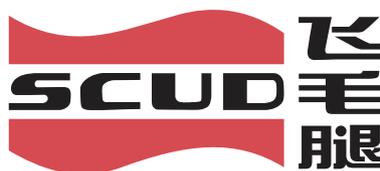


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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
FORMATION OF JOINT VENTURE**

JOINT VENTURE AGREEMENT

On 17 June 2019 (after trading hours), Prime Power (an indirect wholly-owned subsidiary of the Company) entered into the Joint Venture Agreement with Veken New Energy, Insight Technology and the JV Co, pursuant to which the JV Partners agreed to form a joint venture by subscribing for shares in the JV Co. and the JV Group shall engage primarily in the provision of mobile phone battery cell and power bank assembly service in India. Prime Power, Veken New Energy and Insight Technology will own 50%, 30% and 20% of the total issued share capital of the JV Co respectively immediately upon completion of the share subscription in full.

Under the Joint Venture Agreement, the JV Partners shall contribute in aggregate HK\$50,000,000 in cash into the JV Co as the subscription price for shares in the JV Co in proportion to their proposed respective shareholdings. The subscription price of HK\$25,000,000 payable by Prime Power will be funded by internal resources of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the subscription price payable by Prime Power to the JV Co pursuant to the Joint Venture Agreement is more than 5% but less than 25%, the entering into of the Joint Venture Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

* *For identification purpose only*

JOINT VENTURE AGREEMENT

On 17 June 2019 (after trading hours), Prime Power (an indirect wholly-owned subsidiary of the Company) entered into the Joint Venture Agreement with Veken New Energy, Insight Technology and the JV Co in connection with the formation of a joint venture.

A summary of the principal terms of the Joint Venture Agreement is set out as follows:

- Date: 17 June 2019 (after trading hours)
- Parties:
- (i) Prime Power
 - (ii) Veken New Energy
 - (iii) Insight Technology
 - (iv) The JV Co
- Subject matter: The JV Partners agreed to form a joint venture by subscribing for shares in the JV Co.
- Business scope: The JV Group shall engage primarily in the provision of mobile phone battery cell and power bank assembly service in India.
- Prime Power and Veken New Energy shall develop and maintain well-known mobile phone brands as customers, arrange factory inspection by customers, introduce customer orders, inject essential skills and technologies for cell assembly as well as assist in obtaining required certifications and qualifications for the JV Group.
- Insight Technology shall assist the JV Group in operating and managing assembly factory(ies) set up by the JV Group in India, including but not limited to formulating organizational structure of such factory(ies), recruitment, dealing with India customs and governmental authorities, accepting customer orders, cell assembly and shipping, and generally assist Prime Power and Veken New Energy in matters relating to operation and management of the assembly factory(ies), recruitment and dealing with local governmental authorities and developing the business of the JV Group.

Ownership structure:

Prime Power, Veken New Energy and Insight Technology shall subscribe for 3,000, 1,800 and 1,199 shares in the JV Co respectively upon payment of the first tranche of their respective subscription price to the JV Co as further particularised below. Insight Technology is an existing and the sole shareholder of the JV Co holding 1 share of the JV Co as at the date of this announcement.

Prime Power, Veken New Energy and Insight Technology will own 50%, 30% and 20% of the total issued share capital of the JV Co respectively immediately upon completion of the share subscription in full.

In the event a shareholder of the JV Co proposes to sell any of its shareholding in the JV Co, the other shareholders of the JV Co shall have the first right to purchase such shares prior to any third party. If the other shareholders of the JV Co do not exercise such right and such shares are sold to any third party, such new shareholder of the JV Co shall agree to be bound by the Joint Venture Agreement.

Capital commitment:

The JV Partners shall contribute in aggregate HK\$50,000,000 in cash into the JV Co as the subscription price for shares in the JV Co in proportion to their proposed respective shareholdings and according to the following schedule:

- (i) Within 30 days after the signing of the Joint Venture Agreement or such other date as the JV Partners may agree otherwise (subject to all approvals, permits, licenses and authorisations having been obtained (or waived, as the case may be) in relation to the subscription monies payable to the JV Co), Prime Power, Veken New Energy and Insight Technology shall pay to the JV Co HK\$9,000,000, HK\$5,400,000 and HK\$3,600,000 respectively, upon which the shares in the JV Co to be subscribed by the JV Partners shall be allotted and issued to the JV Partners;
- (ii) Within 30 days after completion of the subscription of shares in the JV Co by the JV Partners and the appointment of the directors of the JV Co as further particularised below or such other date as the JV Partners may agree otherwise, Prime Power, Veken New Energy and Insight Technology shall pay to the JV Co HK\$6,000,000, HK\$3,600,000 and HK\$2,400,000 respectively; and

(iii) On or before a date to be agreed by the JV Partners, Prime Power, Veken New Energy and Insight Technology shall pay to the JV Co HK\$10,000,000, HK\$6,000,000 and HK\$4,000,000 respectively.

