

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.



(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01399)

POSITIVE PROFIT ALERT

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

The Board wishes to inform the Shareholders and potential investors that based on the information currently available to the Board, the Group is expected to record profitability for the six months ended 30 June 2014 significantly higher than that as compared with the corresponding period in 2013.

The information contained in this announcement is only based on preliminary assessment by the Company of its unaudited consolidated management accounts for the six months ended 30 June 2014 and is not based on any figures or information audited or reviewed by the Company's independent auditor, and may be subject to amendments. Shareholders and potential investors are advised to refer to details in the interim results announcement of the Company for the six months ended 30 June 2014 which is expected to be published by the end of August 2014.

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

This announcement is made by the board of directors (the “**Board**”) of SCUD Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

The Board wishes to inform the shareholders (the “**Shareholders**”) of the Company and potential investors that based on the information currently available to the Board, the Group is expected to record sales revenue attributable to its ODM business for the six months ended 30 June 2014

* For identification purposes only

significantly higher than that as compared with the corresponding period in 2013. Taking into account the number of one-off impairment items in the corresponding period in 2013 (such as the writing off of bad debts and product refunds for the Group's own-brand business), the turning around of the loss making own-brand business in first half of 2013 to profit making for the first half of 2014 and the much stronger contribution of sales revenue from the significant growth of the Group's ODM business, the Company expects that the profit of the Group will be significantly higher than that as compared with the corresponding period in 2013.

As disclosed in the Group's 2013 annual report, the Group has entered into the supply chain systems of renowned branded smartphones and tablets manufacturers domestically and abroad and become a major supplier of lithium-ion battery modules for a number of manufacturers. These sales of lithium-ion battery modules to branded smartphones and tablets manufacturers expanded rapidly and became an area of growth for the Group's sales and profits in 2014.

The amount of consolidated revenue of the Group for the six months ended 30 June 2014 is expected to increase by approximately 30% to 35%, whereas the amount of revenue attributable to the ODM business segment is expected to increase significantly by approximately 45% to 50% driven by the rapid increase of ODM product sales of the Group and the rapidly expanding domestic branded smartphone and tablet products. Given that the Group has not finalised its unaudited consolidated management accounts for the six months ended 30 June 2014, it is not practicable at this time to give specific guidance on its increased profitability. Based on a preliminary assessment only (which is subject to finalisation), the Company expects the Group's net profit for the six months ended 30 June 2014 to be at least 4 times that of the corresponding period for 2013.

The information contained in this announcement is only based on preliminary assessment by the Company of its unaudited consolidated management accounts for the six months ended 30 June 2014 and is not based on any figure or information audited or reviewed by the Company's independent auditors, and may be subject to amendments. Shareholders and potential investors are advised to refer to details in the interim results announcement of the Company for the six months ended 30 June 2014 which is expected to be published by the end of August 2014.

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

By order of the Board
SCUD GROUP LIMITED
Fang Jin
Chairman

Hong Kong, 4 August 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.