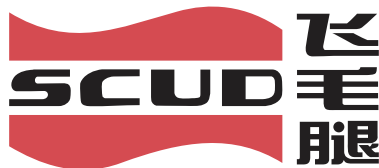


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SCUD GROUP LIMITED

飛毛腿集團有限公司*

(incorporated in Cayman Islands with limited liability)

(Stock Code: 01399)

DISCLOSEABLE TRANSACTION

The Board wishes to announce that on 20 April 2010, Scud Electronics entered into the Capital Injection Agreement with the Vendors pursuant to which Scud Electronics agreed to pay a total consideration of RMB50.0 million (approximately HK\$56.9 million) whereby RMB35.0 million (approximately HK\$39.8 million) will be injected into Shenzhen Hongde as contributions to its registered capital whilst the remaining RMB15.0 million (approximately HK\$17.1 million) shall be recorded by Shenzhen Hongde as capital surplus.

Upon completion, Shenzhen Hongde will become an indirect subsidiary of the Company with Scud Electronics having a 70% equity interest in Shenzhen Hongde.

As the relevant applicable ratios under Chapter 14 of the Listing Rules exceed 5% but do not exceed 25%, the transactions contemplated under the Capital Injection Agreement constitute a discloseable transaction for the Company under the Listing Rules.

INTRODUCTION

On 20 April 2010, Scud Electronics, a wholly-owned subsidiary of the Company, entered into the Capital Injection Agreement whereby upon completion, Scud Electronics will have a 70% equity interest in Shenzhen Hongde.

CAPITAL INJECTION AGREEMENT

Date: 20 April 2010

Parties:

- Original equity holders prior to the completion of the Capital Injection Agreement
- (i) RuiDe Electronics, the beneficial owner of 20% equity interest in Shenzhen Hongde;
 - (ii) Hua Wei, the beneficial owner of 43.33% equity interest in Shenzhen Hongde;
 - (iii) Liu Bai, the beneficial owner of 16.67% equity interest in Shenzhen Hongde;
 - (iv) Ji Fulin, the beneficial owner of 10% equity interest in Shenzhen Hongde; and
 - (v) Zhang Wei, the beneficial owner of 10% equity interest in Shenzhen Hongde.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the original equity holders above and the ultimate beneficial owner of RuiDe Electronics are third parties independent of the Company and are not connected persons of the Company.

New equity holder: Scud Electronics, a wholly-owned subsidiary of the Company.

CAPITAL INJECTION

Pursuant to the terms of the Capital Injection Agreement, the total consideration payable by Scud Electronics is RMB50.0 million (approximately HK\$56.9 million) whereby RMB35.0 million (approximately HK\$39.8 million) will be injected into Shenzhen Hongde as contributions to its registered capital whilst the remaining RMB15.0 million (approximately HK\$17.1 million) shall be recorded by Shenzhen Hongde as capital surplus. All such payments are to be made in cash immediately after signing the Capital Injection Agreement.

The total consideration under the Capital Injection Agreement was arrived at after arm's length negotiations between the parties based on the net asset value of Shenzhen Hongde as at 31 March 2010 of approximately RMB29,668,000 (approximately HK\$33,744,000) as stated in the latest management accounts of Shenzhen Hongde. Upon completion of the Capital Injection Agreement, Shenzhen Hongde will become an indirect subsidiary of the Company and Shenzhen Hongde shall be owned by Scud Electronics as to 70%, RuiDe Electronics as to 6%, Hua Wei as to 13%, Liu Bai as to 5%, Ji Fulin as to 3% and Zhang Wei as to 3%. The relevant PRC regulatory approvals on capital contribution and registration of Scud Electronics as a new equity holder of Shenzhen Hongde will be applied for.

As stated in the audited accounts of Shenzhen Hongde prepared in accordance with general accepted accounting principals of the PRC, the audited profits before and after tax for the year ended 31 December 2009 and for the year ended 31 December 2008 are set out below:

	For the year ended 31 December 2009	For the year ended 31 December 2008
Revenue	RMB108,174,000 (approximately HK\$123,034,000)	RMB103,756,000 (approximately HK\$118,009,000)
Profits before tax and extraordinary items	RMB13,411,000 (approximately HK\$15,253,000)	RMB10,592,000 (approximately HK\$12,047,000)
Profits after tax and extraordinary items	RMB12,070,000 (approximately HK\$13,728,000)	RMB10,592,000 (approximately HK\$12,047,000)

As Shenzhen Hongde has been a supplier of raw materials to the Group, for the years ended 31 December 2007, 2008 and 2009, the purchase of raw materials by the Group from Shenzhen Hongde amounted to approximately RMB8,987,000 (approximately HK\$10,222,000), RMB1,571,000 (approximately HK\$1,787,000) and RMB7,396,000 (approximately HK\$8,412,000) respectively.

DIVIDENDS AND OTHER TERMS

Pursuant to the terms of the Capital Injection Agreement, it was agreed that Shenzhen Hongde shall distribute dividends on an annual basis which shall not be less than 30% of the relevant year's profits after tax. Further it was agreed that the Vendors shall be entitled to the undistributed profits of Shenzhen Hongde in the form of dividends which amount to RMB6,000,000 (approximately HK\$6,824,000) for the period up to 31 December 2009, whilst the remaining undistributed profits shall be for the benefit of the equity holders pro-rata of their equity interests in Shenzhen Hongde post capital injection.

