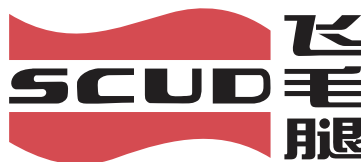

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in SCUD Group Limited, you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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: 01399)

**RENEWAL OF GENERAL MANDATE
TO ISSUE SHARES AND REPURCHASE SHARES
AND
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of SCUD Group Limited to be held at 3:00 p.m. on Wednesday, 9 May 2012 at Empire Room I, Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong, is set out on pages 13 to 17 of this circular. Whether or not you are able to attend the annual general meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the branch share registrar of SCUD Group Limited in Hong Kong, Tricor Investor Services Limited, located at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the annual general meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting, or any adjournment thereof, should you so wish.

5 April 2012

* For identification purpose only

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“AGM”	the annual general meeting of the Company to be held at 3:00 p.m. on Wednesday, 9 May 2012 at Empire Room I, Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong;
“AGM Notice”	the notice convening the AGM set out on pages 13 to 17 of this circular;
“Articles”	the articles of association of the Company adopted pursuant to written resolutions of the Shareholders passed on 3 December 2006;
“associate”	has the same meaning as defined in the Listing Rules;
“Board”	the board of Directors;
“Company”	SCUD Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange;
“connected person”	has the same meaning as defined in the Listing Rules;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to allot and issue Shares set out as resolution no. 11 in the AGM notice;
“Latest Practicable Date”	28 March 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;

DEFINITIONS

“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to repurchase Shares set out as resolution no. 12 in the AGM Notice;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary shares of HK\$0.10 each in the capital of the Company;
“Shareholder(s)”	holder(s) of (a) Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission and as amended from time to time.

LETTER FROM THE BOARD



SCUD GROUP LIMITED

飛毛腿集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01399)

Executive Directors

Mr. Fang Jin (*Chairman*)

Mr. Guo Quan Zeng (*Chief Executive Officer*)

Ms. Huang Yan

Mr. Zhang Li

Registered office:

Cricket Square, Hutchins Drive

P.O. Box 2681 GT

Grand Cayman

KY1-1111

Cayman Islands

Independent Non-executive Directors

Dr. Loke Yu

Mr. Wang Jing Zhong

Mr. Wang Jian Zhang

Place of business in Hong Kong:

Room 5505, 55/F Central Plaza

18 Harbour Road

Wanchai

Hong Kong

5 April 2012

To the Shareholders

Dear Sir or Madam,

**RENEWAL OF GENERAL MANDATE
TO ISSUE SHARES AND REPURCHASE SHARES
AND
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to: (i) provide you with details of the proposed Issue Mandate and the proposed Repurchase Mandate, (ii) set out an explanatory statement regarding the Repurchase Mandate, (iii) provide particulars of the Directors to be re-elected and (iv) give you notice of the AGM.

* For identification purpose only

LETTER FROM THE BOARD

GENERAL MANDATE TO ISSUE SHARES AND REPURCHASE SHARES

At the annual general meeting of the Company held on 11 May 2011, ordinary resolutions were passed giving the general mandate to the Directors to allot, issue and deal with new Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at 11 May 2011. The purpose of the general mandate was to enable the Directors to issue additional Shares should the need arise. Ordinary resolutions will be proposed at the AGM for approval of, amongst others, the Issue Mandate and the Repurchase Mandate in order to give to the Directors new general mandates:

- (i) to allot, issue and otherwise deal with new Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the proposed resolution at the AGM; and
- (ii) to repurchase Shares with an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the proposed resolution at the AGM.

In addition, a separate ordinary resolution will also be proposed at the AGM to add to the Issue Mandate those Shares repurchased by the Company pursuant to the Repurchase Mandate (if granted to the Directors at the AGM). The Directors have no present intention to exercise the general mandates to issue Shares and to repurchase Shares of the Company.

As at the Latest Practicable Date, the Listing Rules provide that, unless the Stock Exchange agrees otherwise, in the event the Issue Mandate is exercised and Shares are placed for cash consideration under the Issue Mandate, the issue price of the Shares may not be at a price which represents a discount of 20% or more to the benchmarked price of the Shares, such benchmarked price being the higher of:

- (i) the closing price of the Shares as quoted on the Stock Exchange on the date of the relevant placing agreement or other agreement involving the proposed issue of securities under the Issue Mandate; and
- (ii) the average closing price of the Shares as quoted on the Stock Exchange in the 5 trading days immediately prior to the earlier of:
 - (a) the date of announcement of the placing or the proposed transaction or arrangement involving the proposed issue of Shares under the Issue Mandate;
 - (b) the date of the placing agreement or other agreement involving the proposed issue of Shares under the Issue Mandate; and
 - (c) the date on which the placing or subscription price is fixed.

