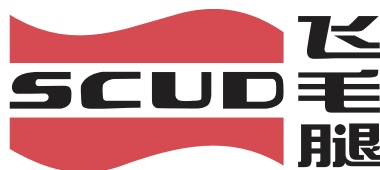


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SCUD GROUP LIMITED

飛毛腿集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01399)

**DISCLOSEABLE AND CONNECTED TRANSACTION
AND
CONTINUING CONNECTED TRANSACTIONS**

SALE AND PURCHASE AGREEMENT

On 13 June 2014, Scud Electronics, an indirect wholly-owned subsidiary of the Company as vendor entered into the Sale and Purchase Agreement with Mr. Fang, our Director and controlling Shareholder, as purchaser.

Pursuant to the Sale and Purchase Agreement, Scud Electronics agreed to sell and Mr. Fang agreed to purchase 70% equity interest in Shenzhen Nalon and 60% equity interest in Shenzhen Hongde for a total consideration of RMB105.0 million (equivalent to approximately HK\$131.9 million).

ONGOING BANK GUARANTEES

Upon completion of the Sale and Purchase Agreement, pre-existing bank guarantees given by Scud Electronics for the benefit of bank loans taken out by Shenzhen Nalon, Shenzhen Hongde and its subsidiary, Dongguan Hongde, shall continue. However in the event Scud Electronics is called upon to carry out its obligations under such guarantees, Mr. Fang has undertaken to indemnify Scud Electronics for any amounts paid by Scud Electronics under such guarantee and any and all expenses and losses as may be incurred or suffered by it. The aggregate amount of such ongoing bank guarantees as at the date of this announcement is RMB111.0 million (equivalent to approximately HK\$139.5 million).

* For identification purpose only

THE BATTERY AGREEMENT

In anticipation of Shenzhen Nalon and Shenzhen Hongde becoming connected persons of the Company, to comply with Rule 14A.35 of the Listing Rules, the Company has on 13 June 2014 entered into the Battery Agreement with Shenzhen Nalon and Shenzhen Hongde whereby Shenzhen Nalon and Shenzhen Hongde (and/or each of their respective subsidiaries and/or associates) are suppliers to the Group of lithium-ion bare battery cells for the three years ending 31 December 2016.

LISTING RULES IMPLICATIONS

Sale and Purchase Agreement

Mr. Fang, as our Director and controlling Shareholder, is a connected person of the Company under the Listing Rules. Therefore the Sale and Purchase Agreement constitutes a connected transaction of the Company. As the relevant applicable percentage ratios in respect of the disposals under the Sale and Purchase Agreement exceed 5% but do not exceed 25%, the disposals under the Sale and Purchase Agreement also constitute a discloseable transaction under the Listing Rules. The disposals under the Sale and Purchase Agreement are subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Ongoing bank guarantees

Upon completion of the Sale and Purchase Agreement, Shenzhen Nalon and Shenzhen Hongde will be owned by Mr. Fang as to 70% and 60%, respectively, and as Mr. Fang's associates, will both be connected persons of the Company. As a result, the pre-existing bank guarantees given by Scud Electronics for the benefit of bank loans taken out by Shenzhen Nalon and Shenzhen Hongde and its subsidiary, Dongguan Hongde, will also constitute continuing connected transactions of the Company going forward upon completion of the Sale and Purchase Agreement. Pursuant to Rule 14A.41 of the Listing Rules, the ongoing bank guarantees are subject to the reporting, announcement and annual review requirements but is not subject to the independent Shareholders' approval requirement until any variation or renewal of their terms.

The Battery Agreement

The Battery Agreement will constitute a continuing connected transaction of the Company pursuant to Rule 14A.14 of the Listing Rules upon completion of the Sale and Purchase Agreement as both Shenzhen Nalon and Shenzhen Hongde will become associates of Mr. Fang and hence will become connected persons of the Company. Although the Sale and Purchase Agreement has not yet been completed and there is no requirement for compliance with continuing connected transaction requirements until completion, the Company is voluntarily complying in advance with such requirements.

