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SkyNet Group Limited
航空互聯集團有限公司

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

(Stock Code: 8176)

**DISCLOSEABLE TRANSACTION IN RELATION TO
THE DISPOSAL OF 100% EQUITY INTEREST IN EDS (ASIA) LIMITED**

THE DISPOSAL

The Board announces that after trading hours on 16 December 2016, the Vendor and the Purchaser entered into the Disposal Agreement pursuant to which the Vendor had conditionally agreed to sell, and the Purchaser had conditionally agreed to acquire, (i) the Sale Share (representing the entire issued share capital of the Target Company as at the date of this announcement); and (ii) the Sale Loan at the Consideration of HK\$2.5 million.

The Target Company is an indirect wholly-owned subsidiary of the Company. Upon Completion, the Group will cease to have any interest in the Target Group.

GEM LISTING RULES IMPLICATIONS

As certain applicable percentage ratios under the GEM Listing Rules in respect of the Disposal are more than 5% and all applicable percentage ratios are less than 25%, the Disposal constitute a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

THE DISPOSAL

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THE DISPOSAL AGREEMENT

Date

16 December 2016

Parties

- (i) the Vender, EDS International Holdings Limited, a company incorporated in BVI and a wholly-owned subsidiary of the Company as at the date of this announcement;
- (ii) the Purchaser is an individual who is a merchant.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is an Independent Third Party.

Assets to be disposed

Pursuant to the Disposal Agreement, the Vendor had conditionally agreed to sell, and the Purchaser had conditionally agreed to acquire:

- (i) the Sale Share, representing the entire issued share capital of the Target Company; and
- (ii) the Sale Loan, representing the amount due and owing by the Target Company to the Vendor as at Completion. Upon completion, all rights and benefits in the Sale Loan will be assigned by the Vendor to the Purchaser. As at 31 October 2016, there was an aggregate amount of approximately HK\$34.16 million due by the Target Company to the Vendor.

The Target Company is an indirect wholly-owned subsidiary of the Company. Upon Completion, the Group will cease to have any interest in the Target Group.

Consideration and Payment Terms

Pursuant to the terms of the Disposal Agreement, the Consideration for the sale and purchase of the Sale Share and the Sale Loan shall be the sum of HK\$2.5 million (the consideration for the Sale Share is equivalent to its face value and the consideration for the Sale Loan shall be the balance of the Consideration after deducting the consideration for the Sale Share) to be paid by the Purchaser to the Vendor.

The Consideration was agreed between the Vendor and the Purchaser after arm's length negotiations on normal commercial terms with reference to (i) the historical financial performance of the Target Group; (ii) the net liabilities of approximately HK\$31.65 million based on its unaudited management accounts as at 31 October 2016. The Directors consider that the Consideration is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

Completion is subject to the fulfilment or (if applicable) waiver of the following conditions:

- (1) the Company having obtained clearance of all announcement(s) and circular(s) (if required) to be issued by the Company under the GEM Listing Rules and granting of all approvals, if necessary by the Stock Exchange in respect of all transactions contemplated by the Disposal Agreement;
- (2) the Purchaser being reasonably satisfied with the results of the due diligence exercise (whether legal, accounting, financial, operational or other aspects that the Purchaser may consider necessary) on the Target Group's business assets, liability, activities, operations, prospects and other status which the Purchaser, its agents or professional advisers think reasonably necessary and appropriate to conduct;
- (3) all the representations, warranties and undertakings made by the Vendor and the Purchaser as at the date of the Disposal Agreement are true and accurate and not misleading at Completion as if repeated at Completion and at all times between the date of this Disposal Agreement and Completion; and
- (4) all reasonably relevant approvals, consents, licences and/or permits in relation to the transaction contemplated under the Disposal Agreement, having been obtained.

The Purchaser may waive the Condition (2) above at any time before the Long Stop Date by notice in writing to the Vendor. None of the other conditions above are capable of being waived by any Party.

If the Conditions shall not have been fulfilled (or waived by the Purchaser as stated above) by 4:00 p.m. on the Long Stop Date, all rights and obligations of the parties to the Disposal Agreement shall cease and terminate, save and except certain provisions shall remain in full force and effect, none of the parties shall have any claim against the other save for claim (if any) in respect of such continuing provisions or any antecedent breach thereof.

Completion

Subject to the continuing fulfilment or waiver (as the case may be) of all Conditions, Completion shall take place on the Completion Date (i.e. the third Business Day after all the Conditions have been fulfilled or waived (or such other date as the Vendor and the Purchaser may agree in writing).

At Completion, the Vendor shall deliver or cause to be delivered to the Purchaser or the Purchaser's solicitors, among other things, a deed of assignment duly executed under seal by the Vendor, the Purchaser and the Target Company, and the Purchaser shall pay to the Vendor the Consideration by cash.