In terms of price at which Shares may be issued at time of exercise of the Issue Mandate, the Company will comply with the then prevailing requirements under the Listing Rules.

The Directors have no present intention to exercise the general mandates to issue Shares and to repurchase Shares of the Company.

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

It is proposed that at the AGM, Mr. Fang Jin, Mr. Guo Quan Zeng and Ms. Huang Yan will retire by rotation in accordance with Article 87(1).

Mr. Fang Jin, Mr. Guo Quan Zeng and Ms. Huang Yan, all being eligible, will offer themselves for re-election. The particulars of these Directors which are required to be disclosed by the Listing Rules are set out in Appendix II to this circular.

TERMS OF DIRECTORS' APPOINTMENT

Details of the service contracts of each of Mr. Fang Jin, Mr. Guo Quan Zeng, Ms. Huang Yan (the retiring Directors each of whom proposes to continue as Directors after the AGM) and Mr. Zhang Li, the executive Directors, and appointment letters of each of Dr. Loke Yu, Mr. Wang Jing Zhong and Mr. Wang Jian Zhang, the three independent non-executive Directors, are set out in Appendix II of this circular.

ANNUAL GENERAL MEETING

A notice convening the AGM to be held at 3:00 p.m. on Wednesday, 9 May 2012 at Empire Room I, Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong is set out on pages 13 to 17 of this circular for the purpose of considering and, if thought fit, passing the resolutions set out therein.

You will find enclosed a form of proxy for use at the AGM. Whether or not you are able to attend the AGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, located at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the AGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM, or any adjournment thereof, should you so wish.

Pursuant to the Listing Rules, voting by poll is mandatory at all general meetings except for resolutions relating purely to procedural or administrative matter. The chairman of the AGM will request for voting by poll on all the proposed resolutions. The results of the poll will be published on the websites of the Company and the Stock Exchange on the day of the above meeting.

CLOSURE OF REGISTER OF MEMBERS

Shareholders whose name appear on the Company's register of member on Wednesday, 9 May 2012, will be eligible for attending and voting at the Company's annual general Meeting ("AGM"). The Company's register of members will be closed from Monday, 7 May 2012 to Wednesday, 9 May 2012, both days inclusive, during which no transfer of Shares will be registered. In order to be eligible for attending and voting at the AGM, all transfer forms accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, located at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Friday, 4 May 2012.

LETTER FROM THE BOARD

Shareholders whose name appear on the Company's register of members on Friday, 18 May 2012, will be eligible to the proposed final dividend. The register of members of the Company will be closed from Tuesday, 15 May 2012 to Friday, 18 May 2012, both days inclusive, for ascertaining Shareholders' entitlement to the proposed final dividend and during which no transfer of Shares will be registered. In order to qualify for the proposed final dividend (subject to the approval by shareholder at the forthcoming AGM), all transfer forms accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at the above mentioned address for registration before 4:30 p.m. on Monday, 14 May 2012. The proposed final dividend (the payment of which is subject to the Shareholders' approval at the AGM) is to be payable on or about Wednesday, 30 May 2012 to Shareholders whose name appear on the register of members of the Company on Friday, 18 May 2012. The Shares will trade ex-dividend on Friday, 11 May 2012.

RECOMMENDATION

The Directors consider that the granting of the Issue Mandate, the Repurchase Mandate and the re-election of the retiring Directors are in the interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of all resolutions as set out in the AGM Notice.

Your attention is also drawn to the additional information set out in Appendix I and Appendix II to this circular.

By Order of the Board
Fang Jin
Chairman

This appendix includes an explanatory statement required by the Stock Exchange to be presented to Shareholders concerning the Repurchase Mandate proposed to be granted to the Directors.

1. STOCK EXCHANGE RULES FOR REPURCHASES OF SHARES

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions.

2. FUNDING OF REPURCHASES

Any repurchase will be made out of funds which are legally available for the purpose in accordance with the memorandum of association and Articles of the Company and the laws of the Cayman Islands. Such repurchases may only be effected out of profits of the Company or out of a fresh issue of shares made for the purpose, or, if so authorized by the Articles and subject to the provisions of the Companies Law, out of capital. Any premium payable on a repurchase over the par value of the shares to be repurchased must be provided for out of profits of the Company or out of the Company's share premium account or, if so authorized by the Articles and subject to the provisions of the Companies Law, out of capital.

