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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 the preliminary assessment, the Group is expected to record a significant loss for the year ended 31 March 2014 as compared with the loss of approximately HK\$324 million for the corresponding period in 2013. The significant increase in loss was mainly attributable to the impairment of a significant portion of goodwill derived from the acquisition of 58.50% of the issued share capital of Agnita Limited by its wholly-owned subsidiary, Preferred Market Limited (the “**Acquisition**”) which was completed on 7 March 2014 (the “**Completion Date**”). The impaired goodwill of approximately HK\$665 million represents the fair value increase in the closing market price of the shares of the Company on the Completion Date (i.e. HK\$0.67 per share) from the contracted issue price for the consideration shares stipulated under the Acquisition (i.e. HK\$0.32 per share). The Board wishes to point out that the goodwill impairment is a one-off non-cash item and such goodwill treatment will not have any impact on the cashflow and operations of the Company.

The information contained in this announcement is only a preliminary assessment by the Board based on the information currently available to the Group and the Company is still in the process of finalizing its results for the year ended 31 March 2014. Detailed financial information of the Group for the year ended 31 March 2014 will be disclosed in its final results announcement which is expected to be published on 27 June 2014.

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, 20 June 2014

As of 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 Operating Officer), Mr. Lo Wing Yat and Mr. Jaime Che (Vice President) as executive directors; Professor Chen Guohua as non-executive director; and Mr. Chan Yuk Tong, Mr. Fei Tai Hung and Mr. Tse Kam Fow as independent non-executive directors.

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