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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

六福金融
LUKFOOK FINANCIAL

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 23 November 2016, after trading hours, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has appointed the Placing Agent, and the Placing Agent has conditionally agreed to procure, on a best effort basis, the placing of up to 35,416,666 Placing Shares to the Placee at the Placing Price of HK\$4.80 per Placing Share.

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 12 May 2016. As at the date of this announcement, no Shares have been allotted and issued pursuant to the General Mandate. Assuming that there will be no change in the total number of Shares in issue between the date of this announcement and the completion of the Placing, the maximum number of 35,416,666 Placing Shares represents approximately (i) 8.44% of the total number of Shares in issue as at the date of this announcement i.e. 419,803,000 Shares; and (ii) 7.78% of the total number of Shares in issue as enlarged by the issue of the Placing Shares i.e. 455,219,666 Shares. The aggregate nominal value of the Placing Shares under the Placing will be approximately HK\$3,541,667. Since the Placing Shares will be allotted and issued under the General Mandate, the issue of the Placing Shares is not subject to further Shareholders' approval.

The Placing Price of HK\$4.80 per Placing Share represents: (i) a discount of approximately 4.00% to the closing price of HK\$5.00 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 3.23% to the average closing price of approximately HK\$4.96 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day.

The maximum gross proceeds and net proceeds from the Placing will be approximately HK\$170 million and HK\$167.7 million respectively. The net proceeds raised per Placing Shares upon Completion will be approximately HK\$4.74 per Placing Share. The Company intends to use the net proceeds from the Placing (i) as to approximately HK\$46.30 million to settle the shareholders' loan due by Engineering Services Inc., a Canadian company being acquired by the Group, after the completion of the proposed acquisition (please refer to the Company's announcement dated 23 November 2016 for more details); and (ii) as to approximately HK\$121.40 million as general working capital of the Group.

Since the completion of the Placing is subject to fulfillment of the condition under the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

NEW COVE PLACING

On 23 November 2016, after trading hours, New Cove entered into the New Cove Placing Agreement with the Placing Agent pursuant to which New Cove has appointed the Placing Agent, and the Placing Agent has agreed to act as the placing agent for New Cove in connection with the placing of up to 25,000,000 New Cove Placing Shares to the Placee and another placee at the placing price of HK\$4.80 per New Cove Placing Share.

The New Cove Placing Agreement and the New Cove Placing are separate and independent from the Placing Agreement and the Placing, and are not inter-conditional to each other.

THE PLACING AGREEMENT

Date

23 November 2016 (after trading hours)

Issuer

The Company

Placing Agent

Luk Fook Securities (HK) Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are third parties independent of the Company and its Connected Persons.

Number of Placing Shares

Pursuant to the Placing Agreement, the Company has appointed the Placing Agent, and the Placing Agent has conditionally agreed to procure, on a best effort basis, the placing of up to 35,416,666 Placing Shares to the Placee at the Placing Price of HK\$4.80 per Placing Share.

Assuming that there will be no change in the total number of Shares in issue between the date of this announcement and the completion of the Placing, the maximum number of 35,416,666 Placing Shares represents approximately (i) 8.44% of the total number of Shares in issue as at the date of this announcement i.e. 419,803,000 Shares; and (ii) 7.78% of the total number of Shares in issue as enlarged by the issue of the Placing Shares i.e. 455,219,666 Shares. The aggregate nominal value of the Placing Shares under the Placing will be approximately HK\$3,541,667.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank pari passu among themselves and with the Shares in issue at the time of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$4.80 per Placing Share represents: (i) a discount of approximately 4.00% to the closing price of HK\$5.00 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 3.23% to the average closing price of approximately HK\$4.96 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent on the date of the Placing Agreement with reference to, among other things, the prevailing trading price of the Shares.

The Directors consider that the terms of the Placing Agreement (including the Placing Price and placing commission) are on normal commercial terms and are fair and reasonable and that the Placing is in the interests of the Company and the Shareholders as a whole.

Placee

The Placing Agent will place the Placing Shares to the Placee — Hong Kong Bridge Investments Limited, a subsidiary of Topsearch International (Holdings) Limited, the shares of which are listed on the Stock Exchange (Stock Code: 2323). The Placee is an investment holding company.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Placee and its ultimate beneficial owners are third parties independent of and not connected with the Company and its Connected Persons.

Condition of the Placing Agreement

Completion of the Placing is conditional upon the Listing Committee of the Stock Exchange agreeing to grant a listing of and permission to deal in, the Placing Shares. Such condition cannot be waived by any party to the Placing Agreement. If such condition is not satisfied on or prior to 4:00 p.m. (Hong Kong time) on 22 December 2016 or such later date as may be agreed between the Company and the Placing Agent, the obligations and liabilities of the Placing Agent and of the Company under the Placing Agreement shall cease and determine and neither the Company nor the Placing Agent shall have any claim against the other for costs, damages, compensation or otherwise.

