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)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors of SkyNet Group Limited (the "**Company**") collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The directors of the Company, 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.*

RESULTS

The board of directors (the "**Board**") of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2015 together with the comparative amounts for the six months ended 31 December 2014.

As disclosed in the announcement of the Company dated 15 October 2014, the financial year end date of the Group has been changed from 30 June to 31 December, commencing from the financial year ended 31 December 2014. Accordingly, the current financial year which covered from 1 January 2015 to 31 December 2015 is the first full year after the change of financial year end date. Accordingly, the comparative amounts shown in the audited consolidated financial statements covering the Group's six months of operation from 1 July 2014 to 31 December 2014 are not entirely comparable with the amounts for the financial year ended 31 December 2015 which cover the Group's twelve months of operation.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	**Year ended 01.01.2015 to 31.12.2015**	Period from 01.07.2014 to 31.12.2014
		HK$'000	*HK$'000*
Revenue	*5*	**46,989**	22,084
Cost of sales		**(47,834)**	(15,155)
Gross (loss)/profit		**(845)**	6,929
Other income	*7*	**252**	3,408
Selling and distribution costs		**(6,890)**	(942)
Administrative expenses		**(30,228)**	(7,922)
Impairment loss recognised in respect of other receivables		**—**	(46,519)
Loss from operations	*8*	**(37,711)**	(45,046)
Finance costs	*9*	**(981)**	(1,170)
Loss before taxation		**(38,692)**	(46,216)
Income tax expense	*10*	**(985)**	(827)
Loss for the year/period		**(39,677)**	(47,043)

	Notes	Year ended 01.01.2015 to 31.12.2015	Period from 01.07.2014 to 31.12.2014
		HK$'000	*HK$'000*
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations:			
Exchange differences arising during the year/period		**181**	1
Other comprehensive income for the year/period		**181**	1
Total comprehensive loss for the year/period		**(39,496)**	(47,042)
Loss for the year/period attributable to:			
Owners of the Company		**(42,086)**	(48,939)
Non-controlling interests		**2,409**	1,896
		(39,677)	(47,043)
Total comprehensive loss for the year/period attributable to:			
Owners of the Company		**(41,905)**	(48,938)
Non-controlling interests		**2,409**	1,896
		(39,496)	(47,042)
Loss per share	*12*		
Basic and diluted (cents)		**HK(33.19)**	HK(78.71)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**25,801**	12,649
Intangible asset		**—**	—
Goodwill		**18,266**	18,266
		44,067	30,915
Current assets			
Inventories		**2,954**	1,923
Trade receivables	*13*	**5,734**	5,546
Deposits, prepayments and other receivables	*14*	**30,078**	5,728
Restricted bank deposits		**12,657**	19,701
Cash and cash equivalents		**116,055**	26,553
		167,478	59,451
Total assets		**211,545**	90,366
EQUITY			
Capital and reserves			
Share capital – ordinary shares		**41,980**	7,480
Share capital – preferred shares		**3,000**	—
Reserves		**94,372**	37,819
Equity attributable to owners of the Company		**139,352**	45,299
Non-controlling interests		**825**	3,757
Total equity		**140,177**	49,056

	Notes	2015 HK$'000	2014 HK$'000
LIABILITIES			
Current liabilities			
Amount due to a former director		**64**	64
Amount due to a related company		**16,286**	—
Trade payables	*15*	**179**	210
Accruals and other payables		**17,006**	5,080
Other borrowings		**6,271**	3,850
Promissory notes		**—**	6,069
Tax payables		**2,487**	1,502
Deposits from customers		**23**	80
Deferred revenue		**24,712**	24,000
Obligations under finance leases		**4,338**	444
		71,366	41,299
Non-current liabilities			
Convertible bonds		**—**	—
Obligations under finance leases		**2**	11
Deferred taxation		**—**	—
		2	11
Total liabilities		**71,368**	41,310
Total equity and liabilities		**211,545**	90,366
Net current assets		**96,112**	18,152
Total assets less current liabilities		**140,179**	49,067

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company										
	Share capital — ordinary shares	**Share capital — preferred shares**	**Share premium**	**Merger reserve**	**Contributed surplus**	**Convertible bonds reserve**	**Translation reserve**	**Accumulated losses**	**Sub-total**	**Non-controlling interests**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Note a)	*(Note b)*	*(Note c)*	*(Note d)*				
At 1 July 2014	1,312	—	—	22,734	27,141	8,934	10	(61,050)	(919)	1,861	942
Loss for the period	—	—	—	—	—	—	—	(48,939)	(48,939)	1,896	(47,043)
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations	—	—	—	—	—	—	1	—	1	—	1
Total comprehensive loss for the period	—	—	—	—	—	—	1	(48,939)	(48,938)	1,896	(47,042)
Conversion of convertible bonds	4,000	—	36,658	—	—	(8,934)	—	—	31,724	—	31,724
Open offer of new shares	1,906	—	55,277	—	—	—	—	—	57,183	—	57,183
Placing of new shares	262	—	7,991	—	—	—	—	—	8,253	—	8,253
Share issue expenses	—	—	(2,004)	—	—	—	—	—	(2,004)	—	(2,004)
Transfer to accumulated losses upon disposal of a subsidiary	—	—	—	(22,734)	—	—	—	22,734	—	—	—
At 31 December 2014 and at 1 January 2015	7,480	—	97,922	—	27,141	—	11	(87,255)	45,299	3,757	49,056
Loss for the year	—	—	—	—	—	—	—	(42,086)	(42,086)	2,409	(39,677)
Other comprehensive income for the year:											
Exchange differences on translation of foreign operations	—	—	—	—	—	—	181	—	181	—	181
Total comprehensive loss for the year	—	—	—	—	—	—	181	(42,086)	(41,905)	2,409	(39,496)
Subscription of shares	34,500	3,000	112,500	—	—	—	—	—	150,000	—	150,000
Share issuing expenses	—	—	(14,042)	—	—	—	—	—	(14,042)	—	(14,042)
Dividend paid to non-controlling interests	—	—	—	—	—	—	—	—	—	(5,341)	(5,341)
At 31 December 2015	**41,980**	**3,000**	**196,380**	**—**	**27,141**	**—**	**192**	**(129,341)**	**139,352**	**825**	**140,177**

Notes:

(a) Merger reserve

The merger reserve of the Group represents the differences between the carrying amount of the share capital and share premium of Blu Spa Group Limited at the date on which it was acquired by the Company and the nominal amount of the Company's share issued in exchange pursuant to the group reorganisation. Blu Spa Group Limited had been disposed in prior years and therefore the merger reserve had been transferred to accumulated losses.

(b) Contributed surplus

Pursuant to the Companies Act 1981 of Bermuda and the special resolution passed at the extraordinary general meeting held on 28 February 2013, transfer a sum of approximately HK$175,357,000 from share premium account to the contributed surplus account was approved. The directors of the Company further approved to transfer a sum of approximately HK$278,124,000 from contributed surplus account to accumulated losses account for the purpose of setting off against the accumulated losses.

(c) Convertible bonds reserve

The convertible bonds reserve represents the value of the unexercised equity component of convertible bonds issued by the Company.

