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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 APRIL 2015
AND ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE**

Reference is made to the announcement published by SCUD Group Limited (the “Company”) dated 24 April 2015. Definitions used in this announcement shall have the same meanings as in the announcement dated 24 April 2015.

OPERATIONAL UPDATE FOR APRIL 2015

Set out below is an update on the Group’s business operations for April 2015. The information set out below is based on the unaudited management accounts of the major subsidiaries of the Company for the first four months ended 30 April 2015.

The total sales revenue (value added tax not included) of the Group for the first four months ended 30 April 2015 was about RMB1.1 billion.

The ODM business accounted for about RMB900 million, representing about 81%, of such total sales revenue of the Group for the first four months ended 30 April 2015. The Own-brand business and others accounted for the remainder.

As of 30 April 2015, the bank balance of the Group amounted to about RMB808 million, of which about RMB561 million has been pledged in the ordinary course of its business and about RMB247 million was free cash. The amount of account receivables of the Group settled during the four months ended 30 April 2015 was about RMB1.5 billion and amount of payables of the Group settled during the four months ended 30 April 2015 was about RMB1.2 billion. Bank borrowings as at 30 April 2015 were about RMB208 million.

* *For identification purpose only*

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 2014.

FORMATION OF AN INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT THIRD PARTY INVESTIGATOR

The Board has resolved to establish an independent board committee (“**IBC**”) comprising all the independent non-executive Directors, namely Dr. Loke Yu, Mr. Wang Jing Zhong and Mr. Wang Jian Zhang, to investigate the matters (the “**Matters**”) raised in Moore Stephens' resignation letter dated 2 April 2015. Dr. Loke Yu has been appointed the chairman of the IBC. Grant Thornton Advisory Services Limited, an independent third party investigator, has been engaged to investigate the Matters.

STATUS UPDATE OF REPLACEMENT AUDITOR

The Company has sought a number of proposals and met with potential candidates as its new auditors. Given some of the engagement processes in these circumstances, the Company believes that it would be better positioned to finalise engagement with a new auditor after the results of the independent third party investigator are available.

CONTINUED SUSPENSION OF TRADING

Trading in the Company's shares on the Stock Exchange will continue pending publication of the Company's audited financial statements for the year ended 31 December 2014.

By Order of the Board
SCUD GROUP LIMITED
Fang Jin
Chairman

Hong Kong, 29 May 2015

As at the date of this announcement, the Board comprises Mr. Fang Jin, Mr. Guo Quan Zeng, Mr. Zhang Li and Ms. Huang Yan being the executive Directors, and Dr. Loke Yu, Mr. Wang Jing Zhong and Mr. Wang Jian Zhang being the independent non-executive Directors.