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SCUD GROUP LIMITED

飛毛腿集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1399)

ANNOUNCEMENT

This announcement is made to clarify the amount of purchases of moulds and raw materials from a connected person of the Group for the year ended 31 December 2006.

The Company refers to its prospectus dated 11 December 2006 (the “Prospectus”). Terms as defined in the Prospectus shall bear the same meanings when used herein.

The Company was listed on the Stock Exchange on 21 December 2006 and had published its financial results for the year ended 31 December 2006 on 28 March 2007. During the course of its management review, it came to the attention of the Directors of the Company that certain purchases of raw materials and moulds from a connected person, Scud Mould, had exceeded the cap of RMB16,500,000 as stated in the Prospectus for the year ended 31 December 2006. Scud Mould is a subsidiary of Scud Stock, being an associate of the executive directors of the Company, namely Mr Fang, Mr Lin and Mr Guo. Consequently, purchases of raw materials and moulds from Scud Mould constitute continuing connected transactions for the Company.

The actual amount of raw materials and moulds purchased from Scud Mould for the year ended 31 December 2006 was approximately RMB17,603,000, thereby exceeding the cap as set out in the Prospectus by RMB1,103,000 and thus being in breach of the maximum aggregate annual value requirement under Rule 14A.35(2) of the Listing Rules.

There was an internal miscommunication within the Group as to what was to be included when calculating the level of the cap. The person responsible for monitoring the cap had thought the cap of RMB16,500,000 related only to raw materials. In fact, it related to both raw materials and moulds purchased from Scud Mould.

The Company hereby confirms that the caps sought for purchases of raw materials and moulds from Scud Mould for the years ending 31 December 2007 and 2008 remain unchanged at RMB17,500,000 and RMB22,100,000 respectively.

As at the date of this announcement, the Executive Directors of the Company are Mr. Fang Jin, Mr. Lin Chao, Mr. Guo Quan Zeng and Mr. Li Hui Qiu, the Non-executive Director is Mr. Ho Man and the Independent Non-executive Directors are Mr. Heng Kwoo Seng, Mr. Wang Jing Zhong and Mr. Wang Jian Zhang.

By Order of the Board of
SCUD GROUP LIMITED
Fang Jin
Chairman

Hong Kong, 2 April 2007

* For identification purpose only

“Please also refer to the published version of this announcement in South China Morning Post.”