(d) Translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollars) are recognised directly in other comprehensive income and accumulated in the translation reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands and with effect from 22 April 2014, the Company deregistered in the Cayman Islands and continued in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange of Hong Kong Limited. Its ultimate holding company is Xing Hang Limited, a company incorporated in the British Virgin Islands. The addresses of the registered office and the principal place of business of the Company in Hong Kong are at Unit 3811, 38/F Shun Tak Centre, West Tower, 168-200, Counaught Road Central, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

The Company is an investment holding company and the principal activities of its subsidiaries are marketing development, product distribution and customer support services and provision of in-flight WLAN and WIFI engineering and services.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which is a collective term that includes all applicable HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing Securities on the Growth Enterprise Market of the Stock Exchange (the "**GEM Listing Rules**") and by the disclosure requirements of the Hong Kong Companies Ordinance.

The provisions of the new Hong Kong Companies Ordinance (Cap. 622) ("**New CO**") regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the GEM Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the six months ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor Companies Ordinance or GEM Listing Rules but not under the New CO or amended GEM Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of HKAS 17 and measurement that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for asset or liability.

Change of Financial Year-end date

Pursuant to a resolution of the board of directors of the Company passed on 15 October 2014, the Company's financial year end date was changed from 30 June to 31 December. Accordingly, the comparative amounts shown in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows and related notes covering the Group's six months of operation from 1 July 2014 to 31 December 2014 are not entirely comparable with the amounts for the current financial year which covered the Group's twelve months of operation.

3. APPLICATION OF NEW AND REVISED HKFRSS

In the current year, the Group has applied, for the first time, the following new and revised standards and interpretations (collectively referred to as the "**new and revised HKFRSs**") issued by the HKICPA, which are effective for the Group's financial year beginning from 1 January 2015. A summary of the new and revised HKFRSs adopted by the Group is set out as follows:

HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011–2013 Cycle

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*

The amendments introduce a relief to reduce the complexity of accounting for certain contributions from employees or third parties under defined benefit plans. When the contributions are eligible for the practical expedient provided by the amendments, a company is allowed to recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, instead of including them in calculating the defined benefit obligation. The amendments do not have an impact on the Group's consolidated financial statements as the defined benefit plans operated by the Group are wholly funded by contributions from the Group and do not involve contributions from employees or third parties.

Annual Improvements to HKFRSs 2010-2012 Cycle and 2011-2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, HKAS 24 *Related Party Disclosures* has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

4. NEW AND REVISED HKFRSS IN ISSUE BUT NOT YET EFFECTIVE

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKAS 1 (Amendments)	Disclosure Initiative[1]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants[1]
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements[1]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle[1]
HKFRS 9	Financial Instrument[3]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 10, HKFRS 12 andHKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception[1]
HKFRS11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]

1 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

3 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

4 Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 ***Financial Instruments***

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors anticipate that the application of HKFRS 9 in the future may have a material impact on the amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 *Revenue from Contracts with Customers*

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract(s)
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract(s)
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The directors do not anticipated that the application of other new and revised HKFRSs will have material impact on these consolidated financial statements.

5. REVENUE

	01.01.2015 to 31.12.2015	01.07.2014 to 31.12.2014
	HK$'000	*HK$'000*
Sale of beauty products	**5,460**	1,648
Provision of therapy services	**40,768**	20,436
Provision of in-flight WLAN and WIFI engineering and services	**761**	—
	46,989	22,084

6. OPERATING SEGMENTS

The Group's reportable segments have been determined based on the information reported to the chairman of the Board, being the chief operating decision maker, that are used for performance assessment and to make strategic decisions. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's reportable segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other reportable segments. The Group currently has three reportable segments:

(a) Sale of beauty products

(b) Provision of therapy services

(c) Provision of in-flight WLAN and WIFI engineering and services

An analysis of the Group's revenue, results, assets, liabilities and other selected financial information for the year ended 31 December 2015 and for the six months ended 31 December 2014 by reportable segment are as follows:

For the year ended 31 December 2015

	Sale of beauty products	Provision of therapy services	Provision of in-flight WLAN and WIFI engineering and services	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue				
Segment revenue	**5,460**	**40,768**	**761**	**46,989**
Results				
Segment (loss)/profit	**(688)**	**11,478**	**(18,525)**	**(7,735)**
Interest income on bank deposits *(note 7)*				**249**
Unallocated corporate income				**3**
Unallocated corporate expenses				**(28,082)**
Imputed interest on promissory notes *(note 9)*				**(351)**
Loss on disposal of property, plant and equipment *(note 8)*				**(136)**
Written down of property, plant and equipment *(note 8)*				**(2,003)**
Write-down of inventories *(note 8)*				**(7)**
Finance costs *(note 9)*				**(630)**
Loss before taxation				**(38,692)**
Income tax expense *(note 10)*				**(985)**
Loss for the year				**(39,677)**

At 31 December 2015

	Sale of beauty products	Provision of therapy services	Provision of in-flight WLAN and WIFI engineering and services	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets and liabilities				
Assets				
Segment assets for reportable segments	**2,471**	**9,347**	**129,911**	**141,729**
Unallocated corporate assets				**69,816**
Consolidated total assets				**211,545**
Liabilities				
Segment liabilities for reportable segments	**31**	**25,442**	**26,279**	**51,752**
Unallocated corporate liabilities				**19,616**
Consolidated total liabilities				**71,368**

For the year ended 31 December 2015

	Sale of beauty products	Provision of therapy services	Provision of in-flight WLAN and WIFI engineering and services	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other segment information					
Amount included in the measure of segment (loss)/profit and segment assets					
Additions to property, plant and equipment	**—**	**1,370**	**18,507**	**586**	**20,463**
Depreciation of property, plant and equipment	**—**	**1,671**	**82**	**2,729**	**4,482**

For the six months ended 31 December 2014

	Sale of beauty products *HK$'000*	Provision of therapy services *HK$'000*	Consolidated *HK$'000*
Revenue			
Segment revenue	1,648	20,436	22,084
Results			
Segment (loss)/profit	(547)	6,534	5,987
Interest income on bank deposits *(note 7)*			64
Unallocated corporate income			1,626
Unallocated corporate expenses			(7,599)
Gain on disposal of a subsidiary *(note 7)*			1,359
Gain on disposal of property, plant and equipment *(note 7)*			9
Imputed interest on convertible bonds *(note 9)*			(376)
Imputed interest on promissory notes *(note 9)*			(351)
Reversal of impairment loss recognised in respect of intangible assets *(note 7)*			350
Written down of property, plant and equipment *(note 8)*			(322)
Write-down of inventories *(note 8)*			(1)
Impairment loss recognised in respect of other receivables *(note 8)*			(46,519)
Finance costs *(note 9)*			(443)
Loss before taxation			(46,216)
Income tax expense *(note 10)*			(827)
Loss for the period			(47,043)

At 31 December 2014

	Sale of beauty products *HK$'000*	Provision of therapy services *HK$'000*	Consolidated *HK$'000*
Assets and liabilities			
Assets			
Segment assets for reportable segments	751	17,602	18,353
Unallocated corporate assets			72,013
Consolidated total assets			90,366
Liabilities			
Segment liabilities for reportable segments	135	25,110	25,245
Unallocated corporate liabilities			16,065
Consolidated total liabilities			41,310

For the six months ended 31 December 2014

	Sale of beauty products *HK$'000*	Provision of therapy services *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Other segment information				
Amount included in the measure of segment (loss)/profit and segment assets				
Additions to property, plant and equipment	—	326	141	467
Depreciation of property, plant and equipment	—	929	1,392	2,321

Segment revenue reported above represents revenue generated from external customer. There were no inter-segment sales in the current year (for the six months ended 31 December 2014: Nil).

