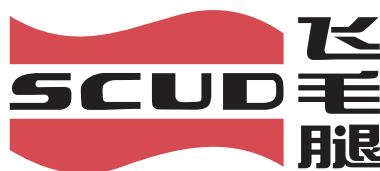


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SCUD GROUP LIMITED

飛毛腿集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01399)

**PLACING OF EXISTING SHARES AND
SUBSCRIPTION FOR NEW SHARES
UNDER THE GENERAL MANDATE**

PLACING AND SUBSCRIPTION

The Vendor, the Company and the Placing Agent entered into the Placing Agreement dated 2 December 2014 pursuant to which the Vendor has appointed the Placing Agent and the Placing Agent has agreed to act as placing agent for the Vendor to procure, on a best effort basis, purchasers to purchase 58,000,000 Placing Shares held by the Vendor at the Placing Price of HK\$1.06 per Share. On the same date, the Vendor and the Company entered into the Subscription Agreement, pursuant to which the Vendor conditionally agreed to subscribe for 58,000,000 Subscription Shares, at the Subscription Price of HK\$1.06 per Share, which is equivalent to the Placing Price (before taking into account the expenses of the Placing).

* For identification purposes only

As at the date of this announcement, the authorised share capital of the Company is HK\$500,000,000 divided into 5,000,000,000 Shares of which 1,032,001,246 Shares are in issue.

The 58,000,000 Placing Shares represent (i) approximately 5.62% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.32% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares).

Completion of the Subscription is conditional on certain conditions precedent as more particularly set out in this announcement.

The gross proceeds of the Subscription will be approximately HK\$61.5 million. The net proceeds of the Subscription will be approximately HK\$59.3 million and are intended to be applied towards expansion in the Group's production capacity, as well as general corporate purposes of the Group.

GENERAL MANDATE

The Subscription Shares will be issued under the General Mandate granted to the Directors at the AGM and the issue of the Subscription Shares will not be subject to the approval by the Shareholders.

Application will be made to the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

Completion of the Subscription is subject to the satisfaction of the conditions precedent in the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

The Vendor, the Company and the Placing Agent entered into the Placing Agreement dated 2 December 2014 pursuant to which the Vendor has appointed the Placing Agent and the Placing Agent has agreed to act as Placing Agent for the Vendor, to procure, on a best effort basis, purchasers to purchase 58,000,000 Placing Shares in aggregate held by the Vendor at the Placing Price of HK\$1.06 per Share. On the same date, the Vendor and the Company entered into the Subscription Agreement, pursuant to which the Vendor conditionally agreed to subscribe for 58,000,000 Subscription Shares in aggregate, at the Subscription Price of HK\$1.06 per Share, which is equivalent to the Placing Price (before taking into account the expenses of the Placing).

THE PLACING AGREEMENT AND THE SUBSCRIPTION AGREEMENT

Date

2 December 2014

Parties

- (a) the Vendor (as vendor of the Placing Shares);
- (b) the Company; and
- (c) the Placing Agent (as the placing agent of the Vendor).

As at the date of this announcement, the Vendor is a substantial Shareholder of the Company, holding 104,078,000 Shares which represent approximately 10.09% of the issued ordinary share capital of the Company as at the date of this announcement.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate owners are Independent Third Parties.

The Placing

The Vendor has appointed the Placing Agent and the Placing Agent has agreed to act as the placing agent for the Vendor to procure, on a best effort basis, purchasers to purchase the Placing Shares at the Placing Price of HK\$1.06 per Share.

Placees

The Placing Shares are intended to be placed to the Placees. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placees and their respective ultimate beneficial owners are Independent Third Parties independent of and not acting in concert with any of the Vendor, its or the Company's directors (as defined in the Listing Rules), chief executive or substantial Shareholders, or any of their respective associates (as defined in the Listing Rules). The Company currently anticipates that none of the Placees will become a substantial Shareholder of the Company upon completion of the Placing.

Placing Shares

As at the date of this announcement, the authorised share capital of the Company is HK\$500,000,000 divided into 5,000,000,000 Shares of which 1,032,001,246 Shares are in issue.

The 58,000,000 Placing Shares represent (i) approximately 5.62% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.32% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares).