A circular containing, among other things, further details of the above, the recommendations of the Independent Board Committee and the advice from Gram Capital will be despatched to the Shareholders as soon as practicable on or about 4 July 2014.

SALE AND PURCHASE AGREEMENT

On 13 June 2014, Scud Electronics, an indirect wholly-owned subsidiary of the Company, as vendor entered into the Sale and Purchase Agreement with Mr. Fang, our Director and controlling Shareholder, as purchaser.

Pursuant to the Sale and Purchase Agreement, Scud Electronics agreed to sell and Mr. Fang agreed to purchase 70% equity interest in Shenzhen Nalon and 60% equity interest in Shenzhen Hongde for a total consideration of RMB105.0 million (equivalent to approximately HK\$131.9 million).

A summary of the specific terms of the Sale and Purchase Agreement are set out as follows:

Date: 13 June 2014

Parties: (i) Scud Electronics, an indirect wholly-owned subsidiary of the Company, as the vendor

(ii) Mr. Fang, our Director and controlling Shareholder as to 48.86% of the Company, as the purchaser

Consideration: RMB105.0 million (equivalent to approximately HK\$131.9 million)

Original equity holders: As at the date of the Sale and Purchase Agreement, the following shareholders are the beneficial owners of the two companies:

(i) Shenzhen Nalon:

Shareholder	% equity interest
Scud Electronics	70
Mr. Cao Xinggang	30

(ii) Shenzhen Hongde:

Shareholder	% equity interest
Scud Electronics	60
Mr. Hua Wei	13
Mr. Chen Wei	10
Mr. Zhang Wei	3
RuiDe Electronic	6
Mr. Ji Fulin	3
Mr. Liu Bai	5

New equity holders
immediately after
completion of the Sale and
Purchase Agreement:

Immediately after completion of the Sale and Purchase Agreement,
the following shareholders will be the beneficial owners of the two
companies:

(i) Shenzhen Nalon:

Shareholder	% equity interest
Mr. Fang	70
Mr. Cao Xinggang	30

(ii) Shenzhen Hongde:

Shareholder	% equity interest
Mr. Fang	60
Mr. Hua Wei	13
Mr. Chen Wei	10
Mr. Zhang Wei	3
RuiDe Electronic	6
Mr. Ji Fulin	3
Mr. Liu Bai	5

Save for their respective equity holding interests in Shenzhen Nalon and Shenzhen Hongde (which, as at the date of this announcement, are subsidiaries of the Company) as set out above, each of the above equity holders upon completion (other than Mr. Fang) are, and in the case of RuiDe Electronic, its ultimate beneficial owners as well, third parties independent of the Company and connected persons of the Company.

Payment: Pursuant to the terms of the Sale and Purchase Agreement, the total consideration payable by Mr. Fang is RMB105.0 million (approximately HK\$131.9 million) whereby:

- (i) RMB60.0 million (equivalent to approximately HK\$75.4 million) is payable to the vendor within 10 days after the date of the Sale and Purchase Agreement;
- (ii) RMB20.0 million (equivalent to approximately HK\$25.1 million) is payable to the vendor within 30 days after the date of the Sale and Purchase Agreement; and
- (iii) the remaining RMB25.0 million (equivalent to approximately HK\$31.4 million) is payable on the date of completion of the Sale and Purchase Agreement, i.e. the date when the transfers of the 70% equity interest in Shenzhen Nalon and 60% equity interest in Shenzhen Hongde are completed.

The total consideration under the Sale and Purchase Agreement was arrived at after arm's length negotiations between the parties based on the adjusted consolidated net asset value of Shenzhen Nalon and Shenzhen Hongde Group as at 31 December 2013 attributable to the 70% equity interest in Shenzhen Nalon and 60% equity interest in Shenzhen Hongde, which is approximately RMB104.4 million (equivalent to approximately HK\$131.2 million).