Segments results represent (loss suffered)/profit earned by each segment without allocation of central administration costs including directors' emoluments, other income, finance costs and income tax expense. This is the measure reported to the chief operation decision makers for the purposes of resource allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments:

— all assets are allocated to reportable segments other than partial property, plant and equipment, partial inventories, partial deposits, prepayments and other receivables and goodwill that are not attributable to individual segments. Assets used jointly by individual segments are allocated on the basis of the revenues earned by individual segments; and

— all liabilities are allocated to reportable segments other than amount due to a former director, partial accruals and other payables, tax payables, other borrowings and partial obligations under finance leases that are not attributable to individual segments.

Geographical information

The Group mainly operates in Hong Kong and the People's Republic of China (the "**PRC**"). The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		**Non-current assets**	
	For the year ended 31 December 2015	For the six months ended 31 December 2014	**For the year ended 31 December 2015**	For the six months ended 31 December 2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**46,228**	22,084	**26,344**	30,911
PRC	**761**	—	**17,723**	4
	46,989	22,084	**44,067**	30,915

Information about major customers

No single customer contributed 10% or more to the Group's revenue for the year ended 31 December 2015 (for the six months ended 31 December 2014: Nil).

7. OTHER INCOME

	01.01.2015 to 31.12.2015 *HK$'000*	01.07.2014 to 31.12.2014 *HK$'000*
Gain on disposal of a subsidiary	—	1,359
Gain on disposal of property, plant and equipment	—	9
Interest income on bank deposits	**249**	64
Other interest income	—	1,578
Reversal of impairment loss recognised in respect of intangible asset	—	350
Sundry income	**3**	48
	252	3,408

8. LOSS FROM OPERATIONS

Loss from operations has been arrived at after charging:

	01.01.2015 to 31.12.2015 *HK$'000*	01.07.2014 to 31.12.2014 *HK$'000*
Auditors' remuneration	**613**	500
Depreciation of property, plant and equipment*	**4,482**	2,321
Loss on disposal of property, plant and equipment	**136**	—
Impairment loss recognised in respect of other receivables	—	46,519
Operating lease rentals in respect of rental premises*	**7,492**	3,104
Staff costs including directors' emoluments*		
— salaries and other allowances	**30,668**	7,875
— retirement benefit schemes contributions	**3,307**	251
	33,975	8,126
Written down of property, plant and equipment	**2,003**	322
Write-down of inventories	**7**	1

* These items are included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income. Depreciation of property, plant and equipment of approximately HK$1,503,000 (for the six months ended 31 December 2014: approximately HK$822,000), operating lease rentals in respect of rental premises of approximately HK$5,642,000 (for the six months ended 31 December 2014: HK$2,864,000), salaries and other allowances of approximately HK$22,091,000 (for the six months ended 31 December 2014: approximately HK$5,610,000) and retirement benefit schemes contributions of approximately HK$2,824,000 (for the six months ended 31 December 2014: approximately HK$163,000) were included in "Cost of sales".

9. FINANCE COSTS

	01.01.2015 to 31.12.2015	01.07.2014 to 31.12.2014
	HK$'000	*HK$'000*
Imputed interest on convertible bonds	**—**	376
Imputed interest on promissory notes	**351**	351
Interest on finance leases	**61**	44
Interest on other borrowings	**569**	399
	981	1,170

10. INCOME TAX EXPENSE

Income tax expense recognised in the consolidated statement of profit or loss and other comprehensive income:

	01.01.2015 to 31.12.2015	01.07.2014 to 31.12.2014
	HK$'000	*HK$'000*
Current tax expense:		
Hong Kong	**(985)**	(889)
Deferred taxation	**—**	62
	(985)	(827)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 December 2015/six months ended 31 December 2014. PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for the year ended 31 December 2015/six months ended 31 December 2014.

No provision for the PRC Enterprise Income Tax has been made for the year ended 31 December 2015/six months ended 31 December 2014 as the Group has no assessable profits arising in PRC.

11. DISCONTINUED OPERATIONS

During the six months ended 31 December 2014, the directors of the Company decided to abandon a business segment of sale of beauty equipment, which constituted a major line of business. The abandonment was consistent with the Group's long-term policy to focus its activities on sale of beauty products and provision of therapy services. All its operations stopped during the six months ended 31 December 2014. In the consolidated financial statements for the six months ended 31 December 2014, the results and cash flows of the business segment of sale of beauty equipment are treated as discontinued operation.

During the six months ended 31 December 2014, the discontinued operation did not generate revenue nor make any profit or loss or cash flows.

12. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	01.01.2015 to 31.12.2015	01.07.2014 to 31.12.2014
	HK$'000	*HK$'000*
Loss		
Loss for the year/period attributable to owners of the Company	**(42,086)**	(48,939)

	01.01.2015 to 31.12.2015	01.07.2014 to 31.12.2014
	'000	*'000*
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**126,789**	62,175

For the year ended 31 December 2015, the computation of diluted loss per share does not assume the conversion of the Company's outstanding preferred shares since their exercise would result in a decrease in loss per share.

13. TRADE RECEIVABLES

The Group assesses the credit status and imposes credit limits for the customers in accordance with the Group's credit policy. The credit limits are closely monitored and subject to periodic reviews.

The Group allows credit period ranging from 0 day to 120 days to its customers. Details of the ageing analysis of trade receivables that are not considered to be impaired and based on the invoice dates are as follows:

	2015	2014
	HK$'000	*HK$'000*
0 — 30 days	**4,022**	3,979
31 — 60 days	**1,565**	1,057
61 — 90 days	**147**	428
91 — 120 days	**—**	82
	5,734	5,546

At 31 December 2015 and 2014, the Company had no trade receivables past due but not impair. The Group does not hold any collateral over these balances.

In determining the recoverability of a trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Deposits paid *(Note a)*	**15,667**	2,238
Prepayments	**2,798**	871
Other receivables *(Notes b and c)*	**299,552**	290,558
Less: impairment loss recognised	**(287,939)**	(287,939)
	11,613	2,619
	30,078	5,728

Notes:

(a) On 16 December 2015, 深圳多尼卡互聯技術有限公司 (Donica Connectivity Technology Co. Ltd.*) ("**Donica Connectivity**"), a wholly owned subsidiary of the Company, entered into the finance lease agreement with the lessor to lease certain connecting devices which facilitate passengers to access the information and entertainment contents through the in-flight WLAN or

* *For identification purpose only*

WIFI connection equipment (the "**Equipment**"). The Equipment was guaranteed by the amount of approximately HK$12,752,000, which provided by Century Finance Limited ("**Century Finance**"), a wholly owned subsidiary of the Company. Details of the transaction are set out in the Company's announcement dated 16 December 2015.

(b) On 30 April 2010, BSHK entered into a sale and purchase agreement with Mr. Shum Yeung ("**Mr. Shum**"), pursuant to which BSHK had agreed to acquire (a) 70% of the entire issued share capital of an entity and (b) a shareholder's loan to such entity at a total consideration of HK$80,000,000.

