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FDG Electric Vehicles Limited
五龍電動車（集團）有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 729)

PROFIT WARNING

This announcement is made by FDG Electric Vehicles Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to rule 13.09(2)(a) 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 under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

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 its preliminary assessment and before taking into account other one-off valuation adjustments that may become necessary after further discussions with the auditors of the Company and valuers, the Group is expected to record an increase of over 130% in its loss attributable to the Shareholders for the year ended 31 March 2018 as compared with the corresponding year ended 31 March 2017.

Such increase in loss was mainly attributable to: (i) the impairment losses on goodwill and other non-current assets of the Group as a result of the disposal of the electric vehicles business in the Yunnan Province, the People’s Republic of China (the “**PRC**”), as disclosed in the announcement of the Company on disposal of a subsidiary dated 3 May 2018; (ii) the decrease in revenue due to the longer than expected time for the electric vehicles industry to adapt to the new subsidy policy in the PRC and for receiving the subsidies from the government, thus affecting the production schedules; (iii) the decrease in gross profits mainly due to the reduction of new energy subsidies; and (iv) the additional costs incurred in (a) building up of the new production lines in Guizhou; (b) strengthening the professional production lines in the passenger vehicles sector; and (c) expanding the sales team in the United States of America to develop the market over there.

The information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the unaudited management accounts of the Company for the year ended 31 March 2018 and the information currently available and such information has not been audited nor reviewed by the Company's auditors. The audited annual results of the Group are expected to be published before the end of June 2018.

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

By order of the Board
FDG Electric Vehicles Limited
Jaime Che
Executive Director

Hong Kong, 3 May 2018

As at the date of this announcement, the Board comprises Mr. Cao Zhong (Chairman and Chief Executive Officer), Mr. Miao Zhenguo (Deputy Chairman), Dr. Chen Yanping (Chief Technical Officer), Mr. Lo Wing Yat and Mr. Jaime Che (Senior Vice President) as executive directors; Mr. Tong Zhiyuan and Mr. Wong Kwok Yiu as non-executive directors; and Mr. Chan Yuk Tong, Mr. Fei Tai Hung, Mr. Tse Kam Fow and Mr. Xu Jingbin as independent non-executive directors.

Website: <http://www.fdgev.com>