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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)**

**SUPPLEMENTAL ANNOUNCEMENT  
TO THE ANNUAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

Reference is made to the annual report for the year ended 31 December 2019 (“**FY2019**”) of SCUD Group Limited (the “**Company**”) published on 24 April 2020 (the “**2019 Annual Report**”). Unless otherwise defined herein, capitalised terms used herein shall have the same meanings as those defined in the 2019 Annual Report.

As disclosed on pages 19 and 83 of the 2019 Annual Report, the Company recorded other operating expenses of approximately RMB105,957,000 for FY2019, which mainly comprised impairment loss recognised on trade and notes receivables and prepayments, deposits and other receivables and write-off of inventories.

Set out below is the breakdown of such other operating expenses as extracted from Note 8 “Profit before income tax” to the consolidated financial statements of the Company for FY2019 (“**Note 8**”) on page 151 of the 2019 Annual Report:

<b>Other operating expenses</b>	<b>2019</b> <i>RMB'000</i>	2018 <i>RMB'000</i>
# Impairment loss recognised on trade and notes receivables	<b>56,576</b>	44,976
# Impairment loss recognised on prepayments, deposits and other receivables	<b>20,641</b>	17,857
# Write-down of inventories	–	14,109
# Write-off of inventories	<b>21,025</b>	18,357
# Write-off of property, plant and equipment	<b>3,917</b>	1,464
Sundry expenses	<b>3,798</b>	1,907
	<b>105,957</b>	98,670

*(Note # : Disclosed in Note 8)*

\* For identification purpose only

The above information is provided to give further clarity to such other operating expenses disclosed in the 2019 Annual Report.

The information contained in this announcement does not affect any information contained in the 2019 Annual Report and all information in the 2019 Annual Report remains unchanged.

By order of the Board  
**SCUD GROUP LIMITED**  
**Feng Ming Zhu**  
*Chairman*

Hong Kong, 3 September 2020

*As at the date of this announcement, the Board comprises Mr. Feng Ming Zhu and Ms. Lian Xiu Qin being the executive Directors, Mr. Hou Li and Dr. Loke Yu being the non-executive Directors, and Mr. Heng Ja Wei Victor, Mr. Lam Yau Yiu and Mr. Cheung Wai Kwok Gary being the independent non-executive Directors.*