KTL International Holdings Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 442)

PROFIT WARNING

This announcement is made by KTL International Holdings Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") wishes to provide an update on the inside information announcement of the Company dated 9 April 2015 to the shareholders of the Company (the "**Shareholders**") and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group, it is expected that the Group would record a very substantial decrease in the profit attributable to the owners of the Company for the year ended 31 March 2015 as compared to the year ended 31 March 2014 primarily due to the following reasons:

1. The Group recorded an overall decrease in the sales of its products for the year ended 31 March 2015 by approximately HK$309 million as compared to the same in the corresponding period in 2014 due to the unexpected cancellation of certain sales orders previously placed by some of its Russian customers as a result of the unfavourable economic environment in Russia.

2. There has been delay in the settlement of the outstanding trade receivables by one of its major Russian customers. Accordingly, the Group made a provision for trade receivables by approximately HK$8.6 million after having considered the difficulties of this Russian customer in settling its outstanding trade receivables in full by March 2016. The Group has reported this incident to the export credit insurer under its export credit insurance policies and commenced procedures with a bank on factoring on a without recourse basis for those receivables. The Group maintains export credit insurance policy covering up to 90% of the losses incurred for business risks, political risk, delay in payments, winding up of debtors unless otherwise provided under the insurance policy.

As at the date of this announcement, the Group's results for the year ended 31 March 2015 have not been finalised. The information contained in this announcement is solely based on a preliminary assessment of the unaudited consolidated management accounts of the Group which have not been audited by the independent auditor of the Company. The Company is still in the process of finalising the Group's final results for the year ended 31 March 2015 with the auditor of the Company. The annual results of the Group for the year ended 31 March 2015 is expected to be published in June 2015.

In the meanwhile, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's shares.

By order of the Board
KTL International Holdings Group Limited
Kei York Pang Victor
Co-Chairman and Executive Director

Hong Kong, 18 May 2015

As at the date of this announcement, the executive Directors are Mr. Kei York Pang, Victor, Mr. Li Man Chun, and Mr. Kei Yeuk Lun, Calan; and the independent non-executive Directors are Mr. Ting Tit Cheung, Mr. Chan Chi Kuen and Mr Lo Chun Pong.