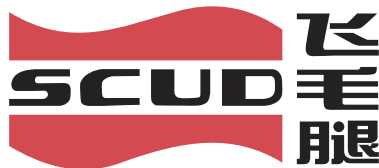


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SCUD GROUP LIMITED

飛毛腿集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1399)

PROFIT WARNING

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that the Group expects to record a considerable decline in its unaudited consolidated net profit for the six months ended 30 June 2009 as compared to the unaudited consolidated net profit for the six months ended 30 June 2008.

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

This announcement is made pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The board (the "**Board**") of directors of SCUD Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to inform the shareholders of the Company and potential investors that the Group expects to record a considerable decline in unaudited consolidated net profit for the six months ended 30 June 2009 as compared to the unaudited consolidated net profit for the six months ended 30 June 2008.

Despite maintaining a relatively strong position in the high-end market business segments backed by the Company's well-established brand recognition and product quality, the Company encountered a weakening demand particularly for the Group's OEM products as a result of decreased orders from customers and intensified competition as a result of the adverse market conditions caused by the global financial tsunami. Such decline in unaudited consolidated net profits of the Group is also attributable to the increase in amortization costs and the impairment provision on goodwill related to Chaolitong

Technology Company Limited (acquired in June 2008). Final size of the impairment required will be subject to the results of the valuation report prepared by an independent appraisal company.

As the Company's sales and performance in the second quarter of 2009 achieved significant improvement over the first quarter of 2009, the Directors believe that the fundamental operations of the Group remain strong and the momentum achieved in the second quarter can be maintained in the second half of 2009.

The Board wishes to point out that the Group's businesses and operations made positive contributions to the Group for the six months ended 30 June 2009 and the impairment loss is non-cash in nature and is not expected to have a material adverse effect on the Group's cash flows. In fact, the Company maintained a strong cash position with cash balance of approximately RMB480 million on hand as at 30 June 2009.

As the Company is in the process of finalizing its interim results for the six months ended 30 June 2009, the information in this announcement is based on a preliminary assessment by the Company's management according to the management accounts of the Group. Further details of the Group's performance will be disclosed when the Group's interim results for the six months ended 30 June 2009 are announced.

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

By Order of the Board
SCUD GROUP LIMITED
Fang Jin
Chairman

Hong Kong, 31 July 2009

As at the date of this announcement, the Board comprises Messrs. Fang Jin, Guo Quan Zeng and Li Hui Qiu being the executive Directors, Messrs. Lin Chao and Ho Man being the non-executive Directors, and Messrs. Loke Yu, Wang Jing Zhong and Wang Jian Zhang being the independent non-executive Directors.