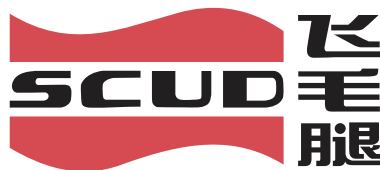


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SCUD GROUP LIMITED

飛毛腿集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01399)

OPERATIONAL UPDATE FOR FIRST QUARTER 2017 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, 30 December 2016, 1 February 2017, 28 February 2017 and 31 March 2017. The Company and its subsidiaries are hereinafter referred to as the “Group”.

OPERATIONAL UPDATE FOR FIRST QUARTER 2017

Set out below is an update on the Group’s business operations for first quarter 2017. The information set out below is based on the unaudited management accounts of the major subsidiaries of the Company for the first three months ended 31 March 2017 (“1Q 2017”).

The total sales revenue (value added tax not included) of the Group in 1Q 2017 was about RMB980 million.

The ODM business accounted for about RMB870 million, representing about 89%, of such total sales revenue of the Group in 1Q 2017. The Own-brand business and others accounted for the remainder.

As of 31 March 2017, the bank balance of the Group amounted to about RMB688 million, of which about RMB636 million had been pledged in the ordinary course of its business and about RMB52 million was free cash. The amount of account receivables of the Group settled in 1Q 2017 was about RMB1.5 billion and the amount of payables of the Group settled in 1Q 2017 was about RMB1.4 billion. Bank borrowings as at 31 March 2017 was about RMB377 million.

* For identification purpose only

STATUS OF AUDIT

The audit process of the Group is ongoing. However the Company will not be able to publish its audited financial statements for the year ended 31 December 2016 and despatch the related annual report by the times required under the Rules Governing the Listing on The Stock Exchange of Hong Kong Limited.

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, 31 December 2015 and 31 December 2016 and the Company's unaudited financial statements for the six months ended 30 June 2015 and 30 June 2016.

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, 28 April 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.