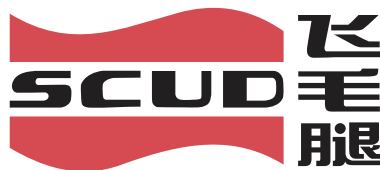


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SCUD GROUP LIMITED

飛毛腿集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01399)

OPERATIONAL UPDATE FOR DECEMBER 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, 29 April 2016, 31 May 2016, 29 June 2016, 29 July 2016, 31 August 2016, 30 September 2016, 31 October 2016, 30 November 2016 and 30 December 2016. The Company and its subsidiaries are hereinafter referred to as the “Group”.

OPERATIONAL UPDATE FOR DECEMBER 2016

Set out below is an update on the Group’s business operations for December 2016. The information set out below is based on the unaudited management accounts of the major subsidiaries of the Company for the year ended 31 December 2016.

The total sales revenue (value added tax not included) of the Group for the year ended 31 December was about RMB6.0 billion.

The ODM business accounted for about RMB5.0 billion, representing about 83%, of such total sales revenue of the Group for the year ended 31 December 2016. The Own-brand business and others accounted for the remainder.

* For identification purpose only

As of 31 December 2016, the bank balance of the Group amounted to about RMB719 million, of which about RMB553 million had been pledged in the ordinary course of its business and about RMB166 million was free cash. The amount of account receivables of the Group settled during the year ended 31 December 2016 was about RMB6.1 billion and the amount of payables of the Group settled during the year ended 31 December 2016 was about RMB4.9 billion. Bank borrowings as at 31 December 2016 was about RMB415 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.

The audit process of the Group is ongoing. The Board will update Shareholders when there is material development in this regard.

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, 1 February 2017

As at the date of this announcement, the Board comprises Mr. Fang Jin, Mr. Guo Quan Zeng and Mr. Feng Ming Zhu being the executive Directors, Mr. Zhang Li and Mr. Hou Li being the non-executive Director, and Dr. Loke Yu, Mr. Wang Jing Zhong, Mr. Wang Jian Zhang and Mr. Heng Ja Wei Victor being the independent non-executive Directors.