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).

Reference is made to the interim report for the six months ended 30 September 2015 of the Company (the "**2015 Interim Report**").

As disclosed in the 2015 Interim Report, the Group recorded a decline in revenue for the six months ended 30 September 2015 by approximately 43.7% as compared to the corresponding period in 2014. The decline in revenue was mainly attributable to the Group experiencing a significant slowdown of sales in Russian market due to various factors, including the political events in relation to Ukraine, the continuous decrease in price of crude oil and depreciation of Ruble against US dollars. The sales to customers in Russia decreased by approximately 72.2% as compared with the six months ended 30 September 2014. For the six months ended 30 September 2015, the Group recorded a consolidated loss for the period of approximately HK$15.2 million, against a consolidated profit of approximately HK$22.7 million for the corresponding period in 2014.

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on a preliminary assessment by the Board on the unaudited consolidated management accounts of the Group for the ten months ended 31 January 2016 (the "**Period**"), the Company recorded a consolidated loss for the Period (the "**Loss**") as opposed to a consolidated profit for the corresponding period of 2015. The Loss was mainly attributable to (i) decline in revenue of the Group during the ten months ended 31 January 2016 by approximately 37% and gross profit by approximately 46% for the Period as compared to the same period in 2015, among which included a decline of sales in Russia and Americas by approximately HK$297.4 million and approximately HK$45.1 million, largely due to unfavourable economic environment therein respectively; (ii) the decrease in average wholesale price of gold fine jewellery products of the Group in Russian market by approximately HK$400 per piece as higher portion of products with simple design were sold to Russia, primarily resulting from the depreciation of Ruble against US dollars and the weakening of purchasing powers of Russian customers; and (iii) an exchange loss of approximately HK$5.6 million (2015: an exchange gain approximately HK$2.4 million) upon translation of the pledged Renminbi deposits held by the Group during the Period.

In response to this difficult and challenging operating environment, the Group will closely monitor the market situation and make necessary adjustments to its strategies and operations, including streamlining of organisational structures and implementation of stringent cost control measures to improve operating efficiency and profitability.

The information contained in this announcement is solely based on a preliminary assessment by the management of the Company with reference to the information currently available to the Group and the unaudited consolidated management accounts of the Group for the Period, which is yet to be finalised and has not been reviewed or audited by the Company's auditors or the audit committee of the Company.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 16 March 2016

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.