Termination

The Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company at any time prior to 4:00 p.m. (Hong Kong time) on the Closing Date if at any time prior to 4:00 p.m. (Hong Kong time) on the Closing Date, there occurs or comes into force:

- (1) any significant change in local, national or international financial, exchange control, political or economic conditions, which in the reasonable opinion of the Placing Agent, is likely to be materially adverse to the success of the Placing, or is likely to make it impracticable or inadvisable or inexpedient to proceed therewith; or
- (2) any breach in a material respect of the warranties, representations and undertakings by the Company set out in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (3) any significant changes (whether or not forming part of a serious of changes) in the market conditions, which in the reasonable opinion of the Placing Agent is likely to be materially adverse to the success of the Placing.

The Placing Agent shall have the right exercisable at any time by notice in writing to the Company to terminate the Placing Agreement if any of the Placing Shares are not delivered by or on behalf of the Company in accordance with the Placing Agreement.

In the event that the Placing Agent terminates the Placing Agreement in accordance with the terms of the Placing Agreement, all obligations of each of the Company and the Placing Agent shall cease and determine and no party shall have any claim against any other party.

Completion

Completion of the Placing will take place at 4:00 p.m. (Hong Kong time) on the Closing Date.

Placing Commission

Upon Completion, the Placing Agent will receive a placing commission, in Hong Kong dollars, of 1.00 per cent of the amount equal to the Placing Price multiplied by the number of Placing Shares issued and successfully placed by the Placing Agent, which amount the Placing Agent is authorized to deduct from the payment to be made by it to the Company pursuant to the Placing Agreement. The placing commission was determined after arm's length negotiation between the Company and the Placing Agent.

The Directors consider that the placing commission payable under the Placing is fair and reasonable.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 12 May 2016. Under the General Mandate, the Directors are authorized to issue up to 83,960,600 new Shares, representing 20% of the total number of Shares in issue on 12 May 2016. As at the date of this announcement, no new Shares have been allotted and issued pursuant to the General Mandate. Since the Placing Shares will be allotted and issued under the General Mandate, the issue of the Placing Shares is not subject to further Shareholders' approval.

Application for Listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to, deal in the Placing Shares.

NEW COVE PLACING

As a separate and independent agreement from the Placing Agreement and the Placing, the Company has been informed by New Cove, who is interested in 52,500,000 Shares as at the date of this announcement, that on 23 November 2016, after trading hours, New Cove entered into the New Cove Placing Agreement with the Placing Agent pursuant to which New Cove has appointed the Placing Agent, and the Placing Agent has agreed to act as the placing agent for New Cove in connection with the placing of up to 25,000,000 New Cove Placing Shares to the Placee and another placee at the placing price of HK\$4.80 per New Cove Placing Share. Completion of the New Cove Placing is conditional upon the following conditions being fulfilled or waived by the Placing Agent on or before 7 December 2016, or such other date as New Cove and the Placing Agent shall agree in writing:

- (a) the warranties given by New Cove under the New Cove Placing Agreement remaining true and accurate in all material respects; and
- (b) the obligations of the Placing Agent under the New Cove Placing Agreement becoming unconditional and not being terminated in accordance with the terms under the New Cove Placing Agreement, including provisions regarding force majeure events.

The New Cove Placing Agreement and the New Cove Placing are separate and independent from the Placing Agreement and the Placing, and are not inter-conditional to each other.

EFFECT OF THE SHAREHOLDINGS STRUCTURE OF THE COMPANY

The following table illustrates (by reference to the information on shareholdings available to the Company as at the date of this announcement) the shareholding structure of the Company (i) as at the date of this announcement; (ii) upon completion of the Placing (assuming the New Cove Placing does not complete); (iii) upon completion of the New Cove Placing (assuming the Placing does not complete); and (iv) upon completion of the Placing and the New Cove Placing, on the assumptions that (a) there will be no other change to the total number of Shares in issue between the date of this announcement and the completion of the Placing; and (b) the Placee does not and will not hold any Shares other than the Placing Shares and the New Cove Placing Shares.

Shareholder	As of the date of this announcement		Upon completion of the Placing (assuming the New Cove Placing does not complete)		Upon completion of the New Cove Placing (assuming the Placing does not complete)		Upon completion of the Placing and the New Cove Placing	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Xing Hang Limited (Note 1)	179,925,549	42.86	179,925,549	39.52	179,925,549	42.86	179,925,549	39.52
Eternity (Note 2)	52,500,000	12.51	52,500,000	11.53	27,500,000	6.55	27,500,000	6.04
Goldenland Mining & Investment Limited (Note 3)	45,396,178	10.81	45,396,178	9.97	45,396,178	10.81	45,396,178	9.97
Truly Elite Limited (Note 4)	41,628,921	9.92	41,628,921	9.14	41,628,921	9.92	41,628,921	9.14
Silver Empire Holding Limited (Note 5)	37,861,665	9.02	37,861,665	8.32	37,861,665	9.02	37,861,665	8.32
High Aim Global Limited (Note 6)	26,697,946	6.36	26,697,946	5.86	26,697,946	6.36	26,697,946	5.86
The Placee (Note 7)	—	—	35,416,666	7.78	6,250,000	1.49	41,666,666	9.16
Other public Shareholders	35,792,741	8.52	35,792,741	7.88	54,542,741	12.99	54,542,741	11.99
Total	419,803,000	100.00	455,219,666	100.00	419,803,000	100.00	455,219,666	100.00