As compared with the financial position of the Company as at 31 December 2011 (being the date to which the latest audited financial statements of the Company have been made up), the Directors consider that there would not be a material adverse impact on the working capital and on the gearing position of the Company in the event the proposed repurchases were to be carried out in full during the proposed repurchase period.

The Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital of the Company or the gearing position which in the opinion of the Directors are from time to time appropriate for the Company.

3. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,032,001,246 Shares.

Subject to the passing of the relevant ordinary resolutions to approve the general mandates to issue and repurchase Shares and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the AGM, the Company would be allowed under the repurchase proposal to repurchase a maximum of 103,200,124 Shares.

4. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase Shares on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earning per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

5. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the Repurchase Mandate in accordance with the Listing Rules, the applicable laws of the Cayman Islands and in accordance with the memorandum of association and Articles of the Company.

6. EFFECT OF THE TAKEOVERS CODE

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a shareholder or a group of shareholders acting in concert, depending on the level of increase of the shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Mr. Fang Jin, the chairman and an executive Director, was interested in 402,000,000 Shares, representing approximately 38.95% of the issued share capital of the Company, and Mr. Lin Chao, a substantial shareholder of the Company, was interested in 142,240,000 Shares, representing approximately 13.78% of the issued share capital of the Company.

In the event the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Repurchase Mandate and on the assumption that no further shares are issued or repurchased from the Latest Practicable Date to the date of the AGM, the shareholding interest of Mr. Fang Jin, together with his associates, would increase to approximately 43.28% of the issued share capital of the Company and the shareholding interest of Mr. Lin Chao, together with his associates, would increase to approximately 15.31% of the issued share capital of the Company. In the event of such increase, Mr. Fang Jin, together with his associates, would, in the absence of a waiver from the Securities and Futures Commission, be obliged to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors do not intend to exercise the power to repurchase Shares to an extent which would render the aforesaid Shareholder or any Shareholder or group of Shareholders obliged to make a mandatory offer under Rule 26 of the Takeovers Code. The Board will endeavour to ensure that the exercise of the Repurchase Mandate will not result in less than 25% of the Shares being held by the public.

7. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of the knowledge and belief of the Directors, having made all reasonable enquiries, any of their respective associates has any present intention, in the event that the proposed Repurchase Mandate is approved by the Shareholders, to sell Shares to the Company. No connected person of the Company has notified the Company that he/she/it has a present intention to sell Shares to the Company nor has he/she/it undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Company is authorised to make repurchases of Shares.

8. SHARE REPURCHASE MADE BY THE COMPANY

No repurchase of Shares has been made by the Company during the previous six months and ending on the Latest Practicable Date.

9. SHARE PRICE

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the previous twelve months and up till the Latest Practicable Date were as follows:

	Shares	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2012		
January	0.55	0.41
February	0.58	0.50
March (up to the Latest Practicable Date)	0.57	0.53
2011		
April	0.80	0.73
May	0.74	0.63
June	0.66	0.54
July	0.69	0.59
August	0.62	0.43
September	0.49	0.33
October	0.45	0.31
November	0.44	0.40
December	0.47	0.42

DETAILS OF PROPOSED DIRECTORS FOR RE-ELECTION AT THE AGM

The particulars of Directors who are subject to re-election at the AGM and which are required to be disclosed by the Listing Rules are set out below:

(1) Mr. Fang Jin – Executive Director

Fang Jin, aged 53, is an executive Director and the Chairman of the Group, and is a senior economist. He is also a co-founder of the Group which was founded in December 2006. Mr. Fang is mainly responsible for the Group's developmental planning, operational and corporate investment decision-making and brand strategy. Mr. Fang has been leading the Board for collective decision-making for years and has set a very clear direction for SCUD product management and brand construction. He commenced his career at the age of 18, and has accumulated over twenty years of experience in the mobile phone accessories industry and related operation management. He has very keen discernment and vision on the exploration of brand market and the marketability of new products. Prior to the establishment of Scud (Fujian) Electronics Co. Ltd. ("Scud Electronics") in 1997, Mr. Fang was engaged, as a sole proprietor, in the sale of communication products and accessories in the PRC. In December 1996, he established Cai Hong Group (Hong Kong) Co. Ltd. in conjunction with partners including Mr. Lin Chao (and established Scud Electronics in October 1997). Mr. Fang has received several awards including:

