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SkyNet Group Limited
航空互聯集團有限公司

(formerly known as EDS Wellness Holdings Limited)

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8176)

**CONNECTED TRANSACTION IN RELATION TO
THE FUNDING AGREEMENT**

The Board announces that the Company has received letters from the Liquidators to seek the Company's support of the Funding Agreement.

According to such letters, on 6 April 2016, the Liquidators and Koffman entered into the Funding Agreement, in relation to the provision of funding (subject to the Maximum Funding) by Koffman to the Liquidators to cover the professional fees of the Liquidators and the legal and professional fees which have been incurred and remain outstanding and to be incurred inclusive of disbursement for the purpose of pursuing the Potential Actions and to indemnify the Liquidators regarding any Adverse Orders. The indemnity to the Liquidators regarding any of the Adverse Orders shall not be subject to the limit of the Maximum Funding.

The Board further announces that the Company, being a creditor of BSHK, intends to support the Funding Agreement and vote in favour of the Funding Agreement as creditor at creditors' meeting of BSHK, if any. On 8 April 2016, the Company indicated in the form of intent provided by the Liquidators that it supported the Funding Agreement.

IMPLICATIONS UNDER THE GEM LISTING RULES

Since Koffman is owned as to 50% by Mr. Yu Zhen Hua Johnny, a director of certain subsidiaries of the Company, Koffman is a connected person of the Company at the subsidiary level. The Company's indication that it supported the Funding Agreement and/or proposed voting in favour of the Funding Agreement by the Company at creditors' meeting of BSHK, if any, will constitute a connected transaction between the Company and a connected person at the subsidiary level under Chapter 20 of the GEM Listing Rules.

As (i) the Funding Agreement is on normal commercial terms; (ii) the Board has approved the indication of support by the Company of the Funding Agreement and/or proposed voting in favour of the Funding Agreement by the Company as creditor at creditors' meeting of BSHK, if any; and (iii) the independent non-executive Directors have confirmed that the Funding Agreement is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the indication of support by the Company of the Funding Agreement and/or proposed voting in favour of the Funding Agreement by the Company as creditor at creditors' meeting of BSHK, if any, is only subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and the Shareholders' approval requirements pursuant to Rule 20.99 of the GEM Listing Rules. No Directors have any material interest in the Funding Agreement.

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FUNDING AGREEMENT

The principal terms of the Funding Agreement are summarised as follows:

Date: 6 April 2016

Parties: (i) the Liquidators; and

(ii) Koffman

Koffman is principally engaged in investment holding and is owned as to 50% by Mr. Yu Zhen Hua Johnny, a director of certain subsidiaries of the Company. Therefore, Koffman is a connected person of the Company at the subsidiary level.

Funding and Indemnity

Pursuant to the terms of the Funding Agreement, Koffman will provide an amount of approximately HK\$800,000 to the Liquidators upon signing of the Funding Agreement as initial funding, of which approximately HK\$300,000 will be used for the settlement of the outstanding professional fees of the Liquidators which have been incurred by the Liquidators in relation to the Potential Actions, and the remaining HK\$500,000 will be used to settle the legal costs in relation to the Potential Actions incurred up to the date of the Funding Agreement and reserve for the settlement of future legal costs.

Upon the fulfillment of conditions precedent under the Funding Agreement, Koffman will provide an amount of approximately HK\$1,000,000 to the Liquidators as second funding, of which approximately HK\$300,000 will be used for the settlement of the outstanding professional fees of the Liquidators which have been incurred by the Liquidators in relation to the Potential Actions, and the remaining HK\$700,000 will be used to settle the legal costs in relation to the Potential Actions incurred up to the date of the Funding Agreement, if not already settled under the initial funding and reserve for the settlement of future legal costs.

Koffman will further agree that the Liquidators can request funding up to HK\$250,000 for every half year from Koffman for the settlement of the professional fees of the Liquidators.

