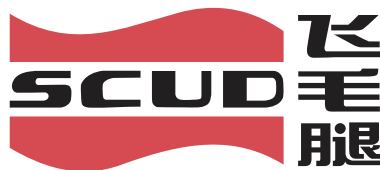


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SCUD GROUP LIMITED

飛毛腿集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01399)

OPERATIONAL UPDATE FOR JUNE 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, 31 May 2017 and 30 June 2017. The Company and its subsidiaries are hereinafter referred to as the “Group”.

OPERATIONAL UPDATE FOR JUNE 2017

Set out below is an update on the Group’s business operations for June 2017. The information set out below is based on the unaudited management accounts of the major subsidiaries of the Company for the six months ended 30 June 2017.

The total sales revenue (value added tax not included) of the Group for the six months ended 30 June 2017 was about RMB2.6 billion.

The ODM business accounted for about RMB2.3 billion, representing about 88% of the total sales revenue of the Group for the six months ended 30 June 2017. The Own-brand business and others accounted for the remainder.

As of 30 June 2017, the bank balance of the Group amounted to about RMB502 million, of which about RMB431 million had been pledged in the ordinary course of its business and about RMB71 million was free cash. The amount of account receivables of the Group settled during the six months ended 30 June 2017 was about RMB2.7 billion and the amount of payables of the Group settled during the six months ended 30 June 2017 was about RMB2.4 billion. Bank borrowings as at 30 June 2017 was about RMB365 million.

* For identification purpose only

STATUS OF AUDIT

The audit process of the Group is ongoing. There is currently no update to the expected timing on publication of the audited reports for the three years ended 31 December 2016 as referred to in the Company's announcement dated 30 June 2017. The Company is unable to announce its interim results for the six month ended 30 June 2017 by 31 August 2017 (being the time required under the Listing Rules for such interim results) and continues with its efforts to publish the interim report for 2017 on or about the same time as its other outstanding financial statements.

The Board would also like to announce that a customer receivable in the amount of approximately RMB168 million is under legal proceedings commenced by the Group for recovery. The Group has successfully secured a court order in June 2017 freezing such amount of assets of the customer and the guarantor to the customer's obligations under its purchase contract with the Group, which on its face is sufficient to cover such receivable. As such no provision is made in respect of such receivable as at the date of this announcement but subject to the progress of the legal proceedings. In the event provisions are subsequently required to be made which have a significant impact on the financial performance of the Group, the Company will make an announcement pursuant to the Listing Rules accordingly.

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.

STATUS OF RESUMPTION CONDITIONS FULFILLMENT

Reference is made to the Company's announcement dated 13 July 2015, in which the conditions for the resumption of trading of the shares in the Company were set out as follows:

- (i) completion of the investigation of the Observations by Grant Thornton Advisory Services Limited, an independent third party investigator engaged for this purpose, disclosure of the findings of such investigation, the Company having addressed the issues identified in the investigation and if necessary, further investigation with appropriate scope;
- (ii) demonstration to the satisfaction of the Stock Exchange that the Company has put in place adequate financial reporting procedures and internal control systems to meet its obligations under the Listing Rules;
- (iii) publication of all outstanding financial results required by the Listing Rules and the Company having addressed any audit qualifications; and
- (iv) informing the market of all material information.

The Company is also required to comply with the Listing Rules and all applicable laws and regulations in Hong Kong and its place of incorporation before resumption.

As set out in the Company's announcement dated 14 June 2016, the Company has satisfied the above condition (i). The Company is also working towards complying with the remaining conditions imposed by the Stock Exchange for a resumption application.

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 July 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.