The acquisition did not proceed and the Group has entered into various deed of termination and deeds of settlement with Mr. Shum and a deed of guarantee with Dutfield International Group Company Limited ("**Dutfield**") in relation to the repayment of the refundable deposit. As Mr. Shum defaulted in the full repayment of the refundable deposit and the accrued contractual interest despite repeated demands and requests, the Company had obtained a judgement against Mr. Shum pursuant to which it was adjudged, inter alia, that Mr. Shum shall pay to the Company the sum of HK$39,127,500 (being the amount of the outstanding and unpaid refundable deposit) together with contractual interest at the rate of 30% per annum from 1 May 2013 to 6 September 2013 and thereafter at judgement rate pursuant to s.48 of the High Court Ordinance until payment. As at 31 December 2014, the aggregate amount of the outstanding and unpaid refundable deposit and the accrued interest was approximately HK$46,500,000. Since (i) Mr. Shum failed to settle the judgement debt and the accrued interest and commenced various legal actions to prevent the Company from recovering the judgement debt and the accrued interest including a fresh legal action as announced by the Company in its announcement dated 23 January 2015; (ii) it was unclear whether and when the Company would be able to receive the judgement debt and the accrued interest in full from selling (1) the charged shares in Mr. Shum's companies; and (2) the charged properties as those properties were held by Mr. Shum and another individual as joint tenants and subject to mortgages given that the Company did not have the information of the financial status of Mr. Shum and his companies, the amount of Mr. Shum's interest in the charged properties and the outstanding loan amounts under the mortgages; and (iii) the ability of Dutfield to fulfil its obligations under the guarantee depended on the outcome of the legal proceedings for, inter alia, its claim for the sum of HK$141,360,000 under a loan agreement but Dutfield failed to obtain a summary judgement against the debtor and the outcome of the legal proceedings was uncertain, the Company decided to recognise an impairment on the judgement debt and the accrued interest in the aggregate amount of approximately HK$46,500,000. For further details, please refer to the Company's announcements and the sub-section headed "Litigation" in the section headed "Management Discussion and Analysis" of the annual report dated 18 September 2014 for the year ended 30 June 2014 of the Company.

(c) At 30 June 2014, included in "Deposits, prepayments and other receivables" of the Group was the amounts due from the unconsolidated subsidiaries ("**Unconsolidated Subsidiaries**") amounted to approximately HK$241,426,000 and accumulated impairment loss of approximately HK$241,426,000 of which approximately HK$80,000 was recognised in the consolidated statement of profit or loss and other comprehensive income during the year ended 30 June 2014. The Unconsolidated Subsidiaries was de-consolidated with effect from 1 July 2011. Accordingly, the amounts due from the Unconsolidated Subsidiaries were reclassified from intercompany balances to the amounts due from the Unconsolidated Subsidiaries in the consolidated financial statements and the above-mentioned impairment loss was recognised. The amounts due from the Unconsolidated Subsidiaries are non-interest bearing, unsecured and repayable on demand. On 19 December 2014, the Company entered into a sale and purchase agreement to dispose of the entire issued share capital of Blu Spa Group Limited ("**BSG**") to Koffman Investment Limited at a cash consideration of HK$1.00. BSG was the intermediate holding company of the Unconsolidated Subsidiaries. The disposal was completed on 19 December 2014.

15. TRADE PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**179**	210

The following is an analysis of trade payables by age based on the invoice dates:

	2015	2014
	HK$'000	*HK$'000*
0 — 30 days	**179**	177
31 — 60 days	**—**	—
61 — 90 days	**—**	—
91 — 120 days	**—**	—
Over 120 days	**—**	33
	179	210

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the sale of beauty products and provision of therapy services (collectively, the "**Beauty Business**"), as well as the provision of in-flight WLAN and WIFI engineering and service business (the "**WIFI Business**" or "**New Business**"). For the sale of beauty products, the Group offers a variety of beauty products under the brand name "Evidens de Beauté", and a variety of medical skincare products, including the brand "Activa". For the provision of therapy services, the Group operates a medical skincare centre under the trade name "COLLAGEN+" at Soundwill Plaza in Causeway Bay. For the New Business, the Group plans to source and enter into contracts with airline companies to provide them with in-flight WLAN and WIFI engineering and services, including the provision of WLAN and WIFI equipment and technical support for installation. Depending on the mode of cooperation with the airline companies, the Group may or may not charge the airline companies for the provision of WLAN or WIFI equipment to them but may earn/share any income from the use of the WLAN or WIFI systems for advertising or shopping on the airplanes. In addition to the PRC, the Group has also appointed a sales presentative in Singapore which will target airline companies in South-East Asia.

For the year under review, the New Business was still at its start-up stage. The Group has been developing its own software platform and applying for certifications and approvals which are necessary for the Group to engage in inflight WLAN and WIFI communication equipment design and manufacturing business in the PRC. The Group entered into a cooperation agreement (the "**Cooperation Agreement**") with an airline company in the PRC on 3 December 2015, pursuant to which the Group has agreed to provide and install inflight WLAN and WIFI connection equipment in an agreed number of the airline company's aircraft in return for sharing certain income generated from the use of the in-flight WLAN and WIFI connection equipment by passengers with a guaranteed minimum payment to the airline company. As the Group is still in the process of installing inflight WIFI and WLAN equipment on the contracted aircraft, a revenue of HK$0.8 million and a gross loss of HK$13.8 million have been recognised for the financial year ended 31 December 2015. On 28 January 2016, the Central of Southern Regional Administration of Civil Aviation Administration of China (the "**CAAC**") granted the Parts Manufacturers Approval for in-flight WLAN equipment to Donica Connectivity Technology Co. Ltd., an indirect wholly-owned subsidiary of the Company. The Group will continue to develop the New Business in 2016.

During the year under review, as the growth of the number of Mainland visitors to Hong Kong declined during the year under review and their spending power has been adversely affecting the whole retail sector in Hong Kong since 2014, the performance of the sale of beauty products and provision of therapy services under the brand name "Evidens de Beauté" was not satisfactory.

In response to the adverse market conditions, the Group had implemented the following measures for its operations under the brand name "Evidens de Beauté" during the year under review, including (a) to transit the existing direct selling model of beauty products under the brand name "Evidens de Beauté" to a high volume but low cost wholesale model; (b) to cease the provision of facial sahos, body treatments and wellness massages services under the brand name "Evidens de Beauté" at the beauty centre at Lyndhurst Terrace in Central in order to reduce the Group's headcount; (c) to maintain the beauty centre at Lyndhurst Terrace as the Group's sales office for "Evidens de Beauté" beauty products; and (d) to early terminate the tenancy agreement of the Group's sales office in Kwun Tong by the end of November 2015 and relocate the staff of the Kwun Tong sales office to the beauty centre at Lyndhurst Terrace in order to reduce the Group's fixed overheads. Since the Group is not optimistic on the performance of the retail market in Hong Kong in 2016, the Board has no intention to renew the tenancy agreement of the beauty centre at Lyndhust Terrace upon its expiration on 31 March 2016.

For the year under review, the performance of the Beauty Business as a whole has met the expectation of the Board. The Beauty Business contributed approximately HK$46.2 million to the total turnover of the Group for the year ended 31 December 2015, of which approximately HK$40.8 million and HK$5.4 million were derived from the provision of therapy services and sale of beauty products respectively. The Beauty Business contributed approximately HK$13.0 million gross profit to the Group, with a positive gross margin of 28.1%.

FINANCIAL REVIEW

During the year under review, the Group recorded a turnover of approximately HK$47.0 million (for the six months ended 31 December 2014: approximately HK$22.1 million), of which approximately HK$5.4 million (for the six months ended 31 December 2014: approximately HK$1.7 million), HK$40.8 million (for the six months ended 31 December 2014: approximately HK$20.4 million) and HK$0.8 million (for the six months ended 31 December 2014: Nil) were generated from the sale of beauty products, provision of therapy services and the WIFI Business respectively.

The Beauty Business in aggregate contributed approximately HK$46.2 million to the turnover of the Group, representing approximately 98.3% of the turnover, of which approximately HK$5.4 million and HK$40.8 million were generated from the sale of beauty products and provision of therapy services respectively. The WIFI Business contributed approximately HK$0.8 million to the turnover of the Group, representing approximately 1.7% of the turnover.