2003	National Advanced Individual On Projects of End Users' Satisfaction
2004	Excellent Runners of Technological Private Enterprises in China
2004	Fujian Top Ten Venture Heroes in the Commercial Sector
2005	China Top Ten Excellent Entrepreneurs in Brand Construction
2005	The Mudell's World Executive Awards for Achievement in Business and Economy
2006	Annual Excellent Persons in Fujian Economy
2006	National Excellent Managers of Users' Satisfaction

Mr. Fang is the Vice Chairman of the Joint Industrial and Commercial Association of Mawei District in Fuzhou City Economic and Technological Development Region.

Mr. Fang is the sole director and shareholder of Swift Joy Holdings Limited, which is a substantial shareholder of the Company. As at the Latest Practicable Date, Mr. Fang was interested in 402,000,000 Shares, representing approximately 38.95% of the issued share capital of the Company, within the meaning of Part XV of the SFO.

Mr. Fang has an existing service contract with the Company for a term ending on the earlier of the date of the annual general meeting to be held in 2014 and the third anniversary of the date of the service contract and may be terminated by either party giving at least three month's prior notice in writing. Pursuant to such service contract, Mr. Fang is not entitled to any director's fees but entitled to discretionary performance based bonus.

Save as disclosed above, Mr. Fang does not hold any other position with the Company or other members of the Group. Mr. Fang does not and has not, in the past three years, held any directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas. Save as disclosed above, Mr. Fang does not have any relationship with any director, member of senior management or substantial or controlling shareholder of the Company nor does he have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, there is no information relating to Mr. Fang to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules. There is also no further information which needs to be brought to the attention of the Shareholders in respect of Mr. Fang's proposed re-election as an executive Director.

(2) Mr. Guo Quan Zeng – Executive Director

Guo Quan Zeng, aged 51, is an executive Director and Chief Executive Officer of the Group, and is an engineer. He is responsible for the management of the Group's daily operations. He joined the Group in July 1997. He had been the managers of the research and development department, sales department, planning department, production department and quality control departments of Scud Electronics, and had been director, vice general manager and vice president. He has abundant experience in junior level management in OEM business development, brand promotion, product research and development and quality control. Prior to joining the Group, Mr. Guo was a lieutenant commander engineer of the PRC navy mainly responsible for establishing and maintaining wireless telecommunication systems. Mr. Guo has over 26 years of experience in the research and development and quality management in electronic products. Mr. Guo graduated from the Navy Senior Electronic Engineering School with a bachelor's degree in radio telecommunication engineering in 1983.

Mr. Guo is the sole director and shareholder of Cheer View Holdings Limited, which is a substantial shareholder of the Company. As at the Latest Practicable Date, Mr. Guo was interested in 18,000,000 Shares, representing approximately 1.74% of the issued share capital of the Company, within the meaning of Part XV of the SFO.

Mr. Guo has an existing service contract with the Company for a term ending on the earlier of the date of the annual general meeting to be held in 2014 and the third anniversary of the date of the service contract and may be terminated by either party giving at least three month's prior notice in writing. Pursuant to such service contract, Mr. Guo is not entitled to any director's fees but entitled to discretionary performance based bonus.

Save as disclosed above, Mr. Guo does not hold any other position with the Company or other members of the Group. He does not and has not, in the past three years, held any directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas. Mr. Guo does not have any relationship with any director, member of senior management or substantial or controlling shareholder of the Company and save as disclosed above, he does not have any other interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, there is no other information relating to Mr. Guo to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules. There is also no other information which needs to be brought to the attention of the Shareholders in respect of Mr. Guo's proposed re-election as an executive Director.

(3) Ms. Huang Yan – Executive Director

Huang Yan, aged 32, is an executive Director and the General Manager of Scud E-commerce Centre. She is responsible for the main operation of the Group's own brand e-commerce business division, brand culture construction, brand market integration and development of sales distribution channel for SCUD's network. Ms. Huang accumulated years of experience in the business of telecommunication products and is dedicated to technology innovation, management, establishment and maintenance of distribution channels of the Group. Capitalising on rich experience in operation of traditional channels gained over the years, Ms. Huang managed to seize the opportunity of rapid development of e-commerce and expanded the foothold of the "SCUD" brand in the PRC. Her contributions were essential to making the "SCUD" brand become one of the most valuable and most influential brands in the PRC market, and driving the business growth of the "SCUD" brand to achieve large scale productions, expanding product offerings of the Group as well as eventually increasing the Group's presence in the global market.