Rights of the Placing Shares

The Placing Shares will be sold free from all liens, charges and encumbrances and together with all rights attaching to them as at 8 December 2014, including the right to receive all dividends declared, made or paid on or after 8 December 2014.

The Placing Price

The Placing Price is HK\$1.06 per Share. The Placing Price represents:

- (a) a discount of 7.8% to the closing price of HK\$1.15 per Share as quoted on the Stock Exchange on the date of the Placing Agreement;
- (b) a discount of approximately 5.2% to the average of the closing prices of approximately HK\$1.118 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 6.0% to the average of the closing prices of approximately HK\$1.128 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
- (d) a discount of approximately 6.4% to the average of the closing prices of approximately HK\$1.133 per Share as quoted on the Stock Exchange for the last twenty consecutive trading days up to and including the Last Trading Day.

The Placing Price was negotiated on an arm's length basis between the Company, the Vendor and the Placing Agent and was determined with reference to the prevailing market price of the Shares and the recent trading volume of the Shares.

Placing Commission and Expenses

The Vendor will be responsible for the placing commission (including seller's brokerage) of 3.5% of the aggregate Placing Price of the Placing Shares, all Hong Kong stamp duty, trading fee, transaction levy and stock settlement fee chargeable to the Vendor in relation to the Placing. In the event the Subscription proceeds to completion, the Company will reimburse the Vendor all its costs and expenses incurred in connection with the Placing.

The placing commission was arrived at after arm's length negotiation between the Company, the Vendor and the Placing Agent.

Completion of the Placing

Completion of the Placing will take place on the Closing Date, being 8 December 2014 or such later time and/or date as the Vendor, the Company and the Placing Agent may agree in writing provided that such extended date shall not be later than 16 December 2014.

The Subscription

The Vendor has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 58,000,000 Subscription Shares.

The Subscription Price

The Subscription Price is HK\$1.06 per Share, which is the same as the Placing Price (before taking into account the expenses of the Placing).

The Subscription Price of the Subscription Shares will be paid to the Company in full on completion of the Subscription.

Number of Subscription Shares

The Vendor will subscribe for and the Company will allot and issue a total of 58,000,000 new Shares with an aggregate nominal value of HK\$5,800,000.

The 58,000,000 Subscription Shares represent (i) approximately 5.62% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.32% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares).

Ranking of Subscription Shares

The Subscription Shares, when fully paid, rank pari passu in all respects with the other Shares in issue or to be issued by the Company on the date of completion of the Subscription including the rights to all dividends and other distributions declared, made or paid at any time after the date of allotment.

Conditions of the Subscription

Completion of the Subscription is conditional on:

- (a) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares);
- (b) the Executive Director of the Corporate Finance Division of the SFC waiving any obligation of the Vendor and parties acting in concert with it to make a general offer for all the issued shares in the Company as a result of the Subscription under Rule 26.1 of the Takeovers Code; and
- (c) completion of the Placing having occurred pursuant to the terms of the Placing Agreement.

The Company will apply to the Listing Committee for listing of and permission to deal in the Subscription Shares and will apply to the SFC for the waiver as referred to in sub-paragraphs (a) and (b) above.

The Subscription Agreement does not provide for either party to waive any of the above conditions.

Completion

Completion of the Subscription is expected to take place upon satisfaction of all the conditions stated above, provided that it will take place on a date no later than a date falling 14 days after the date of the Placing Agreement (or such other time and/or date as the Vendor and the Company may agree in writing).

If the Subscription is not completed within 14 days from the date of the Placing Agreement and unless it is waived by the Stock Exchange, it will constitute a connected transaction under the Listing Rules and is subject to compliance with the requirements under Chapter 14A of the Listing Rules, including the issue of a separate announcement and approval of the independent Shareholders.

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The issue of the Subscription Shares will not be subject to the approval by the Shareholders and the Subscription Shares will be issued under the General Mandate granted to the Directors at the AGM. Pursuant to the General Mandate, the maximum number of new Shares that the Company is authorised to issue is 206,400,249 Shares, representing not more than 20% of the issued nominal capital of the Company as at the date of the AGM.

Since the date of the AGM and up to the date of this announcement, no new Shares have been allotted and issued by the Company under the General Mandate.

APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement, (ii) immediately after completion of the Placing but before completion of the Subscription, and (iii) immediately after completion of the Placing and the Subscription:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing but before completion of the Subscription		Immediately after completion of the Placing and the Subscription	
	<i>no. of Shares</i>	<i>%</i>	<i>no. of Shares</i>	<i>%</i>	<i>no. of Shares</i>	<i>%</i>
Fang Jin						
– Right Grand	104,078,000	10.09	46,078,000	4.47	104,078,000	9.55
– Swift Joy	403,370,000	39.09	403,370,000	39.09	403,370,000	37.01
Guo Quan Zeng						
(Note)	18,000,000	1.74	18,000,000	1.74	18,000,000	1.65
Placee A	–	–	57,730,000	5.59	57,730,000	5.30
Placee B	–	–	270,000	0.03	270,000	0.02
Other public Shareholders	<u>506,553,246</u>	<u>49.08</u>	<u>506,553,246</u>	<u>49.08</u>	<u>506,553,246</u>	<u>46.47</u>
Total	<u>1,032,001,246</u>	<u>100.00</u>	<u>1,032,001,246</u>	<u>100.00</u>	<u>1,090,001,246</u>	<u>100.00</u>

Note: Mr. Guo holds 18,000,000 Shares via Cheer View Holdings Limited, which is wholly-owned by him.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months before the date of this announcement.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Directors consider that the Placing and the Subscription offer a good opportunity to raise additional funds to strengthen the financial position and broaden the capital base of the Group so as to facilitate its future development. The Directors consider that the terms of the Placing Agreement and the Subscription Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The gross proceeds of the Subscription will be HK\$61.5 million. The net proceeds (after deducting all applicable costs and expenses) of approximately HK\$59.3 million from the Subscription are intended to be applied towards expansion in the Group's production capacity, as well as general corporate purposes of the Group. The net price of each Subscription Share will be approximately HK\$1.02.

INFORMATION ON THE COMPANY, THE VENDOR AND THE PLACING AGENT

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>.

The Vendor is wholly owned by Mr. Fang Jin, an executive Director, chairman and controlling Shareholder of the Company.

The Placing Agent is Oriental Patron Securities Limited.

Completion of the Subscription is subject to the satisfaction of the conditions precedent in the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the expressions below have the meanings assigned:

"AGM"	the annual general meeting of the Company held on 14 May 2014;
"associate(s)"	has the meaning ascribed to it under the Listing Rules;
"Board"	the board of Directors;
"Closing Date"	8 December 2014 or such other date as the Vendor and the Placing Agent may agree in writing provided that such extended date shall not be later than 16 December 2014;
"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 ascribed to it under the Listing Rules;
"controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules;

“Directors”	directors of the Company;
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong for the time being;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	person(s) independent of the Company and its connected persons;
“Last Trading Day”	1 December 2014, being the trading date immediately prior to the date of the Placing Agreement and the Subscription Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Placee A”	Value Partners China Greenchip Fund Ltd.;
“Placee B”	Value Partners Intelligent Funds – JA-VP China New Century Fund;
“Placees”	Placee A and Placee B;
“Placing”	the placing of the Placing Shares by the Vendor through the Placing Agent pursuant to the terms of the Placing Agreement;
“Placing Agent”	Oriental Patron Securities Limited, a licensed corporation to carry on business in type 1 regulated activities (dealing in securities) and type 4 regulated activities (advising on securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Placing Agreement”	the placing agreement dated 2 December 2014 entered into among the Vendor, the Company and the Placing Agent in relation to the Placing;
“Placing Price”	HK\$1.06 per Placing Share;

“Placing Shares(s)”	58,000,000 existing Shares held by the Vendor;
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;
“Share(s)”	ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription for the Subscription Shares by the Vendor pursuant to the terms and conditions of the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 2 December 2014 entered into between the Vendor and the Company in relation to the Subscription;
“Subscription Price”	HK\$1.06 per Subscription Share, which is equal to the Placing Price (before taking into account the expenses of the Placing);
“Subscription Shares”	58,000,000 new Shares that is equal to the number of Placing Shares to be sold by the Vendor;
“substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“Vendor”	Right Grand Holdings Limited, a company incorporated in the British Virgin Islands and a substantial Shareholder of the Company as at the date of this announcement;
“%”	per cent.

By Order of the Board
SCUD GROUP LIMITED
Fang Jin
Chairman

Hong Kong, 2 December 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.