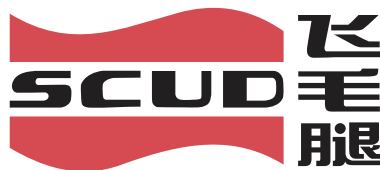


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance 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 MAY 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, 31 March 2017, 28 April 2017 and 31 May 2017. The Company and its subsidiaries are hereinafter referred to as the “Group”.

OPERATIONAL UPDATE FOR MAY 2017

Set out below is an update on the Group’s business operations for May 2017. The information set out below is based on the unaudited management accounts of the major subsidiaries of the Company for the first five months ended 31 May 2017.

The total sales revenue (value added tax not included) of the Group for the first five months ended 31 May 2017 was about RMB1.9 billion.

The ODM business accounted for about RMB1.7 billion, representing about 88% of the total sales revenue of the Group for the first five months ended 31 May 2017. The Own-brand business and others accounted for the remainder.

As of 31 May 2017, the bank balance of the Group amounted to about RMB577 million, of which about RMB493 million had been pledged in the ordinary course of its business and about RMB84 million was free cash. The amount of account receivables of the Group settled during the five months

* For identification purpose only

ended 31 May 2017 was about RMB2.3 billion and the amount of payables of the Group settled during the five months ended 31 May 2017 was about RMB2.1 billion. Bank borrowings as at 31 May 2017 was about RMB374 million.

STATUS OF AUDIT

The audit work for each of the financial years from 2014 to 2015 has been substantially carried out. For the 2016 financial year, the audit process is ongoing and additional time is required for finalising the audits. The auditor has informed the Company that the audit for the 2014 and 2015 financial statements will be finalised together with the audit of the 2016 financial statements given the financial statements are related to each other in some of the respects and certain audit tests are being performed concurrently for the three years. The auditor anticipates that there will be audit qualifications or modification, including but not limited to the limitation in ascertaining the existence of inventories as at 31 December 2014 and 2015. This takes into account (amongst other things) the prolonged period of time having elapsed between the date of physical inventory count carried out by the management and the auditor in 2016 which has an impact on inventory roll-back procedures.

It is currently expected that the audited reports for the three years ended 31 December 2016 will be published by the fourth quarter of 2017 and the Company will also endeavour to publish the interim report for 2017 on or about the same time.

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, 30 June 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.