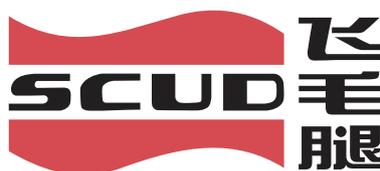


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**SCUD GROUP LIMITED**

**飛毛腿集團有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 01399)**

## **DISCLOSEABLE TRANSACTION**

The Board wishes to announce that on 29 October 2014, Scud Battery entered into a Trademark Transfer Agreement with Dongguan Fengzhi in relation to the transfer of the “Chaolitong” Trademarks for a total consideration of RMB25 million (equivalent to approximately HK\$31.56 million). Upon completion of the Trademark Transfer Agreement, the Company will cease to own the “Chaolitong” Trademarks and will no longer carry out its own brand business with the “Chaolitong 超力通” brand.

As the relevant applicable percentage ratio under Chapter 14 of the Listing Rules exceeds 5% but does not exceed 25%, the transaction contemplated under the Trademark Transfer Agreement constitutes a discloseable transaction for the Company under the Listing Rules.

## **TRADEMARK TRANSFER AGREEMENT**

The principal terms of the Trademark Transfer Agreement are set out below:

**Date:**

29 October 2014

**Parties:**

- (1) Transferor: Scud Battery, an indirect wholly-owned subsidiary of the Company
- (2) Transferee: Dongguan Fengzhi

\* For identification purposes only

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Dongguan Fengzhi and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **The Disposal:**

Pursuant to the Trademark Transfer Agreement, a total of 11 "Chaoliton" Trademarks registered under the name of Scud Battery in the PRC will be transferred to Dongguan Fengzhi. Based on the latest interim report of the Company, the net carrying amount of the "Chaoliton" Trademarks was RMB27,271,000 as at 30 June 2014 (equivalent to approximately HK\$34,428,000).

The unaudited net losses attributable to the Group's businesses under the "Chaoliton" Trademarks for the two years ended 31 December 2012 and 2013 are summarized as follows:

	<b>For the year ended 31 December 2013</b>	<b>For the year ended 31 December 2012</b>
Loss before taxation and extraordinary items	RMB42,032,000 (approximately HK\$53,063,000)	RMB98,394,000 (approximately HK\$124,218,000)
Loss after taxation and extraordinary items	RMB43,519,000 (approximately HK\$54,941,000)	RMB101,428,000 (approximately HK\$128,048,000)

### **Consideration:**

The consideration for the transfer of the "Chaoliton" Trademarks is RMB25 million (equivalent to approximately HK\$31.56 million) which was determined after arm's length negotiation between Scud Battery and Dongguan Fengzhi with reference to, among other things, the net carrying amount of "Chaoliton" Trademarks as at 30 June 2014 based on the Group's interim report.

Pursuant to the Trademark Transfer Agreement, the parties agreed to apply to the Trademark Office of the State Administration For Industry and Commerce of the PRC within thirty days after signing of the Trademark Transfer Agreement and to progress relevant transfer formalities at the same time in order to complete the transfer of the "Chaoliton" Trademarks from Scud Battery to Dongguan Fengzhi. The consideration shall be payable by Dongguan Fengzhi to Scud Battery in cash on the date of application to the Trademark Office of the State Administration For Industry and Commerce of the PRC referred to above.

Upon completion of the Trademark Transfer Agreement, the Company will cease to own the "Chaoliton" Trademarks and will no longer carry out its own brand business with the "Chaoliton 超力通" brand.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE TRADEMARK TRANSFER AGREEMENT**

As disclosed in the Group's 2013 annual report, the Group had disposed of its entire shareholding interest in Chaoliton Technology Co., Ltd in December 2013. The "Chaoliton" Trademarks were kept by the Group and continued to be used for a small portion of the Group's own-brand products. In view of the Group's intention to focus its resources on the market for domestic mid to high-end phone manufacturers, the Company considers that transferring the "Chaoliton" Trademarks will allow the Group to focus its management and financial resources on the development of its more profitable ODM business, our "SCUD 飛毛腿" own brand business and minimize related administrative expenses accordingly.

Based on the net carrying amount of the "Chaoliton" Trademarks as at 30 June 2014, it is estimated that the Group may record a net loss of approximately RMB2.27 million (equivalent to approximately HK\$2.87 million) as a result of the disposal of the "Chaoliton" Trademarks. The Company intends to use the sale proceeds from the disposal of the "Chaoliton" Trademarks to contribute to its ODM business expansion and for general working capital purposes.

The terms of the Trademark Transfer Agreement were arrived at after arm's length negotiations between the parties. The Directors are of the view that the terms of the Trademark Transfer Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the relevant applicable percentage ratio in respect of the transfer of the "Chaoliton" Trademarks under the Trademark Transfer Agreement exceeds 5% but does not exceed 25%, the transfer under the Trademark Transfer Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

In the event that the disposal of the Group's interest in Chaoliton Technology Co., Ltd. in December 2013 be aggregated with the transfer of "Chaoliton" Trademarks contemplated under the Trademark Transfer Agreement, the relevant percentage ratios under the Listing Rules would still be less than 25%.

## **INFORMATION ON THE GROUP AND DONGGUAN FENGZHI**

The Group's principal businesses comprise its ODM business which mainly supplies lithium-ion battery modules to manufacturers of well-known telecommunication brands at home and abroad, and the Group's market leading business on self-manufactured rechargeable 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 <http://www.scudgroup.com>.

Scud Battery is an indirect 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.

Dongguan Fengzhi is principally engaged in the production and sale of electronic devices including chargers and battery in the PRC.

## DEFINITIONS

“Board”	the board of Directors
“Chaolitong” Trademarks”	the “Chaolitong超力通” trademarks and related intellectual property rights transferred under the Trademark Transfer Agreement
“Company”	SCUD Group Limited, a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning as ascribed to it in the Listing Rules
“Director(s)”	director(s) of the Company
“Dongguan Fengzhi”	東莞市風致電子科技有限公司 (Dongguan Fengzhi Electronic Technology Co., Ltd*), a company established under the laws of the PRC
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio(s)”	the percentage ratio(s) 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

“Scud Battery”	飛毛腿電池有限公司 (Scud Battery Co., Ltd.*), a wholly foreign-owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) in the Company with a nominal value of HK\$0.10 each
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trademark Transfer Agreement”	the trademark transfer agreement entered into between Scud Battery as transferor and Dongguan Fengzhi as transferee on 29 October 2014 whereby Scud Battery agreed to transfer the “Chaolitong” Trademarks to Dongguan Fengzhi for a total consideration of RMB25 million (equivalent to approximately HK\$31.56 million)

\* *For identification purposes only*

*For the purpose of this announcement, unless otherwise indicated, the exchange rate of HK\$1=RMB0.79211 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, 29 October 2014

*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.*