Ms. Huang graduated from Fujian Cadet Academy of Economic Management in 1999 in the specialty of trading. She is currently a master degree student at Xiamen University. She joined the Group in February 2001 and has served as the operation manager, deputy general manager, the executive deputy general manager and the general manager of the Group's own brand business division. She has in-depth understanding of the management of network brand business, production planning and team building. She was appointed as an Executive Director of the Company on 30 December 2009.

Ms. Huang has an existing service contract with the Company for a term ending on the earlier of the date of the annual general meeting to be held in 2014 and the third anniversary of the date of the service contract and may be terminated by either party giving at least three month's prior notice in writing. Pursuant to such service contract, Ms. Huang is not entitled to any director's fees but entitled to discretionary performance based bonus.

Save as disclosed above, Ms. Huang does not hold any other position with the Company or other members of the Group. She does not and has not, in the past three years, held any directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas. Ms. Huang also does not have any relationship with any director, member of senior management or substantial or controlling shareholder of the Company and she does not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, there is no other information relating to Ms. Huang to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules. There is also no other information which needs to be brought to the attention of the Shareholders in respect of Ms. Huang's proposed re-election as an executive Director.

SERVICE CONTRACT OF DIRECTORS

It is proposed that the Company shall renew the service contracts with Mr. Zhang Li, an executive Director, and enter into an appointment letter with each of its independent non-executive Directors, namely Dr. Loke Yu, Mr. Wang Jian Zhang and Mr. Wang Jing Zhong. The existing service contract and appointment letters with these Directors will expire on the date of the AGM. The appointment of Mr. Zhang Li under the proposed new service contract is for a term commencing from the date of the AGM and ending on the earlier of the date of the annual general meeting to be held in 2015, the third anniversary of the date of the service contract, or otherwise terminated pursuant to the terms of the service contract. The appointment for each of Dr. Loke Yu, Mr. Wang Jian Zhang and Mr. Wang Jing Zhong is proposed to be for a term commencing with effect from the date of the AGM and expiring on the date of the annual general meeting to be held by the Company in 2013. Pursuant to such service contracts, Mr. Zhang will not be entitled to any directors' fees but will be entitled to discretionary performance based bonus, and each of the independent non-executive Directors, Dr. Loke Yu, Mr. Wang Jian Zhang and Mr. Wang Jing Zhong, is entitled to directors' fees of HK\$200,000, RMB60,000 and RMB60,000 per year, respectively. All service contract and appointment letters to be entered into with the said Directors may be terminated by either party giving at least three months' prior notice in writing. The terms of each of the service contract and appointment letters were determined by reference to the prevailing market rate and each of the Directors' time, effort and expertise expected to be devoted to the Company. The Company and each of the executive Directors consider such terms of service as reasonable.

NOTICE OF ANNUAL GENERAL MEETING



SCUD GROUP LIMITED

飛毛腿集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01399)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HERE BY GIVEN that an annual general meeting of SCUD Group Limited (the “Company”) will be held at 3:00 p.m. on Wednesday, 9 May 2012 at Empire Room I, Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong for the following purposes:–

1. To receive and consider the audited consolidated financial statements for the year ended 31 December 2011 and the Directors’ Report and Independent Auditors’ Report of the Company.
2. To declare a final dividend for the year ended 31 December 2011.
3. To re-elect Mr. Fang Jin as an executive director of the Company.
4. To re-elect Mr. Guo Quan Zeng as an executive director of the Company.
5. To re-elect Ms. Huang Yan as an executive director of the Company.
6. To authorise the board of directors to approve and confirm the terms of appointment (including remuneration) for Mr. Zhang Li, further details of which are set out in the Company’s circular to which this notice forms part (the “Circular”).
7. To authorise the board of directors to approve and confirm the terms of appointment (including remuneration) for Dr. Loke Yu, further details of which are set out in the Circular.
8. To authorise the board of directors to approve and confirm the terms of appointment (including remuneration) for Mr. Wang Jing Zhong, further details of which are set out in the Circular.

* *For identification purpose only*

NOTICE OF ANNUAL GENERAL MEETING

9. To authorise the board of directors to approve and confirm the terms of appointment (including remuneration) for Mr. Wang Jian Zhang, further details of which are set out in the Circular.
10. To re-appoint Moore Stephens Certified Public Accountants as auditors and authorise the board of directors to fix their remuneration.

