

SUBSTANTIAL SHAREHOLDERS

As at 30th September 2007, the following persons (other than the directors of the Company) had 5% or more interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Long position in shares of the Company

Name	Capacity/Number of ordinary shares held			Total	Percentage of issued share capital
	Beneficial owner	Interest of controlled corporation	Investment manager		
Wonder Star Securities Limited ("Wonder Star")	81,205,184	110,604,300	—	191,809,484 (Note)	56.31%
Top Source Securities Limited ("Top Source")	110,604,300	—	—	110,604,300	32.47%
Yeoman Capital Management Pte Ltd.	—	—	17,450,000	17,450,000	5.12%

Note:

The interests of Wonder Star include 81,205,184 shares held directly by Wonder Star and 110,604,300 shares held by Top Source, a wholly-owned subsidiary of Wonder Star.

OTHER INFORMATION

INTERIM DIVIDEND

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

EMPLOYEES AND REMUNERATION POLICY

As at 30th September 2007, the Group had a total of approximately 8,800 (2006: 9,000) full time employees (include contracted manufacturing workers) in Hong Kong, Korea and Mainland China. The Group's emolument policy is to pay wages and salaries that are competitive in the industry in a way that will be motivational, fair and equitable, and that are dependent on individual and the Group's performance. Apart from salaries, the Group also provides other fringe benefits to employees, which include provident fund schemes and bonus on performance basis.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

OTHER INFORMATION

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 30th September 2007, except for the following deviations:

Code Provision A.2.1 stipulates that the role of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Lee Chi Keung, Russell is currently the Chairman & Chief Executive Officer of the Company. The Board is of the view that it is in the best interests of the Group to have an executive Chairman who is more knowledgeable about the Group's business and it would allow the Company to be more effective and efficient in developing long-term business strategies and execution of business plans. The Board believes that the balance of power and authority is adequately ensured by the operating of the Board which comprises experienced and high caliber individuals with a substantial number thereof being non-executive directors of the Company.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The Company's non-executive directors were not appointed for a specific term but is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's bye-laws.

Code Provision A.4.2 stipulates that all directors appointed to fill casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. The Company's Articles of Association deviate from Code Provision A.4.2 which provides that any new director appointed by the Board during the year shall hold office until the next following annual general meeting after appointment, and he/she shall be eligible for re-election.

OTHER INFORMATION

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its code of conduct regarding the directors' securities transactions. Having made specific enquiring of all directors of the Company, the Company confirmed that all Directors have complied with the required standard set out in Appendix 10 of the Listing Rules throughout the period.

AUDIT COMMITTEE

The audit committee comprises all the three independent non-executive Directors of the Company. The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the Interim Financial Statements for the six months ended 30th September 2007.

APPRECIATION

The Board would like to take this opportunity to express our sincere thanks to our shareholders and all other associates for their supports and to our staff for their commitment and diligence during the period.

On behalf of the Board

Lee Chi Keung, Russell

Chairman

Hong Kong, 21st December 2007

CORPORATE INFORMATION

KTP Holdings Limited

(Incorporated in Bermuda with limited liability)

DIRECTORS

LEE Chi Keung, Russell (*Chairman*)

YU Mee See, Maria

NG Wai Hung*

LEE Siu Leung*

Yuen Sik Ming*

* *Independent non-executive directors*

AUDIT COMMITTEE

YUEN Sik Ming (*Chairman*)

NG Wai Hung

LEE Siu Leung

REMUNERATION COMMITTEE

YUEN Sik Ming (*Chairman*)

NG Wai Hung

LEE Siu Leung

NOMINATION COMMITTEE

YUEN Sik Ming (*Chairman*)

LEE Chi Keung, Russell

NG Wai Hung

LEE Siu Leung

QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

YU Mee See, Maria

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda)
Limited

Rosebank Centre

11 Bermudiana Road

Pembroke HM 08

Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor

Services Limited

46th Floor, Hopewell Centre

183 Queen's Road East

Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Block C 1st Floor

Wong King Industrial Building

2-4 Tai Yau Street

Sanpokong

Kowloon

Hong Kong

REGISTERED OFFICE

Clarendon House

Church Street

Hamilton HM 11

Bermuda

AUDITORS

SHINewing (HK) CPA Limited

LEGAL ADVISERS

Sidley Austin Brown & Wood

Conyers, Dill & Pearman

PRINCIPAL BANKER

Standard Chartered Bank

COMPANY WEBSITE

www.ktpgroup.com

www.irasia.com/listco/hk/ktp/index.htm

STOCK CODE

645