During the year under review, other income of approximately HK$0.3 million (for the six months ended 31 December 2014: approximately HK$3.4 million) was mainly contributed by interest income on bank deposits.

For the year ended 31 December 2015, the negative gross margin was approximately 1.8% (for the six months ended 31 December 2014: positive gross margin of 31.4%). The Beauty Business in aggregate contributed approximately HK$13.0 million gross profit to the Group, while the WIFI Business recorded a gross loss of approximately HK$13.8 million. The decrease in gross margin is mainly due to the loss generated by the WIFI Business. The WIFI Business is still at its start-up stage and the Group is in the process of installing WIFI and WLAN equipment on the contracted aircraft under the Cooperation Agreement. The installation is expected to be completed in June 2016.

The selling and distribution costs for the year ended 31 December 2015 was approximately HK$6.9 million (for the six months ended 31 December 2014: approximately HK$0.9 million). The Beauty Business and the WIFI Business accounted for approximately 31.9% or HK$2.2 million and approximately 68.1% or HK$4.7 million of the total selling and distribution costs, respectively.

The administrative expenses for the year ended 31 December 2015 was approximately HK$30.2 million (for the six months ended 31 December 2014: approximately HK$54.4 million). The administrative expenses of the Beauty Business accounted for approximately HK$12.4 million or 41.1% of the total administrative expenses. Such expenses mainly comprises staff costs of HK$4.8 million, depreciation expenses of HK$2.9 million and other administration expenses of HK$4.7 million. The administrative expenses of the WIFI Business accounted for approximately HK$6.5 million or 21.5% of the total administrative expenses. Such expenses mainly comprises staff costs of HK$2.5 million, overseas travelling expenses of HK$1.2 million and other administration expenses of HK$2.8 million. In addition, the Group also incurred legal and professional expenses amounted to HK$7.8 million for the purposes of, among others, (i) the issue of a total of 375,000,000 shares of the Company (the "**Subscription Shares**"), comprising 345,000,000 ordinary shares (the "**Ordinary Subscription Shares**") and 30,000,000 preferred shares of the Company (the "**Preferred Shares**"), at an issue price of HK$0.4 per Subscription Share pursuant to the subscription agreement (the "**Subscription Agreement**") entered into among the Company and the six subscribers, namely Xing Hang Limited, Goldenland Mining & Investment Limited, Silver Empire Holding Limited, Truly Elite Limited, High Aim Global Limited and First Bonus International Limited (collectively, the "**Subscribers**"), on 17 February 2015 (the "**Subscription**") and (ii) the legal proceedings disclosed in the paragraph headed "Litigation" in this announcement.

The finance costs for the year ended 31 December 2015 of approximately HK$1.0 million (for the six months ended 31 December 2014: approximately HK$1.2 million) was mainly attributed to (i) the loan interest expenses paid to Koffman Investment Limited ("**KIL**") of approximately HK$0.1 million; (ii) the loan interest expenses paid to Pure Profit Holdings Limited ("**Pure Profit**") of approximately HK$0.4 million; and (iii) the imputed interest arisen from the issuance of promissory note of approximately HK$0.4 million during the period under review.

The consolidated loss amounted to approximately HK$39.7 million for the year ended 31 December 2015 (for the six months ended 31 December 2014: approximately HK$47.0 million), of which a loss of approximately HK$2.8 million (for the six months ended 31 December 2014: a profit of HK$5.9 million), HK$25.0 million (for the six months ended 31 December 2014: Nil) and HK$11.9 million (for the six months ended 31 December 2014: a loss of HK$41.1 million) were incurred by the Beauty Business, the WIFI Business and general corporate activities, respectively.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, the total borrowings and other financial liabilities of the Group amounted to approximately HK$10.6 million (as at 31 December 2014: approximately HK$10.4 million). The total borrowings and other financial liabilities are repayable within one year.

As at 31 December 2015, the Group had total assets of approximately HK$211.5 million (31 December 2014: approximately HK$90.4 million), including cash and cash equivalents of approximately HK$116.1 million (31 December 2014: approximately HK$26.6 million).

During the year under review, the Group financed its operation with internally generated cash flows and proceeds derived from the issuance of the Subscription Shares under the Subscription Agreement.

CAPITAL STRUCTURE

(a) Subscription of Ordinary Subscription Shares and Preferred Shares

Pursuant to the Subscription Agreement, the Company conditionally agreed to issue and the Subscribers conditionally agreed to subscribe for an aggregate of 345,000,000 Ordinary Subscription Shares of par value of HK$0.10 each and 30,000,000 Preferred Shares of par value of HK$0.10 each in the share capital of the Company. Completion of the Subscription took place on 6 November 2015 and the Subscribers subscribed 345,000,000 Ordinary Subscription Shares and 30,000,000 Preferred Shares at an issue price of HK$0.40 per share and the Company received an aggregated consideration of HK$150.0 million.

The net proceeds from the Subscription is HK$135.0 million and as at 31 December 2015, the Company utilised approximately HK$16.0 million and approximately HK$3.0 million for acquiring equipment and developing the New Business respectively. The Company intends to apply the remaining balance of approximately HK$109.0 million and HK$7.0 million to the New Business and general working capital of the Group, respectively.

As at 31 December 2015, the Company's total number of issued ordinary shares and issued convertible preferred shares were 419,803,000 (as at 31 December 2014: 74,803,000) and 30,000,000 (as at 31 December 2014: Nil), respectively.

(b) Borrowings and other financial liabilities

As at 31 December 2015, the total borrowings and other financial liabilities of the Group amounted to approximately HK$10.6 million (as at 31 December 2014: approximately HK$10.4 million), representing:

(i) a borrowing from KIL of approximately HK$3.8 million, which is unsecured, interest bearing at 5% per annum and maturing on 30 June 2016;

(ii) a borrowing from Pure Profit of approximately HK$2.5 million, which is unsecured, interest bearing at 10% per annum and maturing on 10 June 2016; and

(iii) the obligations under finance leases of approximately HK$4.34 million, of which (a) HK$4.3 million is interest bearing at 1.2% per annum and secured by a deposit from Century Finance Limited and the Group's title to the leased assets, and (b) HK$0.04 million is non-interest bearing and secured by the Group's title to the leased assets.

GEARING RATIO

The gearing ratio, expressed as percentage of total borrowings to total assets, was approximately 3.2% (31 December 2014: approximately 11.5%). The improvement of gearing ratio was mainly contributed by the (i) increase in the total assets of the Group as a result of the completion of the Subscription and (ii) repayment of the borrowings indebted to KIL during the year under review.

PLEDGE OF ASSETS

As at 31 December 2015, the Group's restricted bank deposits of approximately HK$12.7 million (as at 31 December 2014: approximately HK$19.7 million) were deposits held at banks in respect of credit card and instalment sales arrangement of its sale of beauty products and provision of therapy services business.

FOREIGN EXCHANGE RISK

The Group has not used any foreign currency derivative instruments to hedge its exposure to foreign exchange risk. However, the management monitors closely the exposures and will consider hedging the exposures should the need arise.

COMMITMENTS

As at 31 December 2015, the Group had operating lease commitments and capital commitments of approximately HK$13.4 million (as at 31 December 2014: approximately HK$4.5 million) and approximately HK$8.3 million (as at 31 December 2014: Nil), respectively.

CONTINGENT LIABILITIES

As at 31 December 2015, save as disclosed in note (a) under the paragraph headed "Litigation" in this announcement, the Group had no material contingent liabilities.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015 (for the six months ended 31 December 2014: Nil).