The total subscription price of HK\$25,000,000 payable by Prime Power will be funded by internal resources of the Group.

The total subscription price payable by Veken New Energy and Insight Technology is HK\$15,000,000 and HK\$10,000,000 respectively.

The total subscription price of HK\$50,000,000 was determined after arm's length negotiation between the JV Partners based on the estimated initial capital and cash requirements of the JV Co taking into account the currently expected amount of customers' orders and the currently expected production capacities of the assembly factory(ies) of the JV Group.

Composition of the board:

Every 20% of the total issued shares held by a shareholder of the JV Co shall entitle such shareholder to nominate one director of the JV Co, and a shareholder of the JV Co shall be entitled to nominate one additional director of the JV Co when the percentage of the total issued shares held by such shareholder equals to or exceeds 50%. The directors of the JV Co nominated by the JV Partners shall be appointed upon payment of the first tranche of the JV Partners' respective subscription price to the JV Co.

Accordingly, Prime Power is entitled to nominate three directors and each of Veken New Energy and Insight Technology is entitled to nominate one director of the JV Co. Prime Power is also entitled to nominate the chairman of the board of the JV Co who, in the event of an equality of votes at any meeting of the board of the JV Co, is entitled to a second or casting vote.

The board of the JV Co shall consist of a maximum of five directors. The quorum for the board meeting of the JV Co shall be three, with at least one director nominated by each of Prime Power, Veken New Energy and Insight Technology respectively.

REASONS FOR AND BENEFITS OF ENTERING INTO THE JOINT VENTURE AGREEMENT

Leveraging on the large population and in turn the huge potential for growth of the mobile phone market in India, many customers of the Group's ODM business have been developing their presence in the Indian mobile phone market in recent years. The Directors believe that the formation of the joint venture, which is expected to set up assembly factory(ies) in India to engage primarily in the provision of mobile phone battery cell and power bank assembly service in India, will align the Group's ODM business with the needs of its customers and strengthen the competitive edge of the Group's ODM business.

The Directors are of the view that the terms of the Joint Venture Agreement are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the shareholders of the Company as a whole.

INFORMATION ON THE GROUP

The Group's principal business is its ODM business which mainly supplies lithium battery modules to manufacturers of well-known telecommunication brands at home and abroad. For more information, please visit the Group's website at www.scudgroup.com.

INFORMATION ON VEKEN NEW ENERGY

Veken New Energy is an indirect wholly-owned subsidiary of Veken, the shares of which are listed on the Shanghai Stock Exchange. Veken New Energy's principal business is the import and export trading of lithium battery and investment. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Veken New Energy and the ultimate beneficial owner(s) of the substantial shareholder(s) (as defined under the Listing Rules) of Veken are third parties independent of the Company and its connected persons.

INFORMATION ON INSIGHT TECHNOLOGY

Insight Technology's principal business is investment holding. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Insight Technology and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

INFORMATION ON THE JV CO

JV Co is a company incorporated in the BVI with limited liability. JV Co has not engaged in any business and has been dormant since its incorporation. As at the date of this announcement, Insight Technology is the sole shareholder of the JV Co holding one share and the ultimate beneficial owner of Insight Technology is the sole director of the JV Co. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the JV Co and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the subscription price payable by Prime Power to the JV Co pursuant to the Joint Venture Agreement is more than 5% but less than 25%, the entering into of the Joint Venture Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“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)”	the director(s) of the Company
“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
“Insight Technology”	Insight Technology Holding Limited, a company incorporated in the BVI with limited liability
“Joint Venture Agreement”	the joint venture agreement dated 17 June 2019 and entered into between Prime Power, Veken New Energy, Insight Technology and the JV Co in relation to the formation of a joint venture by subscribing for shares in the JV Co
“JV Co”	Cybertech Optiemus Holdings Limited, a company incorporated in the BVI with limited liability
“JV Group”	the JV Co and its subsidiaries

“JV Partners”	Prime Power, Veken New Energy and Insight Technology
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“ODM”	original design manufacturing
“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, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Prime Power”	Prime Power Technology Co., Ltd. 弘量科技有限公司, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Veken”	Veken Technology Co., Ltd. 維科技術股份有限公司, a company incorporated in the PRC with limited liability and the shares of which are listed on the Shanghai Stock Exchange (stock code: 600152)
“Veken New Energy”	Veken New Energy Technology Co., Ltd. 維科新能源科技有限公司, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Veken

By order of the Board
SCUD GROUP LIMITED
Ho Chung Tai Raymond
Chairman

Hong Kong, 17 June 2019

As at the date of this announcement, the Board comprises Ms. Lian Xiu Qin and Mr. Feng Ming Zhu being the executive Directors, Dr. Ho Chung Tai Raymond and Mr. Hou Li being the non-executive Directors, and Mr. Heng Ja Wei Victor, Mr. Lam Yau Yiu and Dr. Wong Chi Wing being the independent non-executive Directors.