

**KTL INTERNATIONAL HOLDINGS GROUP LTD:  
THIS COMPANY IS FACING ONE OF ITS BIGGEST  
CHALLENGES SINCE ITS FOUNDING**

The faltering economy of The Russian Federation is taking its toll on KTL International Holdings Group Ltd (Code: 442, Main Board, The Stock Exchange of Hongkong Ltd).

This is made only too apparent in the Global Offering Prospectus of KTL International, published and disseminated in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) on February 27, 2015.

No doubt, the Russian Factor and how it has impacted on this Company must have been the chief reason that the Offer Price Per Share was struck at \$HK3.00, the lowest price that Management was willing to accept.

Management of KTL International made no bones about its problems with regard to dwindling sales to its Russian customers.

Management would have been foolish in the extreme to try to hide the facts, relating to its business with The Russian Federation – because this Company's sales of its products to entities, embedded in this country, is of vital importance.

The Russian Federation is the largest, single customer of KTL International.

**The Global Offering**

The Global Offering of KTL International was 28 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK3.00 to a high of \$HK5.00.

On Tuesday (March 10), Management announced the results of the take-up of the 2.80 million Shares, Offered to HKSAR Investors, and of the results of the 25.20 million Shares, reserved for International Investors via Share Placements.

Last Tuesday's announcement described the take-up in respect of the tranche of the HKSAR Offered Shares as having been '*moderately over-subscribed*' and, in respect of the International Placing Shares as having been '*slightly over-subscribed*'.

The net proceeds of this Initial Public Offering (IPO), being about \$HK44.90 million, is just \$HK5.80 million more than the Listing Expenses, incurred in relation to this flotation.

The utilisation of the net proceeds will be applied for the following purposes:

1. Approximately, \$HK14.50 million, that is about 32.40 percent, '*will be used for the fitting out and decoration of Yuwotou Premises which are contemplated to be used as an exhibition centre with multiple showrooms to showcase the Company's design concepts and products to its customers and a staff training centre*';

2. Approximately, \$HK12.30 million, that is about 27.40 percent, *‘will be used for purchasing of raw materials, more specifically diamonds’*;
3. Approximately, \$HK7.40 million, that is about 16.50 percent, *‘will be used for upgrading the Company’s **ERP** system (**E**nterprise **R**esource **P**lanning), together with **IT** (**I**nformation **T**echnology) infrastructure upgrade’*;
4. Approximately, \$HK6.20 million, that is about 13.70 percent, *‘will be used for the development and enhancement of the Company’s design capability, including (i) purchasing software for producing three-dimensional design sketches and equipment for producing design prototypes; and (ii) employing and providing training to designers and craftsmen’*; and,
5. Approximately, \$HK4.50 million, that is about 10.00 percent, to be used as Working Capital.

## **The Business**

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