EMPLOYEES

As at 31 December 2015, the Group had 111 employees (as at 31 December 2014: 55 employees). Total staff costs for the year ended 31 December 2015 amounted to approximately HK$34.0 million (for the six months ended 31 December 2014: approximately HK$8.1 million). Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The employees in Hong Kong joined the mandatory provident fund scheme and the employees in the PRC joined the national statutory social security insurance scheme.

SIGNIFICANT INVESTMENT

The Group did not have any significant investment during the year ended 31 December 2015.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND AFFILIATED COMPANIES

The Group did not make any material acquisition or disposal of subsidiaries, associates or affiliated companies during the year ended 31 December 2015.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

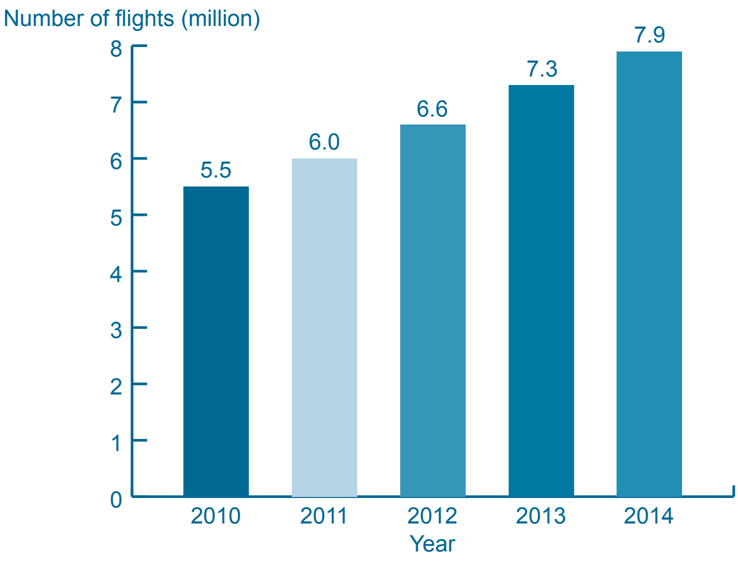
The Group does not have any concrete plan for material investments or capital assets for the coming year.

OUTLOOK

With a slump in Hong Kong retail sales by 3.7% from January 2015 to December 2015, the Board does not expect any growth in the Group's sale of beauty products and provision of therapy services in 2016. As disclosed in the circular of the Company in relation to, among other things, the Subscription, dated 7 October 2015, the Board believes that the New Business will provide the Group with a good opportunity to improve its financial position and liquidity and the development of the New Business in a segment different from the existing business of the Group will diversify and broaden its revenue sources and improve its profitability in the long run.

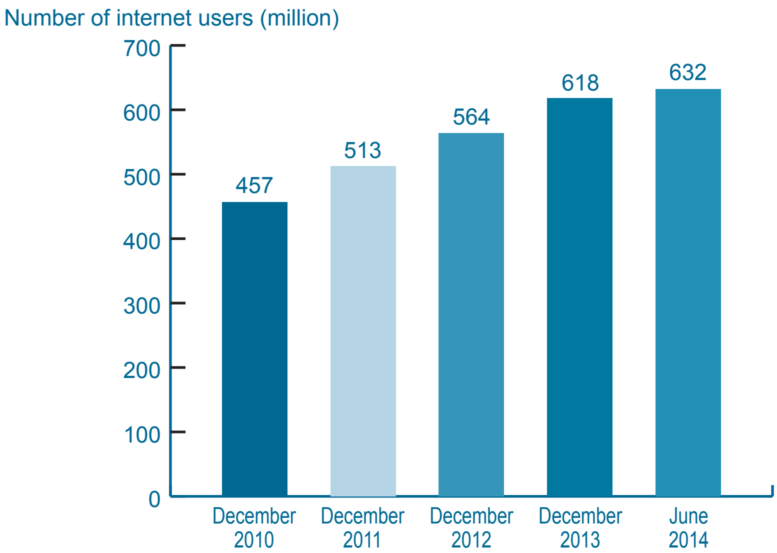
The in-flight WIFI service business in the PRC are still at the start-up stage. State-owned Chinese airlines have started in-flight WIFI service trials but such in-flight WIFI services have not yet been put into mass commercial use. With regard to the growth in the air travel industry, based on the statistics issued by the Civil Aviation Administration of China, there were approximately 7.9 million flights took place during the year of 2014 as compared to approximately 7.3 million flights in 2013.

During 2010–2014, the growth in the number of flights in the PRC recorded a compound annual growth rate of approximately 9.5%. Set out below are the numbers of flights in the PRC from 2010 to 2014:



Source: Civil Aviation Administration of China

With regard to the use of internet in the PRC, by the end of June 2014, the PRC had approximately 632 million internet users, representing an increase of approximately 14.42 million as compared with that at the end of 2013. During 2010–2013, the growth of the number of internet users recorded a compound annual growth rate of approximately 8.4%. Set out below is the number of internet users from 2010 to 2014:



Source: Civil Internet Network Information Center

With the increasing number of flights and the internet users in the PRC, the Company believes that there will be considerable demand of in-flight WIFI service.

WIFI connection and telecommunication have become a trend in ground-air connectivity for European and American airlines in recent years. The European Union has already approved in-flight cell phone calls, SMS, and email services in its airspace. Various countries are paying increasing attention to this market. It is reported that nearly all of the major American airlines now provide internet access for ground-air connectivity, with service charges ranging from USD5.00 to USD9.00 per hour.

In view of the increasingly fierce global competition of the civil aviation market, the Company understands that Chinese airline companies are also considering providing internet access services similar to what their foreign counterparts are currently doing. To date, certain state-owned Chinese airlines have started in-flight WIFI service trials, indicating that the Chinese civil aviation industry has realized the demand for ground-air connectivity and the inconvenience that information isolation during flights may bring.

Compared to the booming of in-flight WIFI service abroad, such services in the PRC are still at the start-up stage, and have not yet been put into mass commercial use. The CAAC, which is the Chinese civil aviation authority, forecast that the number of air travelers in the PRC would reach approximately 430 million in 2015, representing a 10.10% year-on-year increase.

According to a statistical report issued by China Internet Network Information Center (being an organization set up by the Computer Network Information Center of Chinese Academy of Sciences pursuant to a decision of the Office of the Information Work Leading Group of the State Council of the PRC responsible for (i) the operation and administration of the internet in the PRC; (ii) security of the internet in the PRC; (iii) research on internet development and technology; (iv) provision of consultancy services; and (v) promotion of global cooperation and exchange of internet technology) in July 2014, by the end of June 2014, the PRC had 632 million internet users, representing an increase of 14.42 million as compared with that at the end of 2013. The internet penetration rate was 46.9%, representing a growth of 1.1% as compared with that at the end of 2013. In the first half of 2014, internet users who surfed the internet via mobile phones rose from 81.0% to 83.4% during such period.

