

**KTP HOLDINGS LTD: TARGET'S SEPTEMBER REPORT CONFIRMED**

The announcement of KTP Holdings Ltd (Code: 645, Main Board, The Stock Exchange of Hongkong Ltd) that its Bottom Line had sunk about 87 percent for the first half of the Current Financial Year, to September 30, 2001, Year-on-Year, should hardly have surprised anybody – because TARGET announced the Company's problems in its report of '**KTP HOLDINGS LTD: REEBOK, LA GEAR AND DKNY DELAY BUYING ORDER, PROFIT HEAD SOUTH**' (Please see [TARGET Intelligence Report, Volume III, Number 186](#)).

In that report, TARGET stated that it had confirmed that KTP's most important single customer, Reebok International, had delayed orders for KTP's sports shoes for about 2 months, as at July, this year.

How long the '*order delays*' would last was not known to either Management of KTP or to TARGET, but it is only too clear that it, along with a number of other major customers, who had, also, delayed orders for KTP's sports shoes, took their collective toll of KTP's Bottom Line.

KTP announced, just last week, that, for the 6-month period to September 30, 2001, its Turnover had fallen to about \$HK350.97 million, down from the corresponding period in 2000 of about \$HK521.18 million.

The Net Profits Attributable to Shareholders had dropped about 87 percent, Year-on-Year, from the 2000 figure of about \$HK27.82 million to \$HK3.50 million.

No dividend was declared.

The drop in the Bottom Line was well expected because Reebok's annual orders represent about 70 percent of the total production of KTP's sports shoes.

A loss of orders in the range of one million pairs of sports shoes, or about 27 container loads, is hardly a piddling matter – because it is a major setback to KTP, representing a loss of Turnover of not less than \$HK113 million for a period of 2 months.

TARGET pointed out at the time of our report that Management of KTP was more than a little concerned about the situation because it could lead to the Company, taking a loss for the Financial Year, ending March 31, 2002, if Reebok and some of the other big-named companies did not reinstate their normal orders.

Other major customers to delay their orders of KTP-produced sports shoes included LA Gear and DKNY.

LA Gear, alone, normally purchases about one million pairs of KTP's sports shoes, annually, TARGET learned, while DKNY usually orders about 30,000 pairs per year.

Whether or not these 3 major customers have reinstated their normal orders is not known, but what is clear that Christmas will not be very cheery for KTP's Management because it has missed that boat, completely.

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