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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 JULY 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, 31 May 2016, 29 June 2016 and 29 July 2016. The Company and its subsidiaries are hereinafter referred to as the “Group”.

### **OPERATIONAL UPDATE FOR JULY 2016**

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

The total sales revenue (value added tax not included) of the Group for the first seven months ended 31 July 2016 was about RMB3.1 billion.

The ODM business accounted for about RMB2.5 billion, representing about 82%, of such total sales revenue of the Group for the first seven months ended 31 July 2016. The Own-brand business and others accounted for the remainder.

\* For identification purpose only

As of 31 July 2016, the bank balance of the Group amounted to about RMB852 million, of which about RMB680 million had been pledged in the ordinary course of its business and about RMB172 million was free cash. The amount of account receivables of the Group settled during the seven months ended 31 July 2016 was about RMB3.2 billion and the amount of payables of the Group settled during the seven months ended 31 July 2016 was about RMB2.9 billion. Bank borrowings as at 31 July 2016 was about RMB386 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.

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

As announced by the Company on 25 August 2016, the Company has appointed BDO Limited as its new auditor.

BDO Limited has commenced work in connection with the auditing of the Group's consolidated financial statements for the three years ending 31 December 2016. Such audited consolidated financial statements of the Group are expected to be available no later than the second quarter of 2017.

## **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, 31 August 2016

*As at the date of this announcement, the Board 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 Director, and Dr. Loke Yu, Mr. Wang Jing Zhong and Mr. Wang Jian Zhang being the independent non-executive Directors.*