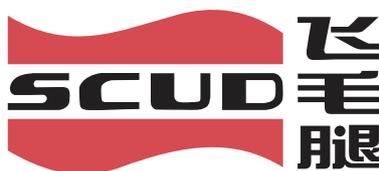


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SCUD GROUP LIMITED

飛毛腿集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01399)

**MAJOR TRANSACTION
CONSTRUCTION OF STAFF DORMITORY AND RELATED
FACILITIES IN SCUD BATTERY INDUSTRIAL PARK**

CONSTRUCTION AGREEMENT

On 25 February 2020 (after trading hours), Scud Battery entered into the Construction Agreement with Fuzhou Tingjia, pursuant to which Scud Battery conditionally agreed to engage Fuzhou Tingjia for the provision of, and Fuzhou Tingjia conditionally agreed to provide to Scud Battery, construction services for the construction of the Staff Dormitory in the Scud Battery Industrial Park for a total consideration of RMB248,747,989 (equivalent to approximately HK\$275,984,943).

LISTING RULES IMPLICATIONS

Construction

As one or more of the applicable percentage ratios in respect of the Construction is more than 25% but less than 100%, the Construction constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Written Shareholders' Approval and Despatch of Circular

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Construction and no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Construction. The Company has obtained written Shareholders' approval for the

* *For identification purpose only*

Construction from the Relevant Shareholders which, all being corporations directly wholly-owned by Mr. Fang, together held 552,338,000 Shares, representing approximately 50.67% of the total number of issued Shares as at the date of this announcement. Accordingly, pursuant to Rule 14.44 of the Listing Rules, written Shareholders' approval may be accepted in lieu of holding a general meeting of the Company for the purpose of approving the Construction and no such general meeting will be held.

The Circular containing, among other things, information on the Construction and other information as required under the Listing Rules will be despatched to the Shareholders. As it is expected that additional time will be required to prepare the information to be included in the Circular, the Company expects to despatch the Circular to the Shareholders on or before 31 March 2020.

CONSTRUCTION AGREEMENT

On 25 February 2020 (after trading hours), Scud Battery entered into the Construction Agreement with Fuzhou Tingjia, pursuant to which Scud Battery conditionally agreed to engage Fuzhou Tingjia for the provision of, and Fuzhou Tingjia conditionally agreed to provide to Scud Battery, construction services for the construction of the Staff Dormitory in the Scud Battery Industrial Park for a total consideration of RMB248,747,989 (equivalent to approximately HK\$275,984,943).

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

Date:	25 February 2020 (after trading hours)
Parties:	(i) Scud Battery, as the principal (ii) Fuzhou Tingjia, as the contractor
Subject matter:	Scud Battery conditionally agreed to engage Fuzhou Tingjia for the provision of, and Fuzhou Tingjia conditionally agreed to provide to Scud Battery, construction services (including, among other things, civil engineering for laying the foundation and constructing the main structure and the roof and installation of electricity, water and fire protection systems) for the Construction.
Terms of Construction:	The Construction is expected to commence on 1 March 2020 (conditional upon the Shareholders having approved the Construction and subject to the actual commencement date as stated in the notice of commencement of Construction to be issued upon instructions from Scud Battery) and complete by 31 August 2021 (subject to completion to the satisfaction of the relevant governmental authorities and Scud Battery).

Consideration and payment terms:

The total consideration for the Construction shall be RMB248,747,989 (equivalent to approximately HK\$275,984,943) and shall be payable in cash by Scud Battery to Fuzhou Tingjia as follows:

- (i) 10% of the total consideration shall be pre-paid 7 days before the actual commencement date of the Construction as stated in the notice of commencement of Construction to be issued upon instructions from Scud Battery;
- (ii) up to 85% (taking into account the amount already paid under (i) above) of the total consideration to be paid each month in proportion to the progress of the Construction, and such progress of Construction shall be as reported by Fuzhou Tingjia and approved by Scud Battery;
- (iii) up to 90% (taking into account the amounts already paid under (i) and (ii) above) of the total consideration shall be paid within 30 days after the Construction is completed to the satisfaction of the relevant governmental authorities and Scud Battery;
- (iv) up to 97% (taking into account the amounts already paid under (i), (ii) and (iii) above) of the total consideration shall be paid within 30 days after the Construction is settled to the satisfaction of Scud Battery; and
- (v) the remaining 3% of the total consideration shall be paid within 28 days after a period of 2 years from the completion of the Construction to the satisfaction of the relevant governmental authorities and Scud Battery.

The consideration for the Construction was determined through a tendering process and based on the architectural design and standard framework of the Construction.

