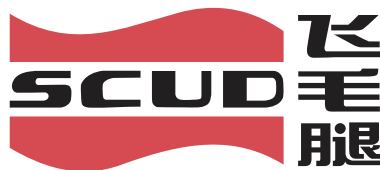


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SCUD GROUP LIMITED

飛毛腿集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01399)

OPERATIONAL UPDATE FOR JANUARY 2018 AND UPDATE ON PROGRESS OF FULFILLMENT OF RESUMPTION CONDITIONS

OPERATIONAL UPDATE FOR JANUARY 2018

Set out below is an update on the business operations of SCUD Group Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) for January 2018. The information set out below is based on the unaudited management accounts of the major subsidiaries of the Company for the month ended 31 January 2018.

The total sales revenue (value added tax not included) of the Group for the month ended 31 January 2018 was about RMB571 million.

The ODM business accounted for about RMB536 million, representing about 94% of the total sales revenue of the Group for the month ended 31 January 2018. The Own-brand business and others accounted for the remainder.

As of 31 January 2018, the bank balance of the Group amounted to about RMB700 million, of which about RMB637 million had been pledged in the ordinary course of its business and about RMB63 million was free cash. The amount of account receivables of the Group settled during the month ended 31 January 2018 was about RMB498 million and the amount of payables of the Group settled during the month ended 31 January 2018 was about RMB507 million. Bank borrowings as at 31 January 2018 was about RMB422 million.

* For identification purpose only

STATUS OF AUDIT

The Company and the Company's auditors are finalising the draft annual audited reports for all three financial years ended 31 December 2016 and the draft 2015 and 2016 interim reports (as reviewed by the auditors). The audit work for the full financial year 2017 is ongoing. There is currently no update to the expected timing on the publication of the 2014, 2015 and 2016 annual audited reports and the 2015 and 2016 interim reports (as reviewed by the auditors) and the publication of the 2017 annual audited reports and interim reports (as reviewed by the auditors) since the Company's announcement dated 30 November 2017.

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, 30 June 2016 and 30 June 2017.

CONTINUED SUSPENSION OF TRADING

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

By Order of the Board
SCUD GROUP LIMITED
Fang Jin
Chairman

Hong Kong, 28 February 2018

As at the date of this announcement, the board of directors of the Company 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 directors, and Dr. Loke Yu, Mr. Wang Jing Zhong, Mr. Wang Jian Zhang and Mr. Heng Ja Wei Victor being the independent non-executive directors.