On-going Bank Guarantees: Upon completion of the Sale and Purchase Agreement, pre-existing bank guarantees given by Scud Electronics for the benefit of bank loans taken out by Shenzhen Nalon, Shenzhen Hongde and its subsidiary, Dongguan Hongde, shall continue. However in the event Scud Electronics is called upon to carry out its obligations under such guarantees, Mr. Fang has undertaken to indemnify Scud Electronics for any amounts paid by Scud Electronics under such guarantee and any and all expenses and losses as may be incurred or suffered by it. The aggregate amount of such ongoing bank guarantees as at the date of this announcement is RMB111.0 million (equivalent to approximately HK\$139.5 million).

Upon completion of the Sale and Purchase Agreement, Shenzhen Nalon and Shenzhen Hongde will cease to be indirect subsidiaries of the Company. Completion is subject to, among other things, Scud Electronics obtaining all consent and approvals (including but not limited to the approval by the Independent Shareholders) on the Sale and Purchase Agreement and the transactions contemplated

under it. If the Sale and Purchase Agreement is not completed, Scud Electronics must return all funds received (without interest) to Mr. Fang within 30 days after the confirmation of the termination of the Sale and Purchase Agreement.

Mr. Fang has also undertaken that for so long as he is the controlling shareholder of Shenzhen Nalon and Shenzhen Hongde Group, he will procure that they will not compete with the Group's business from time to time in PRC. It is not currently anticipated that such competition will arise given that Shenzhen Nalon and Shenzhen Hongde Group are involved in the research and development, manufacture and sales of lithium-ion bare battery cells as a supplier to the Group whereas the Group, after such disposals, would cease the production of bare battery cells and continue to source bare battery cells from independent third party suppliers as well as Shenzhen Nalon and Shenzhen Hongde (and/or each of their respective subsidiaries and/or associates) as a component of their battery modules before selling such battery modules. Shenzhen Nalon and Shenzhen Hongde (and/or each of their respective subsidiaries and/or associates) are not engaged in the sale of battery modules. In the event that a business opportunity arises which may result in Shenzhen Nalon and Shenzhen Hongde Group possibly competing with the Group, Mr. Fang will procure that such opportunity shall be first offered to the Group. Only if the independent non-executive Directors agree that it is not in the interest of the Company to pursue such opportunity would Shenzhen Nalon or Shenzhen Hongde Group be permitted to proceed with or to pursue such business opportunity.

Based on the consideration of RMB105.0 million (equivalent to approximately HK\$131.9 million) and the unaudited adjusted consolidated net asset value of Shenzhen Nalon and Shenzhen Hongde Group as at 30 April 2014 attributable to the 70% equity interest in Shenzhen Nalon and 60% equity interest in Shenzhen Hongde, the transaction is expected to give rise to a profit attributable to the Company of approximately RMB9.7 million (equivalent to approximately HK\$12.2 million). The actual gain or loss from the transaction to be recorded by the Company is expected to be different to the above as it will depend on the financial position of Shenzhen Nalon and Shenzhen Hongde Group as at the date of completion of the Sale and Purchase Agreement.

The Company intends to use the net proceeds from the completion of the Sale and Purchase Agreement for general working capital purposes.

As stated in the respective accounts of Shenzhen Nalon and Shenzhen Hongde Group prepared in accordance with International Financial Reporting Standards, the profits (losses) before and after tax and extraordinary items for the year ended 31 December 2013 and for the year ended 31 December 2012 are set out below:

	Shenzhen Nalon		Shenzhen Hongde Group	
	For the year ended 31 December 2013	For the year ended 31 December 2012	For the year ended 31 December 2013	For the year ended 31 December 2012
Profit (Loss) before tax and extraordinary items	RMB(7,235,000) (approximately HK\$(9,092,000))	RMB2,555,000 (approximately HK\$3,211,000)	RMB(2,698,000) (approximately HK\$(3,390,000))	RMB9,768,000 (approximately HK\$12,275,000)

