

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)

**OPERATIONAL UPDATE FOR APRIL 2016 AND
UPDATE ON PROGRESS OF FULFILLMENT OF RESUMPTION
CONDITIONS**

This announcement is an update of matters referred to in the announcements published by SCUD Group Limited (the “Company”) dated 24 April 2015, 29 May 2015, 29 June 2015, 13 July 2015, 29 July 2015, 31 August 2015, 30 September 2015, 30 October 2015, 30 November 2015, 31 December 2015, 29 January 2016, 29 February 2016, 31 March 2016 and 29 April 2016. The Company and its subsidiaries are hereinafter referred to as the “Group”.

OPERATIONAL UPDATE FOR APRIL 2016

Set out below is an update on the Group’s business operations for April 2016. The information set out below is based on the unaudited management accounts of the major subsidiaries of the Company for the first four months ended 30 April 2016.

The total sales revenue (value added tax not included) of the Group for the first four months ended 30 April 2016 was about RMB1.6 billion.

The ODM business accounted for about RMB1.3 billion, representing about 81%, of such total sales revenue of the Group for the first four months ended 30 April 2016. The Own-brand business and others accounted for the remainder.

As of 30 April 2016, the bank balance of the Group amounted to about RMB730 million, of which about RMB572 million had been pledged in the ordinary course of its business and about RMB158 million was free cash. The amount of account receivables of the Group settled during the four months

* For identification purpose only

ended 30 April 2016 was about RMB1.8 billion and the amount of payables of the Group settled during the four months ended 30 April 2016 was about RMB1.6 billion. Bank borrowings as at 30 April 2016 was about RMB336 million.

The Group has other assets and liabilities, and this update on its business and cash position should not be taken as an indicator of the financial performance of the Group. It is provided with the intent of giving shareholders and potential investors some operational data pending the publication of the Company's audited financial statements for the years ended 31 December 2014 and 31 December 2015 and the Company's unaudited financial statements for the six months ended 30 June 2015.

PROGRESS OF INDEPENDENT BOARD COMMITTEE AND BOARD REVIEW

Grant Thornton Advisory Services Limited ("Grant Thornton"), who was appointed as the independent third party investigator to investigate the matters raised in Moore Stephens' resignation letter dated 2 April 2015 (the "Matters"), has substantially completed its work. Subject to review and feedback from the independent board committee and the board of directors of the Company (the "Board"), Grant Thornton's key findings will be formally discussed at the Board meeting scheduled in early June 2016. The Board expects to make an announcement as soon as practicable thereafter.

STATUS UPDATE OF APPOINTMENT OF REPLACEMENT AUDITOR

As stated in the Company's announcements dated 29 May 2015, 29 June 2015, 29 July 2015, 31 August 2015, 30 September 2015, 30 October 2015, 30 November 2015, 31 December 2015, 29 January 2016, 29 February 2016, 31 March 2016 and 29 April 2016, no update in this regard is expected until after the investigation by Grant Thornton is completed. The Company believes that the results of the investigation into the Matters will facilitate the process of engagement by the Company of potential replacement auditors.

In light of the status of appointment of replacement auditor, the Company has been unable to publish its audited financial statements for the year ended 31 December 2015 by 31 March 2016, being the time by which the Company is obliged to make such publication under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). The Company has also been unable to despatch the annual report for the year ended 31 December 2015 by 30 April 2016 as required by the Listing Rules.

CONTINUED SUSPENSION OF TRADING

Trading in the Company's shares on the Stock Exchange will continue to be suspended pending the fulfilment of the resumption conditions referred to in the Company's announcement dated 13 July 2015. The Company will make an announcement about status update of fulfilment of resumption conditions when appropriate.

By Order of the Board
SCUD GROUP LIMITED
Fang Jin
Chairman

Hong Kong, 31 May 2016

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.