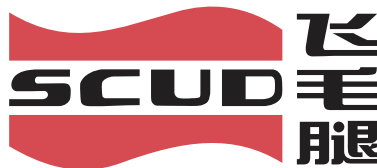


*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance 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 Cayman Islands with limited liability)*

**(Stock Code: 01399)**

## **CONNECTED TRANSACTIONS**

### **SALE AND PURCHASE AGREEMENTS**

On 14 May 2010, 21 June 2010 and 15 July 2010, Scud Shenzhen, a wholly-owned subsidiary of the Company entered into the Sale and Purchase Agreements with Fujian Netcom, an associate (as defined in the Listing Rules) of Mr. Fang, our Director and controlling shareholder.

Pursuant to the Sale and Purchase Agreements, Scud Shenzhen agreed to sell and Fujian Netcom agreed to purchase various types of batteries for a total consideration of RMB4,999,225 (equivalent to approximately HK\$5,799,101) inclusive of the PRC value added tax.

### **LISTING RULES IMPLICATIONS**

As at the dates the Sale and Purchase Agreements were entered into and as at the date of this announcement, Fujian Netcom was indirectly wholly owned by Mr. Fang Dong, the brother of Mr. Fang, our Director and controlling Shareholder. Fujian Netcom is an associate (as defined in the Listing Rules) of Mr. Fang and thus a connected person of the Company under the Listing Rules. Therefore the transactions under the Sale and Purchase Agreements constitute connected transactions of the Company.

As the applicable percentage ratios (other than the profits ratio) in respect of the transactions (as aggregated) are more than 0.1% and less than 5%, the transactions are only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules but do not require the approval by the independent Shareholders.

There has been a delay in disclosure of the Sale and Purchase Agreements, further details of which are set out below.

\* For identification purpose only

## SALE AND PURCHASE AGREEMENTS

On 14 May 2010, 21 June 2010 and 15 July 2010, Scud Shenzhen, a wholly-owned subsidiary of the Company entered into the First Sale and Purchase Agreement, Second Sale and Purchase Agreement and the Third Sale and Purchase Agreement, respectively, with Fujian Netcom, an associate (as defined in the Listing Rules) of Mr. Fang, our Director and controlling Shareholder.

Pursuant to the Sale and Purchase Agreements, Scud Shenzhen agreed to sell and Fujian Netcom agreed to purchase various types of batteries for a total consideration of RMB4,999,225 (equivalent to approximately HK\$5,799,101) inclusive of the PRC value added tax.

The specific terms of the Sale and Purchase Agreements are set out as follows:

	<b>First Sale and Purchase Agreement</b>	<b>Second Sale and Purchase Agreement</b>	<b>Third Sale and Purchase Agreement</b>
<b>Date:</b>	14 May 2010	21 June 2010	15 July 2010
<b>Consideration (inclusive of the PRC value added tax):</b>	RMB2,000,000 (equivalent to approximately HK\$2,320,000)	RMB2,000,000 (equivalent to approximately HK\$2,320,000)	RMB999,225 (equivalent to approximately HK\$1,159,101)

Save for the abovementioned terms, the principal terms of each of the Sale and Purchase Agreements were the same and are as follows:

<b>Parties:</b>	(i) Scud Shenzhen as vendor  (ii) Fujian Netcom as purchaser
<b>Products:</b>	Batteries
<b>Payment Terms:</b>	Fujian Netcom to transfer funds to Scud Shenzhen after receipt of goods

The consideration was determined after arm's length negotiations between Scud Shenzhen and Fujian Netcom with reference to the market price for similar products.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENTS**

By entering the Sale and Purchase Agreements, the Group had the opportunity to increase the sales of batteries for mobile phone projectors. The Directors (including the independent non-executive Directors) are of the opinion that the Sale and Purchase Agreements were entered into (i) in the ordinary and usual course of business of the Group and (ii) on normal commercial terms after arm's length negotiations between the parties. They consider that the terms of the Sale and Purchase Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

At the Board meeting where the Board approved, confirmed and ratified the Sale and Purchase Agreements, Mr. Fang abstained from voting on such resolution as he is the brother of Mr. Fang Dong, the beneficial shareholder of Fujian Netcom. No other Directors have a material interest in the Sale and Purchase Agreements.