	Shenzhen Nalon		Shenzhen Hongde Group	
	For the year ended 31 December 2013	For the year ended 31 December 2012	For the year ended 31 December 2013	For the year ended 31 December 2012
Profit (Loss) after tax and extraordinary items	RMB(7,332,000) (approximately HK\$(9,214,000))	RMB895,000 (approximately HK\$1,125,000)	RMB(4,840,000) (approximately HK\$(6,082,000))	RMB7,231,000 (approximately HK\$9,087,000)

REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT

As disclosed in the Group's 2013 annual report, there had been serious challenges to the Group's own-brand and bare battery cells businesses in light of changes in the industry. The drop in the Group's sales of bare battery cells in recent years was attributable to the significant decrease in demand for prismatic liquid lithium-ion bare battery cells typically used in feature mobile phones, in addition to the intensified competition across the industry. Furthermore, the Group had repositioned its target customers to domestic mid to high-end phone manufacturers with its expectation to boost its business in its original design manufacturing ("ODM") business which has a higher growth potential in terms of volume. There industry environment remains competitive with numerous domestic and overseas enterprises engaged in the manufacturing of lithium-ion bare battery cells, among which are established companies with large-scale operations enjoying significant competitive advantages as compared to our Group. These factors together with Shenzhen Nalon's and Shenzhen Hongde Group's loss making status in 2013 contributed to the Group's decision to dispose of Shenzhen Nalon and Shenzhen Hongde Group. Disposing such companies (which primarily produces mid to low-end lithium-ion bare battery cells) is expected to allow the Group to focus its resources on other business segments which has a higher growth potential, reduce the Group's operating losses, thus improving the Group's operating results and increase its working capital.

The terms of the Sale and Purchase Agreement were arrived at after arm's length negotiations between the parties. The Directors (other than the independent non-executive Directors who will defer their recommendation to the Independent Shareholders until they have received the recommendation of Gram Capital) are of the view that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

THE BATTERY AGREEMENT

Background

In anticipation of Shenzhen Nalon and Shenzhen Hongde becoming connected persons of the Company after completion of the Sale and Purchase Agreement, to comply with Rule 14A.35 of the Listing Rules, the Company has on 13 June 2014 entered into the Battery Agreement with Shenzhen Nalon and Shenzhen Hongde whereby Shenzhen Nalon and Shenzhen Hongde (and/or each of their

respective subsidiaries and/or associates) shall supply the Group with lithium-ion bare battery cells for the three years ending 31 December 2016. As Shenzhen Nalon and Shenzhen Hongde will become connected persons of the Group upon completion of the Sale and Purchase Agreement, the transactions pursuant to the Battery Agreement is expected to constitute continuing connected transactions of the Group upon completion of the Sale and Purchase Agreement.

The Group, and Shenzhen Nalon and Shenzhen Hongde (and/or each of their respective subsidiaries and/or associates), will enter into Individual Agreements for individual transactions during the term of the Battery Agreement, which shall contain details of transactions including but not limited to the consideration, requirements of manufacture, payment, delivery and indemnities. The terms of the Individual Agreements shall not conflict with the general principles set out in the Battery Agreement. Should there be any conflict, the parties shall discuss and agree such adjustments to the Individual Agreements so that the general principles in the Battery Agreement should prevail.

Pricing

The parties agreed that the price, fee or any other consideration shall be determined with reference to the relevant market price at the time of placement of the individual orders based on quotations as may be obtained from other suppliers in respect of substantively the same type of lithium-ion bare battery cells, and in general should be no less favourable to the Group than quotations obtained from independent third party suppliers.

Further, prior to agreeing the price for the lithium-ion bare battery cells, the procurement team of the Company is expected to solicit at least three fee quotes from other unrelated third parties for batteries in similar quantities to determine if the price and terms offered by Shenzhen Nalon and Shenzhen Hongde (and/or each of their respective subsidiaries and/or associates) are fair and reasonable and comparable to those offered by the unrelated third parties.