As the majority of the PRC's air passengers are now frequent flyers, the Company believes that in-flight WIFI services will become an increasingly influential factor for many passengers when making flight purchase decisions and therefore it is expected that Chinese airline companies will allocate more resources to introduce new innovative services, such as in-flight shopping, through in-flight WIFI service that enhance passengers' travel experience. As such, the Company believes that there are good opportunities to develop business relating to the New Business in the PRC which will facilitate the provision of inflight WLAN or WIFI connections.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2015 and up to the date of this announcement, the Group had the following material events:

(a) Subsequent to the passing of a special resolution approving the change of Company name by the shareholders of the Company at the special general meeting of the Company held on 25 January 2016 and the issue of the certificate of incorporation on change of name and a certificate of secondary name by the Registrar of Companies in Bermuda on 12 February 2016, the change of the English name of the Company from "EDS Wellness Holdings Limited" to "SkyNet Group Limited" and the adoption of "航空互聯集團有限公司" as the secondary name of the Company have both become effective on 29 January 2016. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Companies Registry in Hong Kong on 8 March 2016 confirming the registration of the new name of the Company in Hong Kong under Part 16 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong);

    The website of the Company for the publication of corporate information was changed from *http://www.eds-wellness.com* to *http://www.skynetgroup.com.hk* on 17 February 2016. The shares of the Company will be traded on the Stock Exchange under the new stock short name of "SKYNET GROUP" in English and "航空互聯" in Chinese with effect from 22 March 2016 while the stock code of the Company on the Stock Exchange will remain unchanged as "8176"; and

(b) On 28 January 2016, the Central of Southern Regional Administration of the CAAC granted the Parts Manufacturers Approval for in-flight WLAN equipment to Donica Connectivity, an indirect wholly-owned subsidiary of the Company.

LITIGATION

(a) On 23 January 2015, the Company received a writ of summons in relation to the High Court Action No. 200 of 2015 ("**HCA No. 200 of 2015**") issued by Mr. Shum Yeung ("**Mr. Shum**"), as the plaintiff, against the Company, as the defendant, for the following claims:

    (i) the judgment in High Court Action No. 1775 of 2012 dated 6 September 2013 (the "**Summary Judgment**"), pursuant to which the Court of First Instance of the High Court of Hong Kong (the "**Court**") adjudged that Mr. Shum (a) shall pay the Company the sum of HK$39,128,000 together with contractual interest thereon calculated from day to day at the rate of 30% per annum from 1 May 2013 to 6 September 2013, and thereafter at judgment rate pursuant to s.48 of High Court Ordinance (Cap.4 of the Laws of Hong Kong) (the "**High Court Ordinance**") until payment (the "**Judgment Debt**"); and (b) shall pay the Company the costs of this action including the costs of and occasioned by the Company's application for the Summary Judgment to be taxed if not agreed, entered against Mr. Shum be set aside;

(ii) loss and damages suffered by Mr. Shum as a result of the Summary Judgment being obtained against him;

(iii) an order for discovery upon oath of all matters relating to the Summary Judgment;

(iv) an order for payment of all sums found due to Mr. Shum together with the interest thereon at such rate and for such period as the Court may deem just pursuant to the High Court Ordinance;

(v) the cost; and

(vi) further or other relief.

On 30 March 2015, the Company received a statement of claim in the Court filed by Mr. Shum in relation to HCA No. 200 of 2015 to claim against the Company for: (i) the Summary Judgment be set aside; (ii) the loss and damages suffered by Mr. Shum as a result of the Summary Judgment against him; (iii) an order for discovery upon oath of all matters relating to the Summary Judgment; (iv) an order for payment of all sums found due to Mr. Shum together with interest thereon; and (v) costs. On 14 May 2015, the Company filed a defence to refute the statement of claim in that action on the basis, among others: that (i) Mr. Shum was bound by the Summary Judgment; and (ii) the Company denied the allegations raised against the Company by Mr. Shum in the statement of claim. After the 23 September 2015 Hearing (as defined below), the Company on 10 December 2015 filed an inter parties summons for an application to strike out the writ of summons and statement of claim filed by Mr. Shum in relation to HCA No. 200 of 2015. A substantive hearing of such application has been fixed to be held on 8 June 2016.

(b) On 19 May 2015, the Board announced that the Company commenced legal proceedings (the "**May Proceedings**") in the Court against Mr. Shum as the 1st Defendant, E In International Group Limited as the 2nd Defendant, E In Properties Limited as the 3rd Defendant and Grand Fill Enterprise Limited as the 4th Defendant ("**HCA No. 1234 of 2015**") for, amongst others, the following reliefs to recover the Judgment Debt under the Summary Judgment:

(i) Mr. Shum's interest in all the shares or shareholdings in the 2nd Defendant, 3rd Defendant and 4th Defendant (the "**Shares**") which have been charged in favour of the Company be sold without further reference to the Court by way of tender or public auction at the best price reasonably obtainable;

(ii) the solicitors for the Company shall have the conduct of the sale of the Shares by appointing an agent, to sell the Shares by way of tender or public action;

(iii) the execution of the requisite deeds or documents to effect the sale stated in paragraphs (b)(i) and (b)(ii) above by Mr. Shum or by the Registrar of the Court;

(iv) the Company shall apply the sale proceeds from the sale of the Shares to (a) pay the costs and expenses of effecting the above sale; (b) pay the costs of the May Proceedings; (c) pay the Judgment Debt (together with interest) under the Summary Judgment; and (d) pay the balance (if any) to Mr. Shum or into the Court or as the Court shall direct;

(v) further or alternative to paragraphs (b)(i), (b)(ii) and (b)(iii) above, a receiver be appointed to (a) receive Mr. Shum's profits, income, benefits, interest and/or assets deriving and/or arising from the Shares; and/or (b) to take over and/or realize the Shares for the purpose of defraying the Judgment Debt (together with interest) under the Summary Judgment; and

(vi) the costs of the May Proceedings to the Company.

The hearing of the May Proceedings had originally been fixed on 25 June 2015. On 19 June 2015, the Company was served with a summons taken out by Mr. Shum seeking to stay the May Proceedings pending the determination of HCA No. 200 of 2015 (the "**Application for stay of the May Proceedings**"). Upon the consent of the parties, the court ordered that the May Proceeding and the Application for stay of the May Proceedings be adjourned to be heard together on 23 September 2015.

The 23 September 2015 Hearing

During the hearing on 23 September 2015 (the "**23 September 2015 Hearing**"), the Company agreed to withhold the enforcement of the Summary Judgment pending the resolution of HCA No. 200 of 2015 in which a writ of summons was issued by Mr. Shum as the plaintiff against the Company as the defendant for, inter alia, setting aside the Summary Judgment, on the condition that Mr. Shum shall pay the judgment sum together with interest accrued under the Summary Judgment into Court. It was therefore ordered by the Court (the "**23 September 2015 Order**") that unless either:

(i) Mr. Shum was able to provide a guarantee to secure the judgment sum of HK$47,767,709.60, being the outstanding indebtedness (inclusive of interest) up to 8 June 2015 under the Summary Judgment (the "**Judgment Sum**"), which was agreed by the Company in writing or approved by the Court; or

(ii) alternatively, Mr. Shum paid the Judgment Sum into Court,

within a period of 28 days from the date of the 23 September 2015 Order, the order by the Court for the appointment of receivers by way of equitable execution over (a) all the Shares; and (b) all Mr. Shum's interests, benefits and/or rights in the Properties (as defined below).

On 19 October 2015, the Company was served with a summons taken out by Mr. Shum seeking for a further extension of 14 days from the original 28 days from the date of the 23 September 2015 Order. At the hearing on 20 October 2015, it was ordered by the Court that the period of 28 days from the date of the 23 September 2015 Order be extended for 14 days to 5 November 2015.

On 2 November 2015, it was ordered by the Court that the draft bank guarantee provided by Mr. Shum for the purpose of securing the Judgment Sum was not approved.

On 5 November 2015, the Company received a notice from Mr. Shum's solicitors that Mr. Shum had paid HK$47,767,709.60 into the Court in compliance with the 23 September 2015 Order. Under the 23 September 2015 Order, upon the payment into the Court by Mr. Shum, the order for the appointment of receivers as mentioned above shall be forthwith discharged.