Notes:

- Xing Hang Limited is ultimately owned as to 82.5% by Mr. Cai Zhaoyang, 7.5% by Mr. Lin Fan, 3.75% by Ms. Xu Yaping, 3.75% by Mr. Guo Pengcheng and 2.5% by Mr. Chen Jie.
- New Cove is interested in 52,500,000 Shares as at the date of this announcement. As New Cove is an indirect wholly-owned subsidiary of Eternity, Eternity is deemed to be interested in such 52,500,000 Shares.

3. Goldenland Mining & Investment Limited is ultimately owned as to 50% by Mr. Liu Jin and 50% by Ms. Xue Siman.
4. Truly Elite Limited is ultimately wholly-owned by Mr. Yeung Heung Yeung.
5. Silver Empire Holding Limited is wholly-owned by Genius Earn Limited which is ultimately wholly-owned by Mr. Liu Xiao Lin.
6. High Aim Global Limited is ultimately wholly-owned by Mr. Ko Chun Shun, Johnson.
7. Assuming all the Placing Shares would be allotted and issued upon completion of the Placing and the New Cove Placing.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Directors are of the view that the Placing will provide a good opportunity to raise additional funds to strengthen the financial position and broaden the shareholder and capital base of the Group so as to facilitate the future development of the Group. Accordingly, the Board considers that the terms of the Placing Agreement are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

The maximum gross proceeds from the Placing are expected to be approximately HK\$170 million. The maximum net proceeds from the Placing (after deducting the commission payable to the Placing Agent and other costs, expenses and fees incurred in the Placing) are estimated to be approximately HK\$167.7 million. The net proceeds raised per Placing Share upon Completion will be approximately HK\$4.74 per Placing Share. The Company intends to use the net proceeds from the Placing (i) as to approximately HK\$46.30 million to settle the shareholders' loan due by Engineering Services Inc., a Canadian company being acquired by the Group, after the completion of the proposed acquisition (please refer to the Company's announcement dated 23 November 2016 for more details); and (ii) as to approximately HK\$121.40 million as general working capital of the Group.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not carried out any issue of equity securities for the purpose of fund raising during the 12 months immediately preceding the date of this announcement.

Since the completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday, a Sunday or a public holiday) on which banks are generally open for business in Hong Kong
“Closing Date”	on the date falling three Business Days immediately after the date on which the condition as set out in the paragraph headed “Condition of the Placing Agreement” is satisfied, or 7 December 2016, whichever is later
“Company”	SkyNet Group Limited, a company 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
“Completion”	completion of the Placing
“Connected Person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Eternity”	Eternity Investment Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange under stock code: 764
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors pursuant to the resolution passed by the Shareholders at the annual general meeting of the Company held on 12 May 2016 to allot, issue or otherwise deal with up to 20% of the total number of Shares in issue as at 12 May 2016

“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Special Region of the People’s Republic of China
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Last Trading Day”	23 November 2016, being the date of the Placing Agreement and the last full trading day of the Shares on the Stock Exchange immediately prior to the publication of this announcement
“New Cove”	New Cove Limited, an indirect wholly-owned subsidiary of Eternity and a substantial Shareholder (as defined under the GEM Listing Rules)
“New Cove Placing”	the placing of the New Cove Placing Shares by the Placing Agent on behalf of New Cove pursuant to the terms and conditions of the New Cove Placing Agreement
“New Cove Placing Agreement”	the conditional placing agreement entered into between New Cove and the Placing Agent dated 23 November 2016 in respect of the New Cove Placing
“New Cove Placing Shares”	a maximum of 25,000,000 existing issued Shares held by New Cove and to be placed to the placees pursuant to the New Cove Placing Agreement
“Placee”	Hong Kong Bridge Investments Limited, a subsidiary of Topsearch International (Holdings) Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2323)
“Placing”	the Placing of the Placing Shares by the Placing Agent on behalf of the Company pursuant to the terms and conditions of the Placing Agreement
“Placing Agent”	Luk Fook Securities (HK) Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 23 November 2016 in respect of the Placing
“Placing Price”	HK\$4.80 per Placing Share

“Placing Share(s)”	a maximum of 35,416,666 new Shares to be allotted and issued pursuant to the Placing Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board
SkyNet Group Limited

Cai Zhaoyang

Executive Director, Chairman and Chief Executive Officer

Hong Kong, 23 November 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>.