Term

The Battery Agreement is conditional upon approval by the Independent Shareholders pursuant to the Listing Rules. Subject to satisfaction of such condition, the Battery Agreement is for a term commencing from the date of the extraordinary general meeting to be convened to approve, amongst other things, the Battery Agreement, and ending on 31 December 2016, both dates inclusive.

The Battery Agreement may be renewed upon expiry subject to the Company's compliance with the Listing Rules. The Battery Agreement may be terminated by either the Group, Shenzhen Nalon or Shenzhen Hongde by giving prior written notice to the other party three (3) months in advance and the parties should decide on the terms and conditions of such termination by mutual agreement.

Annual Caps

Under the Battery Agreement, the Group, Shenzhen Nalon and Shenzhen Hongde agreed that the maximum aggregate value of the contract sum in respect of the sale and purchase of lithium-ion bare battery cells for the periods concerned under the Battery Agreement shall not exceed the amounts set out below:

Period	Total value not exceeding (RMB'000) (Note)
From the date of approval of the Battery Agreement by the Independent Shareholders to 31 December 2014	32,000
1 January 2015 – 31 December 2015	79,000
1 January 2016 – 31 December 2016	88,000

Note: These figures represent the estimated maximum cap in respect of the sale and purchase of lithium-ion bare battery cells for the periods concerned under the Battery Agreement. The actual amount of the sale and purchase may be different.

The above annual caps have been determined based on the following: (i) the historical actual average selling price per unit, and the historical growth rate of the average selling price per unit, of the lithium-ion bare battery cells the Group purchased from Shenzhen Nalon and Shenzhen Hongde (and/or each of their respective subsidiaries and/or associates); (ii) the historical actual annual volume and the historical growth rate of the average annual volume of lithium-ion bare battery cells the Group purchased from Shenzhen Nalon and Shenzhen Hongde (and/or each of their respective subsidiaries and/or associates); and (iii) a small percentage of buffer.

Internal control

In general, the Group's purchasing department will solicit quotations from a pre-approved list of lithium-ion bare battery cells suppliers providing them with the same specifications for lithium-ion bare battery cells and other requirements that may be relevant to the needs of the Group at the relevant time. Given the Group owned and operated both Shenzhen Nalon and Shenzhen Hongde Group for a period of time, the Group is well aware of the standards and qualities of the lithium-ion bare battery cells produced by these companies and the type of customers which would like to source such type of lithium-ion bare battery cells. The Group's procurement department will review all

prices solicited from relevant suppliers and order will be placed with the party with the most competitive price or other sales terms. The senior management of the Group will also review all the pricing and sales terms solicited to ensure price competitiveness of the materials sourced.

Payment terms

Payments shall be made by the Group to Shenzhen Nalon or Shenzhen Hongde (or their respective subsidiary or associate) on a monthly basis within 60 to 90 days of receipt of invoice from Shenzhen Nalon or Shenzhen Hongde (and/or each of their respective subsidiaries and/or associates) by bank draft or other method of bank transfer.

REASONS FOR AND BENEFITS OF ENTERING INTO THE BATTERY AGREEMENT

A stable supply of lithium-ion bare battery cells is important to the Group to maintain its diversity of products and to satisfy a wider market of customer needs. Whilst the Group's focus is primarily on original design manufacturing and own brand businesses with the “SCUD飛毛腿” brand and “Chaolitong超力通” brand, the Group does receive from time to time customer orders for bare battery cells specifications which matches that produced by Shenzhen Nalon and Shenzhen Hongde (and/or each of their respective subsidiaries and/or associates). Given the manufacturing business with Shenzhen Nalon and Shenzhen Hongde Group has not been profitable but bearing in mind the opportunities still available for products which incorporate such bare battery cells type, the Directors believe that by disposing of Shenzhen Nalon and Shenzhen Hongde Group and entering into the Battery Agreement will allow the Group to optimize its financial performance whilst maintaining a steady and reliable supply of lithium-ion bare battery cells to supply its customers. The Group will have the right but not the obligation to source from Shenzhen Nalon and Shenzhen Hongde (and/or each of their respective subsidiaries and/or associates) under the Battery Agreement, and it will allow the Group to secure such bare battery cells at prices no less favourable than those available from other independent third party suppliers.

