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FDG Kinetic Limited

五龍動力有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 378)

PROFIT WARNING

This announcement is made by FDG Kinetic 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 review of the unaudited financial information of the Group for the year ended 31 March 2018 (the “**Current Year**”) and the information currently available to the Board, the Group is expected to record an increase in its loss attributable to the Shareholders for the Current Year of approximately 4 times of the loss attributable to the Shareholders of the corresponding year ended 31 March 2017.

Such increase in loss for the Current Year was mainly attributable to the one-off non-cash impairment losses on: (i) goodwill and intangible assets of interest in Synergy Dragon Limited, an associate that the Group holds 25% equity interest which is engaged in the battery production business; (ii) goodwill of the Group’s cathode material production business in Chongqing; and (iii) goodwill of interest in an associate of the Group which specialises in lithium ferrous phosphate cathode material. With the changes in the prospects of these businesses, the expected future cash flows decreased and impairment losses are expected to be recognised in the Current Year.

The Company is still in the process of finalising the consolidated annual results of the Group for the Current Year. The information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the unaudited consolidated management accounts of the Group for the Current Year and the information currently available, and such information has not been audited nor reviewed by the Company’s auditors. The information contained in this announcement may be different from the final results of the Group to be published. 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.

On behalf of the Board
FDG Kinetic Limited
Jaime Che
Executive Director

Hong Kong, 13 June 2018

As at the date of this announcement, the Board comprises Mr. Cao Zhong (Chairman), Mr. Sun Ziqiang (Vice Chairman), Mr. Miao Zhenguo (Chief Executive Officer) and Mr. Jaime Che as executive directors; Dr. Chen Yanping as non-executive director; Mr. Hung Chi Yuen Andrew, Professor Sit Fung Shuen Victor and Mr. Toh Hock Ghim as independent non-executive directors.

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