The Liquidators may from time to time submit to Koffman written requests for payment on account of further costs on account to cover expected costs, fees and disbursements, security for costs or fortification of any undertaking in damages arising solely out of the pursuing of the Potential Actions provided that the aggregate amount paid and to be paid by Koffman shall under no circumstances exceed the Maximum Funding.

Under the Funding Agreement, Koffman will agree to indemnify the Liquidators, their servants or agents, including their legal representatives, in respect of all and any liability incurred pursuant to any undertaking given to pursue the Potential Actions and/or in respect of any Adverse Orders.

Payment

Upon the recovery of any Proceeds of Actions, the Liquidators will apply and distribute the Proceeds of Actions to the relevant parties in the following order:

- (i) payment to the legal representatives of the Liquidators for full and final settlement of any reasonable outstanding legal costs, fees and disbursements incurred in relation to the relevant Potential Actions;
- (ii) payment of any adverse costs or the Adverse Orders;
- (iii) payment to the Liquidators for full and final settlement of the Liquidators' fees;

- (iv) payment to Koffman for the aggregate amount of the costs and expenses provided by Koffman as the funding creditor for the purpose of pursuing the Potential Actions or any of them;
- (v) payment to Koffman for a sum equivalent to 60% of the net recovery made by the Liquidators in respect of any of the Potential Actions after payments under paragraph (i), (ii) and (iii) above and reimbursing Koffman for the costs of Koffman under paragraph (iv) above; and
- (vi) remainder of the Proceeds of Actions will be utilised and/or distributed in accordance with the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

As advised by Koffman, the amount of funding, funding and indemnity arrangement, and payment arrangement under the Funding Agreement were determined after arm's length negotiations between Koffman and the Liquidators with reference to the nature of the Potential Actions and the funding need by the Liquidators for the Potential Actions.

Conditions Precedent

The Funding Agreement will be conditional upon and subject to the following conditions precedent:

- (i) the approval of the Funding Agreement by the Courts of Hong Kong (subject to any variations made to make the Funding Agreement acceptable to the Courts of Hong Kong); and
- (ii) the approval and/or support of the Funding Agreement by the creditors of BSHK in writing and/or in creditors' meeting, if necessary having been obtained.

The Liquidators shall use their best endeavours to procure the fulfilment of the condition (i) above. If any of the above conditions have not been fulfilled on or before a long stop date to be agreed by Koffman and the Liquidators, or such later date as Koffman and the Liquidators may agree in writing, the Funding Agreement shall cease and determine and neither party to the Funding Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the Funding Agreement.

INFORMATION ON BSHK AND ITS SUBSIDIARIES

BSG, which is wholly-owned by Koffman, holds the entire equity interest in BSHK. BSG was disposed of by the Company to Koffman on 19 December 2014. BSHK commenced liquidation on 6 February 2013. Mr. Osman Mohammed Arab and Mr. Wong Kwok Keung were appointed joint and several liquidators of BSHK by a resolution of the creditors of BSHK passed on 26 February 2013. As at the date hereof, the BSHK Group is indebted to the Group in the amount of approximately HK\$241.4 million which was fully impaired in the consolidated financial statements of the Company.

REASONS FOR AND BENEFITS OF THE COMPANY TO SUPPORT AND/OR VOTE IN FAVOUR OF THE FUNDING AGREEMENT

The Group is principally engaged in the provision of in-flight WLAN and WIFI engineering service business as well as the development, distribution and marketing of personal care treatments, products and services.

The Funding Agreement requires no capital contribution from the Company to the Liquidators to pursue the Potential Actions and no liability will be incurred by the Company regardless of the outcome of the Potential Actions. Moreover, the Funding Agreement is subject to approval by the Courts of Hong Kong (subject to any variations made to make the Funding Agreement acceptable to the Courts of Hong Kong) to ensure its fairness and reasonableness. In the event that the Liquidators can successfully recover any Proceeds of Action under the Potential Actions, the Company, as one of the creditors of BSHK, may then share certain amount of the Proceeds of Action in accordance with the payment arrangement under the Funding Agreement and the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

As such, the Directors (including the independent non-executive Directors) consider that the Funding Agreement is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. For the above reasons, the Board has approved the indication of support by the Company of the Funding Agreement and/or proposed voting in favour of the Funding Agreement by the Company as creditor at creditors' meeting of BSHK, if any.