The terms of the Battery Agreement were arrived at after arm's length negotiations between the parties. The Directors (other than the independent non-executive Directors who will defer their recommendation to the Independent Shareholders until they have received the recommendation of Gram Capital) are of the view that the terms of the Battery Agreement (including the annual caps set out above) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Sale and Purchase Agreement

Mr. Fang, as our Director and controlling Shareholder, is a connected person of the Company under the Listing Rules. Therefore the Sale and Purchase Agreement constitutes a connected transaction of the Company. As the relevant applicable percentage ratios in respect of the disposals under the Sale and Purchase Agreement exceed 5% but do not exceed 25%, the disposals under the Sale and

Purchase Agreement also constitute a discloseable transaction under the Listing Rules. The disposals under the Sale and Purchase Agreement are subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Ongoing bank guarantees

Upon completion of the Sale and Purchase Agreement, Shenzhen Nalon and Shenzhen Hongde will be owned by Mr. Fang as to 70% and 60%, respectively, and as Mr. Fang's associates, will both be connected persons of the Company. As a result, the pre-existing bank guarantees given by Scud Electronics for the benefit of bank loans taken out by Shenzhen Nalon, Shenzhen Hongde and its subsidiary, Dongguan Hongde, will also constitute continuing connected transactions of the Company going forward upon completion of the Sale and Purchase Agreement. Pursuant to Rule 14A.41 of the Listing Rules, the ongoing bank guarantees is subject to the reporting, announcement and annual review requirements but is not subject to the independent Shareholders' approval requirement until any variation or renewal of their terms.

The Battery Agreement

The Battery Agreement will constitute a continuing connected transaction of the Company pursuant to Rule 14A.14 of the Listing Rules upon completion of the Sale and Purchase Agreement as both Shenzhen Nalon and Shenzhen Hongde will become associates of Mr. Fang and hence will become connected persons of the Company. Although the Sale and Purchase Agreement has not yet been completed and there is no requirement for compliance with continuing connected transaction requirements until completion, the Company is voluntarily complying in advance with such requirements.

Mr. Fang and his associates will abstain from voting at the extraordinary general meeting to be convened to approve the above transactions.

The Independent Board Committee has been appointed to advise the Independent Shareholders, and Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders, as to whether the terms of the transactions under the Sale and Purchase Agreement and the Battery Agreement are fair and reasonable and whether such transactions are in the interests of the Company and its Shareholders as a whole and in respect of the annual caps under the Battery Agreement.

A circular containing, among other things, further details of the above, the recommendations of the Independent Board Committee and the advice from Gram Capital will be despatched to the Shareholders as soon as practicable on or about 4 July 2014.

INFORMATION ON THE GROUP, SHENZHEN NALON AND SHENZHEN HONGDE GROUP

The Group is a market leader in the sales and marketing of self-manufactured lithium-ion battery modules for mobile phones in the PRC under its own “SCUD 飛毛腿” brand. For more information, please visit the Group’s website at www.scudgroup.com.

As set out in the reasons and benefits of entering into the Sale and Purchase Agreement and the Battery Agreement above, upon disposal of Shenzhen Nalon and Shenzhen Hongde Group, the Group will focus on producing high end lithium-ion battery modules through its ODM business and its own brand “SCUD飛毛腿” and its bare battery cells production business will be discontinued. As battery modules sold under the Group’s ODM and own brand businesses use bare battery cells which comply with more stringent quality and safety requirements (targeting customers which use these battery modules for relatively higher end products), the Group believes that focusing its resources on these segments of the Group’s business will further enhance the image, profit margin and demand for the Company’s products. The ability to source the relatively lower-end bare battery cells from Shenzhen Nalon and Shenzhen Hongde (and/or each of the respective subsidiaries and/or associates) would allow the Group to continue seizing relevant business opportunities as and when there is demand from its customers for such mid to low-end battery modules, and at such cost structure which the Group believes is most efficient for the Group.