As special business, to consider and, if thought fit, pass, with or without amendments, the following resolutions which will be proposed, as ordinary resolutions of the Company:–

ORDINARY RESOLUTION

11. **“THAT:**

- (A) subject to paragraph (C) of this resolution below, the exercise by the directors of the Company (the **“Directors”**) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (B) the mandate in paragraph (A) shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers during or after the end of the Relevant Period;
- (C) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraphs (A) and (B) of this resolution above, otherwise than pursuant to a Rights Issue (as hereinafter defined) or pursuant to the exercise of any options granted under the share option scheme adopted by the Company or an issue of shares upon the exercise of subscription rights attached to the warrants which might be issued by the Company or an issue of shares in lieu of the whole or part of a dividend on shares or any scrip dividend scheme or similar arrangement in accordance with the articles of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue on the day of passing this resolution; and
- (D) for the purposes of this resolution:

“Relevant Period” means the period from the time of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company; or

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- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum of association and Articles of the Company or any applicable law of the Cayman Islands to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“**Rights Issue**” means an offer of shares open for a period fixed by the Directors to holders of shares on the register of members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange).”

12. “**THAT:**

- (A) subject to paragraph (C) of this resolution below, a general mandate for the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, and that the exercise by the Directors of all powers of the Company to repurchase such shares are subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange, be and is hereby, generally and unconditionally approved;
- (B) the approval in paragraph (A) of this resolution above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to repurchase its shares at a price determined by the Directors;
- (C) the aggregate nominal amount of share capital of the Company repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (A) of this resolution above during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the time of passing this resolution; and
- (D) for the purposes of this resolution:

“**Relevant Period**” means the period from the time of the passing of this resolution until whichever is the earliest of:

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- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum and Articles of the Company or any applicable law of the Cayman Islands to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

13. “**THAT** conditional upon the passing of ordinary resolutions nos. 11 and 12 in the notice convening the annual general meeting of the Company, the aggregate nominal amount of the share capital of the Company which are repurchased by the Company pursuant to and in accordance with the said ordinary resolution no. 12 shall be added to the aggregate nominal amount of the share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to and in accordance with the said ordinary resolution no. 11.”

By Order of the Board

Fang Jin

Chairman

Hong Kong, 5 April 2012

Executive Directors

Mr. Fang Jin

Mr. Guo Quan Zeng

Ms. Huang Yan

Mr. Zhang Li

Independent non-executive Directors

Dr. Loke Yu

Mr. Wang Jing Zhong

Mr. Wang Jian Zhang

Notes:

- 1. A form of proxy for the meeting is enclosed.
- 2. Any member of the Company entitled to attend and vote at the meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company. A proxy need not be a member. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.
- 3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised to sign the same.

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4. The instrument appointing a proxy and (if required by the board of directors of the Company) the power of attorney or other authority (if any), under which it is signed or a certified copy of such power or authority shall be delivered to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, located at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting at which the person named in the instrument proposes to vote.
5. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened.
6. Where there are joint holders of any Share, any one of such joint holder may vote either in person or by proxy in respect of such Share as if he/she were solely entitled thereto; but if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
7. Shareholders whose name appear on the Company's register of member on Wednesday, 9 May 2012, will be eligible for attending and voting at the Company's annual general Meeting ("AGM"). The Company's register of members will be closed from Monday, 7 May 2012 to Wednesday, 9 May 2012, both days inclusive, during which no transfer of Shares will be registered. In order to be eligible for attending and voting at the AGM, all transfer forms accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, located at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Friday, 4 May 2012.

Shareholders whose name appear on the Company's register of members on Friday, 18 May 2012, will be eligible to the proposed final dividend. The register of members of the Company will be closed from Tuesday, 15 May 2012 to Friday, 18 May 2012, both days inclusive, for ascertaining Shareholders' entitlement to the proposed final dividend and during which no transfer of Shares will be registered. In order to qualify for the proposed final dividend (subject to the approval by shareholder at the forthcoming AGM), all transfer forms accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at the above mentioned address for registration before 4:30 p.m. on Monday, 14 May 2012. The proposed final dividend (the payment of which is subject to the Shareholders' approval at the AGM) is to be payable on or about Wednesday, 30 May 2012 to Shareholders whose name appear on the register of members of the Company on Friday, 18 May 2012. The Shares will trade ex-dividend on Friday, 11 May 2012.