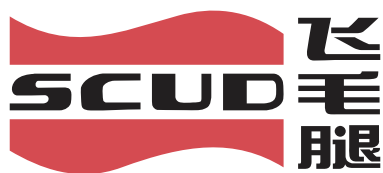


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SCUD GROUP LIMITED

飛毛腿集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01399)

FURTHER INFORMATION ON PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the shareholders of the Company and potential investors that the Group is expected to report a substantive consolidated loss for the year ended 31 December 2012.

Shareholders and potential investors are advised to exercise caution in dealing in the shares of the Company and read carefully the annual results announcement of the Company for the year ended 31 December 2012 which is expected to be announced in March 2013.

This announcement is made by SCUD Group Limited (the “Company”, together with its subsidiaries, the “Group”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) 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”)).

Reference is made to the Company’s profit warning announcement dated 13 November 2012 (the “Announcement”). Terms used herein shall have the same meanings as ascribed thereto into the Announcement.

It was stated in the Announcement that, inter alia, the Group expected to report a consolidated loss for the year ending 31 December 2012 as compared to a consolidated profit for the year ended 31 December 2011. It was also explained in the Announcement that the main factor contributing to such loss was a significant decrease in sales revenue relating to products sold under the Group’s own brand.

In the course of 2012, the global communications market was going through a comprehensive transition period from feature mobile phones to smartphones. With sharply declining sales volume and the pricing of feature mobile phones, the sales volume and margin of replaceable backup batteries and

accessories for various feature mobile phones decreased substantively. A large number of accessories for feature mobile phones are still on sale and gradually become unmarketable as numerous feature mobile phone models have been launched on the market. Given the market conditions for the Group's own brand products, the Group had started to communicate with each of its major distributors, and made adjustments to its market sales strategies since the fourth quarter of 2012 to contain the impact of such market conditions. This included the Group implementing a refund policy whereby the Group refunded its distributors (and expects to continue such refund policy up to 30 June 2013) for the unmarketable battery products which they had previously purchased from the Group during the period from 1 January 2010 to 30 June 2012. Distributors who have partnered with SCUD for many years, during recent years, faced with problems such as inventory backlog and cash flow difficulties which adversely affected the normal operations of the Group's sales network. The backlog of unmarketable products directly resulted in the reduction of the distributors' capabilities to continue acquiring the Group's new products, which in turn led to the Group's inability to effectively promote new products with the existing distribution channels in recent years. As such whilst refunding the unmarketable brand battery products may be at some cost to the Group, the Group's management, after careful consideration, is of the view that assisting distributors to meet their challenges arising out of the industry structure transition would strengthen the Group's distribution network and indirectly protects its brand image. If the Group is unable to accelerate the resolution to the above issues and improve the profitability of such distributors, the Directors believe that the entire distribution channel may collapse, and the sales plan of the Group's new products will also be materially and adversely affected. After the refund process is completed, the Group will enhance the management of its supply chain, improve its product launching and planning model, and endeavor to transform its business model, including improving its profit structure with distribution channels.

Based on management's preliminary assessment of currently available unaudited management accounts of the Group and the progress of refund in connection with the Group's own brand battery products so far, the amount of expected total losses to be incurred by the Group in connection with such refunds is expected to amount to between approximately RMB140,000,000 (equivalent to approximately HK\$173,000,000) to RMB160,000,000 (equivalent to approximately HK\$197,000,000). As a result, the Group is expected to make a one-off substantive provision in its 2012 accounts in connection with the expected refunds for the own brand battery products sold by the Group. Such provision together with the impairment losses attributable to certain intangible assets of the Group (the amount of which is being determined) are expected to result in the Group incurring a substantive consolidated loss for the financial year ended 31 December 2012.

The Group is and will continuously undergo the appropriate procedures to ascertain the expected amount of refunded products, the status of such products and the possibility of reusing or reselling part of such products in order to reduce the losses suffered by the Group in connection therewith.

The information in this announcement is based on a preliminary assessment of the currently available information from the unaudited management accounts of the Group, which has not been reviewed or audited by the independent external auditors engaged by the Company and has not been reviewed and approved by the Company's audit committee. Further details of the Group's performance will be disclosed in the annual results for the year ended 31 December 2012 to be published by the Group.

Shareholders of the Company and potential investors are advised to exercise caution in dealing in the shares of the Company and read carefully the annual results announcement of the Company for the year ended 31 December 2012 which is expected to be announced in March 2013.

By Order of the Board
SCUD GROUP LIMITED
Fang Jin
Chairman

Hong Kong, 1 March 2013

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.

** For identification purpose only*