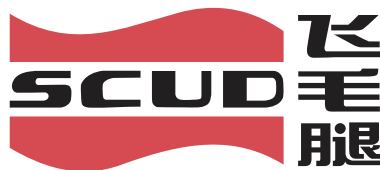


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SCUD GROUP LIMITED

飛毛腿集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01399)

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

OPERATIONAL UPDATE FOR MAY 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 May 2018. The information set out below is based on the unaudited management accounts of the major subsidiaries of the Company for the five months ended 31 May 2018.

The total sales revenue (value added tax not included) of the Group for the five months ended 31 May 2018 was about RMB2.4 billion.

The ODM business accounted for about RMB2.3 billion, representing about 93% of the total sales revenue of the Group for the five months ended 31 May 2018. The Own-brand business and others accounted for the remainder.

As of 31 May 2018, the bank balance of the Group amounted to about RMB904 million, of which about RMB816 million had been pledged in the ordinary course of its business and about RMB88 million was free cash. The amount of account receivables of the Group settled during the five months ended 31 May 2018 was about RMB2.6 billion and the amount of payables of the Group settled during the five months ended 31 May 2018 was about RMB2.4 billion. Bank borrowings as at 31 May 2018 was about RMB340 million.

* For identification purpose only

STATUS OF AUDIT

As referred to in the Company's announcement dated 1 June 2018, the Company expected the audited annual results of the Group for the year ended 31 December 2017 and the unaudited interim results (as reviewed by the auditors) of the Group for the six months ended 30 June 2017 to be finalised and ready for publication by mid-June 2018. The Company is continuing its discussion with the Stock Exchange on the resumption of trading of its shares, and expects to publish such financial information on or about the same time as the Company's resumption announcement.

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 year ended 31 December 2017 and the Company's unaudited financial statements for the six months ended 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 on the status of fulfilment of resumption conditions when appropriate.

By Order of the Board
SCUD GROUP LIMITED
Fang Jin
Chairman

Hong Kong, 29 June 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.