(c) On 9 June 2015, the Board announced that the Company commenced legal proceedings (the "**June Proceedings**") in the Court against Mr. Shum as the 1st Defendant, Wing Lung Bank Limited as the 2nd Defendant and Hang Seng Bank Limited as the 3rd Defendant for, amongst others, the following reliefs to recover the Judgment Debt under the Summary Judgment:

(i) Mr. Shum's interest in the properties and/or lands situate at (i) House 4, The Baroque, Nos.1-7 Kau To Shan Road, Shatin, New Territories (the "**First Property**"); (ii) Ground Floor, No. 1 Kau To Path, Lot No. 838 in DD171, Shatin, New Territories (the "**Second Property**"); and (iii) Ground Floor, No. 1 Kau To Path, Lot No. 839 in DD171, Shatin, New Territories (the "**Third Property**") (collectively as the "**Properties**") which have been charged in favour of the Company be sold without further reference to the Court by way of tender or public auction at the best price reasonably obtainable;

(ii) the solicitors for the Company shall have the conduct of the sale of the Properties by appointing an agent, to sell the Properties by way of tender or public auction;

(iii) the execution of the requisite deeds or documents to effect the sale stated in paragraphs (c)(i) and (c)(ii) above by Mr. Shum or by the Registrar of the Court;

(iv) the Company shall apply the sale proceeds from the sale of the First Property to (a) pay the costs and expenses of effecting the above sale; (b) pay the costs of the June Proceedings; (c) pay the outstanding indebtedness owed to Hang Seng Bank Limited as secured by a mortgage over the First Property; (d) pay the Judgment Debt (together with interest) owed to the Company under the Summary Judgment; and (e) pay the balance (if any) to Mr. Shum or into the Court or as the Court shall direct;

(v) the Company shall apply the sale proceeds from the sale of the Second Property and Third Property to (a) pay the costs and expenses of effecting the above sale; (b) pay the costs of the June Proceedings; (c) pay the outstanding indebtedness owed to Wing Lung Bank Limited as secured by a mortgage and a second legal charge over the Second Property and the Third Property; (d) pay the Judgment Debt (together with interest) owed to the Company under the Summary Judgment; and (e) pay the balance (if any) to Mr. Shum or into the Court or as the Court shall direct;

(vi) further or alternative to paragraphs (c)(i), (c)(ii) and (c)(iii) above, a receiver be appointed to receive Mr. Shum's share of any rents, income and/or profits arising from the Properties;

(vii) such further and/or other directions as the Court shall deem fit; and

(viii) the costs of the June Proceedings to the Company.

The hearing of the June Proceedings had been fixed on 9 July 2015. On 2 July 2015, the Company was served with a summons taken out by Mr. Shum seeking to stay the June Proceedings pending the determination of HCA No. 200 of 2015 (the "**Application for stay of the June Proceedings**"). At the hearing held on 9 July 2015, the Court ordered that the June Proceedings and the Application for stay of the June Proceedings be adjourned to be heard together on 23 September 2015. The details of the hearing on 23 September 2015 are set out in the paragraph headed "The 23 September 2015 Hearing" under note (b) above.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. As at the date of this announcement, the Audit Committee comprises three independent non-executive directors of the Company, namely Mr. Chu Kin Wang, Peleus (chairman), Mr. Tam B Ray, Billy and Mr. Tse Joseph. The Audit Committee has reviewed the Group's audited consolidated final results for the financial year ended 31 December 2015 and provided advice and comments thereon.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Stock Exchange issued the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 of the GEM Listing Rules which sets out the principles and the code provisions which listed issuers are expected to apply and comply.

Save as disclosed below, during the year under review and up to the date of this announcement, the Company has applied the principles as set out in the CG Code that are considered to be relevant to the Company and has complied with most of the code provisions of the CG Code:

Role of chairman and chief executive officer

Code provision A.2.1 of the CG Code stipulates that the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual.

Due to practical necessity of the Group's corporate operating structure, the roles of the chairman and the chief executive officer are both performed by Mr. Cai Zhaoyang, who is overseeing the operation and management of the Group. The Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company.

The Company is looking for a suitable candidate to act as the chief executive officer in order to comply with the CG Code.

Insurance for potential legal actions against the directors

Pursuant to code provision A.1.8 of the CG Code, the Company should arrange appropriate insurance to cover potential legal actions against its directors. Up to the date of this announcement, the Company is still arranging for appropriate liability insurance for the directors for indemnifying their liabilities arising from corporate activities.

Policy concerning diversity of Board members

Code provision A.5.6 of the CG Code stipulates that there should be a policy concerning the diversity of Board members. However, the Company does not consider that it is necessary to have a policy concerning diversity of Board members. Board appointments are based on merit, in the context of the skills, experience and expertise that the selected candidates will bring to the Board. While the Company is committed to equality of opportunity in all aspects of its business and endeavours to ensure that its Board has the appropriate balance of skills, experience and diversity of perspectives, the Company does not consider that a formal Board diversity policy will provide measurable benefits to enhance the effectiveness of the Board.

Internal audit function

Pursuant to code provision C.2.5 of the CG Code, the Company is required to have an internal audit function. Although the Company does not have an internal audit function as required, the risk management and internal control systems are reviewed on an ongoing basis by the Board in order to make it practical and effective in providing reasonable assurance in relation to protection of material assets and identification of business risks. The Board is satisfied that, based on information furnished to it and on its own observations, the present risk management and internal control of the Group are satisfactory. The Group has implemented a practical and effective control system which includes a defined management structure with limits of authority, a sound cash management system and periodic review of the Group's performance by the Audit Committee and the Board. The Board has conducted review of the effectiveness of the system of internal control and is of the view that the risk management and internal control systems adopted for the year ended 31 December 2015 are sound and are effective to safeguard the interests of the shareholders' investment and the Company's assets.

Compositions of the nomination committee and remuneration committee

Pursuant to code provision A.5.1 of the CG Code, the Company should establish a nomination committee which is chaired by the chairman of the Board or an independent non-executive director and comprises a majority of independent non-executive directors. Following the appointment of Mr. Cai Zhaoyang as a member of the nomination committee (the "**Nomination Committee**") of the Board on 23 November 2015, the Nomination Committee did not comprise a majority of independent non-executive directors as required under code provision A.5.1 of the CG Code. Since 11 March 2016, Mr. Cai Zhaoyang has ceased to be a member of the Nomination Committee and the requirements under code provision A.5.1 of the CG Code have been fulfilled.

Following the appointment of Mr. Cai Zhaoyang as a member of the remuneration committee (the "**Remuneration Committee**") of the Board on 23 November 2015, the Remuneration Committee did not comprise a majority of independent non-executive directors as required under Rule 5.34 of the GEM Listing Rules. Since 11 March 2016, Mr. Cai Zhaoyang has ceased to be a member of the Remuneration Committee and the requirements under Rule 5.34 of the GEM Listing Rules have been fulfilled.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own codes of conduct regarding directors' and relevant employees' securities transactions, namely "Code for Securities Transactions by Directors" and "Code for Securities Transactions by Relevant Employees", both of which apply to all directors and relevant employees of the Company in terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

Having made specific enquiry with each of the directors of the Company, all directors have confirmed that they have complied with such code and the required standard of dealings on directors' securities transactions during the year ended 31 December 2015.

By Order of the Board
SkyNet Group Limited
Cai Zhaoyang
Executive Director, Chairman and Chief Executive Officer

Hong Kong, 21 March 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 will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and on the Company's website at www.skynetgroup.com.hk.