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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 2016 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 and 31 May 2016. The Company and its subsidiaries are hereinafter referred to as the “Group”.

### **OPERATIONAL UPDATE FOR MAY 2016**

Set out below is an update on the Group’s business operations for May 2016. The information set out below is based on the unaudited management accounts of the major subsidiaries of the Company for the first five months ended 31 May 2016.

The total sales revenue (value added tax not included) of the Group for the first five months ended 31 May 2016 was about RMB2.2 billion.

The ODM business accounted for about RMB1.8 billion, representing about 82%, of such total sales revenue of the Group for the first five months ended 31 May 2016. The Own-brand business and others accounted for the remainder.

\* For identification purpose only

As of 31 May 2016, the bank balance of the Group amounted to about RMB682 million, of which about RMB577 million had been pledged in the ordinary course of its business and about RMB105 million was free cash. The amount of account receivables of the Group settled during the five months ended 31 May 2016 was about RMB2.2 billion and the amount of payables of the Group settled during the five months ended 31 May 2016 was about RMB2.0 billion. Bank borrowings as at 31 May 2016 was about RMB376 million.

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 and 31 December 2015 and the Company's unaudited financial statements for the six months ended 30 June 2015.

## **PROGRESS OF INDEPENDENT BOARD COMMITTEE AND BOARD REVIEW**

Grant Thornton Advisory Services Limited ("Grant Thornton"), who was appointed as the independent third party investigator to investigate the matters raised in Moore Stephens' resignation letter dated 2 April 2015 (the "Matters"), has provided the independent board committee (the "IBC") with the final draft of its investigation report (the "Final Draft Report"). Upon review of the Final Draft Report, the IBC has made recommendations of improvement to the board of directors of the Company (the "Board"). Grant Thornton's key findings and the aforesaid recommendations of the IBC were formally discussed at the Board meeting on 3 June 2016 and details of which are set out in the Company's announcement dated 14 June 2016.

## **STATUS UPDATE OF APPOINTMENT OF REPLACEMENT AUDITOR**

The Company is in the process of appointing a replacement auditor. The Company will make a further announcement as and when appropriate.

In light of the status of appointment of replacement auditor, the Company has been unable to publish its audited financial statements for the year ended 31 December 2015 and despatch the related annual report by the times required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). The Company will also be unable to announce its unaudited financial statements for the six months ended 30 June 2016 by 31 August 2016 and despatch its interim report for the same period by the time required under the Listing Rules.

## 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, 29 June 2016

*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.*