Scud Electronics shall also be entitled to appoint over 70% of the board of directors of Shenzhen Hongde and shall have the right to appoint the president and vice-president of Shenzhen Hongde.

REASONS FOR ENTERING INTO THE CAPITAL INJECTION AGREEMENT

The purpose of the Group's investment in Shenzhen Hongde is to coordinate with the upstream bare battery cells manufacturing business of the Group and Shenzhen Hongde is one of the leaders in high-end bare battery cells in terms of research and development capabilities, leveraging on its professional and experienced research and development team, advanced production and inspection facilities, and strict quality assurance system. Shenzhen Hongde will enable the Group to enhance its research and development capabilities in the Group's core technologies, and further stabilize the upstream supply, maintain cost control, improve profit margin and enhance core competitiveness. In terms of product positioning, the Group's new bare battery cells plant under construction in the production base in Fuzhou is expected to commence production earliest by the second half of 2010. The Group expects to focus on its own-brand bare battery cells in the mid-range rechargeable battery products in China in this new production base in Fuzhou. Besides, as Shenzhen Hongde is primarily engaged in research and development, production and sale of high-end lithium ion bare battery cells, the investment in Shenzhen Hongde will allow the Group to apply such expertise on its rechargeable battery products with varying qualities in its future bare battery cells supply, contributing to the enhancement of "SCUD 飛毛腿" brand's unique competitive strengths in the rechargeable batteries industry in China.

LISTING RULES REQUIREMENTS

The Directors believe that the terms of the Capital Injection Agreement are fair and reasonable and on normal commercial terms and the transactions contemplated thereunder are in the interest of the Company and Shareholders as a whole.

As the relevant applicable ratios under Chapter 14 of the Listing Rules exceed 5% but do not exceed 25%, the transaction contemplated under the Capital Injection Agreement constitutes a discloseable transaction for the Company under the Listing Rules.

GENERAL INFORMATION

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>.

Scud Electronics is a wholly-owned subsidiary of the Company principally engaged in the manufacturing and marketing of rechargeable battery packs, chargers and other related accessories for mobile phones, notebook computers, digital cameras and other electronic appliances.

Shenzhen Hongde is principally engaged in the research and development, production and sale of high-end lithium ion bare battery cells. Currently, Hongde has approximately 600 employees, including approximately 40 technicians. It has an annual production capacity of approximately 20 million bare battery cells as at 31 December 2009. It is one of the relatively famous brands in China in the manufacturing of high-end lithium ion bare battery cells. As for customers, it mainly provides parts for high-end brand manufacturers of rechargeable batteries in China.

DEFINITIONS

associate	has the meaning ascribed to it in the Listing Rules
Board	the board of Directors
Capital Injection Agreement	the Agreement entered into between the Vendors and Scud Electronics on 20 April 2010 whereby Scud Electronics agreed to pay a total consideration of RMB50.0 million (approximately HK\$56.9 million) which would give Scud Electronics a 70% equity interest in Shenzhen Hongde after completion of this Agreement
Company	SCUD Group Limited, a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange
connected person	has the meaning ascribed to it in the Listing Rules
Director(s)	director(s) of the Company
Group	the Company and its subsidiaries
Hong Kong	the Hong Kong Special Administrative Region of the PRC
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
percentage ratios	the percentage ratios calculated based on the requirements under Rule 14.07 of the Listing Rules
PRC	the People's Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this announcement
RMB	Renminbi, the lawful currency of the PRC
RuiDe Electronics	深圳市睿德電子實業有限公司 (Shenzhen Ruide Electronic Industrial Co., Ltd.*), a company established under the laws of the PRC
Scud Electronics	飛毛腿(福建)電子有限公司 (Scud (Fujian) Electronics Co., Ltd.*), a wholly foreign-owned enterprise established in the PRC on 30 September 2002 and an indirect wholly-owned subsidiary of the Company

Share(s)	ordinary share(s) in the Company with a nominal value of HK\$0.10 each
Shareholder(s)	holder(s) of the Shares
Shenzhen Hongde	深圳市鴻德電池有限公司 (Shenzhen Hongde Battery Co., Ltd.*), a company established under the laws of the PRC
Stock Exchange	the Stock Exchange of Hong Kong Limited
Vendors	Hua Wei, Liu Bai, Ji Fulin and Zhang Wei and RuiDe Electronics, all being existing equity holders of Shenzhen Hongde

For the purpose of this announcement, unless otherwise indicated, the exchange rate of HK\$1=RMB0.87922 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rate or at any other rates.

By Order of the Board of
SCUD Group Limited
Fang Jin
Chairman

Hong Kong, 20 April 2010

*As at the date of this announcement, the directors of the Company are Mr. Fang Jin, Mr. Guo Quan Zeng, Mr. Li Hui Qiu, Ms. Huang Yan, Dr. Loke Yu**, Mr. Wang Jing Zhong** and Mr. Wang Jian Zhang**.*

* *For identification purpose only*

** *Independent non-executive Directors*