Scud Electronics is a wholly-owned subsidiary of the Company principally engaged in the manufacturing and sale of lithium-ion battery modules, chargers and related accessories for mobile phones and digital electrical appliances.

Shenzhen Nalon is principally engaged in the research and development, manufacturing and sale of lithium-ion bare battery cells. Currently, Shenzhen Nalon has approximately 560 employees, including approximately 50 technicians. It has an annual production capacity of approximately 30 million pieces bare battery cells as at the date of this announcement. It is one of the relatively famous brands in China in the manufacturing of mid to low-end lithium-ion bare battery cells. As for customers, it mainly provides lithium-ion bare battery cells for rechargeable battery modules manufacturers in China.

Shenzhen Hongde is principally engaged in the research and development, production and sale of mid to low-end lithium-ion bare battery cells. Currently, Shenzhen Hongde has approximately 1,200 employees, including approximately 80 technicians. It has an annual production capacity of approximately 40 million bare battery cells as at the date of this announcement. It is one of the relatively famous brands in China in the manufacturing of mid to low-end lithium-ion bare battery cells. As for customers, it mainly provides lithium-ion bare battery cells for rechargeable battery modules manufacturers in China.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Battery Agreement”	the framework agreement between the Company, Shenzhen Hongde and Shenzhen Nalon dated 13 June 2014 in respect of the continuing sale and purchase of lithium-ion bare battery cells
“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
“Director(s)”	director(s) of the Company
“Dongguan Hongde”	東莞市鴻德電池有限公司 (Dongguan Hongde Battery Co., Ltd*), a directly wholly-owned subsidiary of Shenzhen Hongde
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong), being the independent financial adviser appointed to make the relevant recommendation to the Independent Board Committee and the Independent Shareholders in relation to the transactions under the Sale and Purchase Agreement and the Battery Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the committee of the Company comprising all independent non-executive Directors, namely Dr. Loke Yu, Mr. Wang Jing Zhong and Mr. Wang Jian Zhang, established to make recommendation to the Independent Shareholders in relation to the transactions contemplated under the Sale and Purchase Agreement and the Battery Agreement
“Independent Shareholders”	Shareholders other than Mr. Fang Jin and his associates (as defined in the Listing Rules)

“Individual Agreements”	individual agreements, contracts or orders for individual transactions during the term of the Battery Agreement
“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 48.86% of the issue 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
“RuiDe Electronic”	深圳市睿德電子實業有限公司 (Shenzhen Ruide Electronic Industrial Co., Ltd.*)
“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 31 October 1997 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
“Sale and Purchase Agreement”	the share sale and purchase agreement entered into between Scud Electronics as vendor and Mr. Fang as purchaser on 13 June 2014 whereby Mr. Fang agreed to pay a total consideration of RMB105.0 million (equivalent to approximately HK\$131.9 million) which would give Mr. Fang a 70% equity interest in Shenzhen Nalon and 60% in Shenzhen Hongde after completion of this agreement
“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

“Shenzhen Hongde Group”	Shenzhen Hongde and its subsidiaries, including Dongguan Hongde and 鴻德新能源科技有限公司 (Hongde New Energy Technology Co., Ltd.*)
“Shenzhen Nalon”	深圳市朗能電池有限公司 (Shenzhen Nalon Battery Co., Ltd.*), a company established under the laws of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

For the purpose of this announcement, unless otherwise indicated, the exchange rate of HK\$1=RMB0.79578 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, 13 June 2014

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

** for identification purpose only*