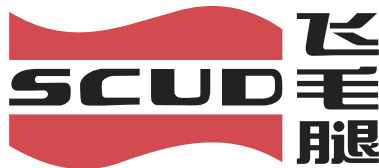


The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



SCUD GROUP LIMITED

飛毛腿集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1399)

CONTINUING CONNECTED TRANSACTION ANNOUNCEMENT

Reference is made to the Company's announcement dated 20 December 2007 and circular dated 11 January 2008.

On 17 January 2008, CLTE and CLTT entered into a lease agreement whereby CLTT will lease the factory and dormitory premises from CLTE in Shenzhen. This lease shall constitute a continuing connected transaction of the Company upon completion of the Acquisition when CLTT becomes a subsidiary of the Company.

The Vendor is a connected person of the Company by way of its 30% interest in the Purchaser, and the Original Shareholders are connected persons pursuant to Rule 14A.11(4)(a) of the Listing Rules by way of their arrangements with the Vendor in relation to the Acquisition. Upon the CLTT Approval Date whereby CLTT becomes an indirect non-wholly owned subsidiary of the Company, the lease agreement between CLTT and CLTE, a company owned by the Original Shareholders, will constitute continuing connected transaction of the Company. Based on the agreed annual rental of the lease agreement, each of the relevant percentage ratios is on an annual basis less than 2.5%, the lease agreement is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Company refers to its announcement and circular dated 20 December 2007 and 11 January 2008 respectively. Terms as defined in the circular shall bear the same meanings when used herein.

The Company has disclosed in the above announcement and circular that it is expected CLTT and CLTE may enter into a lease agreement, after the date of the Agreement to acquire the Sale Interest in CLTT and the Sale Assets in CLTE, whereby CLTT will lease the factory and office premises from CLTE in Shenzhen. The board of Directors is pleased to announce that such lease agreement has been entered into

* For identification purpose only

and effective from 17 January 2008 for the purpose of carrying out production under the “*Chaolitong 超力通*” brand after completion of the Acquisition. The lease will be for an initial period of three years from 17 January 2008 to 16 January 2011, with an annual cap of RMB3,600,000 per year during this three year period. CLTT shall have the priority to renegotiate an extension of the lease at the end of such period and the Company will fully comply with the relevant Listing Rules should the lease be renewed. CLTE has the obligation to obtain all necessary approvals and documentations to ensure the lease to be compliant with the relevant PRC laws. The rent payable by CLTT shall be RMB3,600,000 per year. Such rental amount may be revised should the lease be renewed after three years. The rental payable under the lease agreement is payable in cash on a monthly basis and was determined after arm’s length negotiations between CLTT and CLTE with reference to the prevailing market rental for comparable premises. The Directors (including the independent non-executive Directors) are of the opinion that the terms of the lease agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Vendor is a connected person of the Company by way of its 30% interest in the Purchaser, and the Original Shareholders are connected persons pursuant to Rule 14A.11(4)(a) of the Listing Rules by way of their arrangements with the Vendor in relation to the Acquisition. Upon the CLTT Approval Date whereby CLTT becomes an indirect non-wholly owned subsidiary of the Company, the lease agreement between CLTT and CLTE, a company owned by the Original Shareholders, will constitute continuing connected transaction of the Company. Based on the agreed annual rental of the lease agreement, each of the relevant percentage ratios is on an annual basis less than 2.5%, the lease agreement is subject to the reporting and announcement requirements but exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

The Group is a market leader in the sales and marketing of self-manufactured rechargeable battery packs for mobile phones in the PRC under its own “*SCUD 飛毛腿*” brand. For more information, please visit the Group’s website at <http://www.scudcn.com>. CLTT was incorporated in China with limited liability and is not currently engaged in any business activities. CLTE was incorporated in China with limited liability and is one of the Group’s largest rivals which principally engaged in the manufacture and sale of rechargeable battery packs in China for mobile phones under the “*Chaolitong 超力通*” brand.

By Order of the Board
SCUD GROUP LIMITED
Fang Jin
Chairman

Hong Kong, 17 January 2008

As at the date of this announcement, the directors of the Company are Mr. Fang Jin, Mr. Lin Chao, Mr. Guo Quan Zeng, Mr. Li Hui Qiu, Mr. Ho Man, Mr. Heng Kwo Seng**, Mr. Wang Jing Zhong** and Mr. Wang Jian Zhang**.*

* *Non-executive Director*

** *Independent non-executive Directors*