## **LISTING RULES IMPLICATIONS**

As at the dates the Sale and Purchase Agreements were entered into and as at the date of this announcement, Fujian Netcom was indirectly wholly owned by Mr. Fang Dong, the brother of Mr. Fang, our Director and controlling Shareholder. Fujian Netcom is an associate (as defined in the Listing Rules) of Mr. Fang and thus a connected person of the Company under the Listing Rules. Therefore the transactions under the Sale and Purchase Agreements constitute connected transactions of the Company.

As the applicable percentage ratios (other than the profits ratio) in respect of the transactions (as aggregated) are more than 0.1% and less than 5%, the transactions are only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules but do not require the approval by the independent Shareholders.

## **DELAY IN DISCLOSURE**

During the Company's year-end review, it came to the Company's attention that there were the transactions under the Sale and Purchase Agreements, when aggregated, be subject to the reporting and announcement requirements under the Listing Rules. As soon as practicable, the Company took steps to arrange for the publication of this announcement in order to comply with the relevant requirements under the Listing Rules. The Board regrets the delay in disclosure. The Board confirms that the arrangement between Scud Shenzhen and Fujian Netcom for the sale and purchase of batteries has ceased as Fujian Netcom currently purchases batteries for the products they sell and produce from other suppliers.

## INFORMATION ON THE GROUP AND FUJIAN NETCOM

The Group is a market leader in the sale 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>.

At the time of entering into the Sale and Purchase Agreements, Fujian Netcom’s business involved in the research, development, manufacture, sale and marketing of mini projectors.

## DEFINITIONS

associate	has the meaning ascribed to it in the Listing Rules
Board	the board of Directors
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
controlling shareholder	has the meaning ascribed to it in the Listing Rules
Director(s)	director(s) of the Company
First Sale and Purchase Agreement	the sale and purchase agreement dated 14 May 2010 entered into between Scud Shenzhen as vendor and Fujian Netcom as purchaser in respect of the sale and purchase of batteries
Fujian Netcom	福建網訊科技有限公司 (Fujian Netcom Technology Co., Ltd.*), a wholly foreign owned enterprise established in the PRC and wholly owned by 網訊科技(集團)有限公司 (Netcom Technology (Group) Limited), a limited liability company established in Hong Kong and wholly-owned by Mr. Fang Dong (方東), brother of Mr. Fang
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
Mr. Fang	Mr. Fang Jin, an executive Director and a controlling shareholder currently holding approximately 38.95% of the issued share capital of the Company
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
Sale and Purchase Agreements	the First Sale and Purchase Agreement, the Second Sale and Purchase Agreement and the Third Sale and Purchase Agreement
Scud Shenzhen	飛毛腿電子(深圳)有限公司(Scud Electronics (Shenzhen) Co., Ltd.*) a wholly foreign owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company
Second Sale and Purchase Agreement	the sale and purchase agreement dated 21 June 2010 entered into between Scud Shenzhen as vendor and Fujian Netcom as purchaser in respect of the sale and purchase of batteries
Share(s)	ordinary share(s) in the Company with a nominal value of HK\$0.10 each

Shareholder(s)	holder(s) of the Shares
Stock Exchange	the Stock Exchange of Hong Kong Limited
Third Sale and Purchase Agreement	the sale and purchase agreement dated 15 July 2010 entered into between Scud Shenzhen as vendor and Fujian Netcom as purchaser in respect of the sale and purchase of batteries

For the purpose of this announcement, unless otherwise indicated, the exchange rate of HK\$1=RMB0.86 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 all.

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

Hong Kong, 14 March 2011

*As at the date of this announcement, the Board comprises Mr. Fang Jin, Mr. Guo Quan Zeng, Mr. Zhang Li and Ms. Huang Yan being the executive Directors, and Dr. Loke Yu, Mr. Wang Jing Zhong and Mr. Wang Jian Zhang being the independent non-executive Directors.*