IMPLICATIONS UNDER THE GEM LISTING RULES

Since Koffman is owned as to 50% by Mr. Yu Zhen Hua Johnny, a director of certain subsidiaries of the Company, Koffman is a connected person of the Company at the subsidiary level. The Company's indication that it supported the Funding Agreement and/or proposed voting in favour of the Funding Agreement by the Company at the creditors' meeting of BSHK, if any will constitute a connected transaction between the Company and a connected person at the subsidiary level under Chapter 20 of the GEM Listing Rules.

As (i) the Funding Agreement is on normal commercial terms; (ii) the Board has approved the indication of support by the Company of the Funding Agreement and/or proposed voting in favour of the Funding Agreement by the Company as creditor at creditors' meeting of BSHK, if any; and (iii) the independent non-executive Directors have confirmed that the Funding Agreement is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the indication of support by the Company of the Funding Agreement and/or proposed voting in favour of the Funding Agreement by the Company as creditor at creditors' meeting of BSHK, if any, is only subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and the Shareholders' approval requirements pursuant to Rule 20.99 of the GEM Listing Rules. No Directors have any material interest in the Funding Agreement.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the same following meanings as set out below:

“Adverse Orders”	other order made against the Liquidators or their legal representatives in the Potential Actions including (without limitation) any damages or other payments ordered by the Courts of Hong Kong to be paid by the Liquidators arising out of or in connection with the Potential Actions or otherwise
“Board”	the board of Directors
“BSG”	Blu Spa Group Limited
“BSHK Group”	BSHK and its subsidiaries
“BSHK”	Blu Spa (Hong Kong) Limited
“Company”	SkyNet Group Limited, a company originally incorporated in the Cayman Islands and continued in Bermuda as an exempted company on 22 April 2014, the issued shares of which are listed on GEM under stock code: 8176
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Funding Agreement”	the deed of agreement for funding dated 6 April 2016 and entered into between the Liquidators and Koffman in relation to provision of funding (subject to the Maximum Funding) by Koffman to the Liquidators to cover the professional fees of the Liquidators and the legal and professional fees which have been incurred and remain outstanding and to be incurred inclusive of disbursement for the purpose of pursuing the Potential Actions and to indemnify the Liquidators regarding any Adverse Orders
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Koffman”	Koffman Investment Limited
“Liquidators”	Mr. Osman Mohammed Arab and Mr. Wong Kwok Keung, the joint and several Liquidators of BSHK (in creditors’ voluntary liquidation)
“Maximum Funding”	a maximum funding of HK\$20,000,000 to be provided by Koffman to the Liquidators under the Funding Agreement
“Potential Actions”	the potential actions against the suppliers, former directors of BSHK, former directors of the Company and former auditors of BSHK in relation to, among others, fictitious and/or suspicious transactions and some other transactions involving over HK\$270 million of payments made by BSHK to the suppliers and some other parties
“Proceeds of Actions”	the recovery of any gross amount received by the estate of BSHK by reason of the Potential Actions or any of them
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong
%	per cent

By Order of the Board
SkyNet Group Limited
Lee Chan Wah
Executive Director

Hong Kong, 8 April 2016

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Cai Zhaoyang, Mr. Chan Kin Wah Billy and Mr. Lee Chan Wah, and three independent non-executive Directors, namely Mr. Tam B Ray Billy, Mr. Chu Kin Wang Peleus and Mr. Tse Joseph.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the website of the Growth Enterprise Market at www.hkgem.com for at least 7 days from the date of its posting and be posted on the website of the Company at <http://www.skynetgroup.com.hk>.