REASONS FOR AND BENEFITS OF THE CONSTRUCTION

The Group regularly reviews the state and capacity of its dormitories and related facilities for its staff and their family members as part of its business development planning in order to determine whether new staff dormitories and related facilities may be required from time to time. The Group currently provides dormitories and related facilities to its staff and their family members by renting them from third parties. Such dormitories rented from third parties are scattered in different locations. The Staff Dormitory is expected to be a complex with a total construction area of 64,842.03 square metres comprising dormitories and related facilities including basement for the Group's staff and their family

members. The Directors believe that the construction of the Staff Dormitory would centralise the Group's dormitories and related facilities inside the Scud Battery Industrial Park, which would provide a better living environment and facilitate efficient management by the Group. The purpose-built Staff Dormitory would also provide dormitories and related facilities which better suit the needs of the Group's staff and their family members, which would optimise the Group's ability to retain its staff and recruit new staff and would also reduce the Group's rental expenses.

The Directors are of the view that the terms of the Construction Agreement are fair and reasonable and the transactions contemplated thereunder, including the Construction, are in the interests of the Company and the Shareholders as a whole.

The Group will continue to review the state and capacity of its dormitories and related facilities for its staff and their family members as part of its business development planning and consider plans for expanding the Scud Battery Industrial Park as and when necessary.

INFORMATION ON THE GROUP AND FUZHOU TINGJIA

The Group's principal business is its ODM business which mainly supplies lithium-ion 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.

Fuzhou Tingjia's principal business is building construction. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Fuzhou Tingjia and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

Construction

As one or more of the applicable percentage ratios in respect of the Construction is more than 25% but less than 100%, the Construction constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Written Shareholders' Approval and Despatch of Circular

Pursuant to Rule 14.44 of the Listing Rules, written Shareholders' approval may be accepted in lieu of holding a general meeting of the Company if (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Construction and (ii) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting of the Company to approve the Construction.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Construction and no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Construction.

The Relevant Shareholders, all being corporations directly wholly-owned by Mr. Fang, are a closely allied group of Shareholders. The Relevant Shareholders are Swift Joy Holdings Limited, Right Grand Holdings Limited and Cheer View Holdings Limited, which held 423,770,000 Shares, 110,568,000 Shares and 18,000,000 Shares respectively and together held 552,338,000 Shares, representing approximately 50.67% of the total number of issued Shares as at the date of this announcement. The Company has obtained written Shareholders' approval for the Construction from the Relevant Shareholders.

Accordingly, pursuant to Rule 14.44 of the Listing Rules, written Shareholders' approval may be accepted in lieu of holding a general meeting of the Company for the purpose of approving the Construction and no such general meeting will be held.

The Circular containing, among other things, information on the Construction and other information as required under the Listing Rules will be despatched to the Shareholders. As it is expected that additional time will be required to prepare the information to be included in the Circular, the Company expects to despatch the Circular to the Shareholders on or before 31 March 2020.

DEFINITIONS

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

“Board”	the board of Directors
“Circular”	the circular of the Company to be despatched to the Shareholders containing, among other things, information on the Construction Agreement and other information as required under the Listing Rules
“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
“Construction”	the construction of the Staff Dormitory under the Construction Agreement

“Construction Agreement”	the construction agreement dated 25 February 2020 and entered into between Scud Battery and Fuzhou Tingjia in relation to the Construction
“Director(s)”	the director(s) of the Company
“Fuzhou Tingjia”	福州庭佳建设工程有限公司 (Fuzhou Ting Jia Construction Co., Ltd.*), a company incorporated in the PRC with limited liability
“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
“Mr. Fang”	Mr. Fang Jin, who (through the Relevant Shareholders) indirectly held 552,338,000 Shares, representing approximately 50.67% of the total number of issued Shares as at the date of this announcement
“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 People’s Republic of China and Taiwan
“Relevant Shareholders”	Swift Joy Holdings Limited, Right Grand Holdings Limited and Cheer View Holdings Limited, all being corporations directly wholly-owned by Mr. Fang
“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

“Scud Battery Industrial Park”	the land owned by Scud Battery with lot numbers 42 and 46, Kuai An Science and Technology Park, Mawei District, Fuzhou, Fujian Province, PRC (中國福建省福州市馬尾區快安科技園42及46號地) and located at No. 135, Rujiangdong Road, Mawei District, Fuzhou, Fujian Province, PRC (中國福建省福州市馬尾區儒江東路135號)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Staff Dormitory”	a complex with a total construction area of 64,842.03 square metres comprising dormitories and related facilities including basement for the Group’s staff and their family members
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

For the purpose of this announcement, unless otherwise indicated, the exchange rate of HK\$1=RMB0.90131 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
Ho Chung Tai Raymond
Chairman

Hong Kong, 25 February 2020

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.