Upon Completion, the Group will cease to hold any equity interest in the Target Group and the Target Group will cease to be subsidiaries of the Company.

INFORMATION OF THE TARGET GROUP

As at the date of this announcement, the Target Company is owned as to 100% by the Vendor. The Target Group is principally engaged in marketing development, product distribution and customer support services for the brand name “Evidens de Beauté”.

Financial information

Set out below is the summary of the key financial information extracted from the audited consolidated financial statements of the Target Group for the six months ended 31 December 2014 and year ended 31 December 2015 respectively:

	For the six months ended 31 December 2014 HK\$'000 (Audited)	For the year ended 31 December 2015 HK\$'000 (Audited)
Turnover	1,625,869.13	4,541,937.51
Profit/(loss) before taxation	(3,836,049.17)	(7,595,865.10)
Profit/(loss) after taxation	(3,836,049.17)	(7,595,865.10)

The unaudited consolidated total assets value and the net liabilities value (including the Sale Loan) of the Target Group as at 31 October 2016 were approximately HK\$2.65 million and HK\$31.65 million respectively.

FINANCIAL EFFECT OF THE DISPOSAL

Based on (i) the Consideration of HK\$2.5 million; and (ii) the unaudited consolidated net liabilities of the Target Group as at 31 October 2016 of approximately HK\$31.65 million, it is estimated that the Group would record, after transaction costs, an unaudited expected loss of approximately HK\$160,000 from the Disposal. The actual amount of the gain or loss on the Disposal to be recognised is subject to audit and therefore may be different from the amount mentioned above.

Upon Completion, the Group will cease to hold any equity interest in the Target Group. Accordingly, the assets, liabilities and the financial results of the Target Group will no longer be consolidated into the financial statements of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in engaged in (i) high-tech robotics and light machinery engineering; (ii) in-flight WLAN and WIFI engineering and services provider; and (iii) developing, distributing and marketing of personal care treatments, products and services.

In consideration of i) the continuous net losses of the Target Group for the six months ended 31 December 2014 and for the year ended 31 December 2015; ii) the continuous net liabilities of the Target Group for the six months ended 31 December 2014 and for the year ended 31 December 2015; iii) the Group intends to focus on the sale of beauty products and provision of therapy services operated by China Honest Enterprise Limited, an indirect 51% owned subsidiary; and (iv) the Disposal is not expected to adversely affect the financial position of the Group, the Board is of the view that the Disposal represents a good opportunity to streamline the operation in the sale of beauty products and provision of therapy services. The gross proceeds of the Group will be HK\$2.5 million and the net proceeds will be approximately HK\$2.35 million. The net proceeds will be utilised as general working capital of the Group.

Based on the above, the Board considers that the terms of the Disposal are fair and reasonable so far as the Company and the Shareholders are concerned, and the Disposal is in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As certain applicable percentage ratios under the GEM Listing Rules in respect of the Disposal are more than 5% and all applicable percentage ratios are less than 25%, the Disposal constitute a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“associate”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors of the Company
“Business Day”	a day (excluding Saturday and any day on which a tropical cyclone warning no.8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business

“BVI”	the British Virgin Islands
“Company”	SkyNet Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued shares of which are listed on GEM (stock code:8176)
“Completion”	the completion of the Disposal in accordance with the terms and Conditions of the Disposal Agreement
“Completion Date”	the third Business Day after all the Conditions shall have fulfilled or waived on which the Completion shall take place (or such other date as the Vendor and the Purchaser may agree in writing)
“Condition(s)”	the conditions precedent to which Completion is subject as set out in the sub-section headed “Conditions Precedent” above
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the aggregate consideration in respect of the Sale Share and the Sale Loan, being HK\$2.5 million
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share and the Sale Loan pursuant to the terms and Conditions of the Disposal Agreement
“Disposal Agreement”	the agreement dated 16 December 2016 entered into between the Vendor and the Purchaser in relation to the Disposal
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) who is independent of and not connected with the Company and connected persons of the Company and their respective associates

“Long Stop Date”	31 December 2016 (or such later date as the Vendor and the Purchaser may agree in writing)
“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“Purchaser”	Mr. Li Man Tak
“Sale Loan”	unsecured interest-free loans owed by the Target Company to the Vendor as at Completion
“Sale Share”	1 issued share of the Target Company beneficially owned by the Vendor, which shall represent the entire issued share capital of the Target Company as at the date of this announcement
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	EDS (Asia) Limited, a company incorporated in Hong Kong with limited liability
“Target Group”	the Target Company and its subsidiaries from time to time
“Vendor”	EDS International Holdings Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company
%	per cent

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

Hong Kong, 16 December 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 <http://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>.