



SKY FOREVER
宇恒供應鏈

2015-2016
First Quarterly Report

Sky Forever Supply Chain Management Group Limited
(宇恒供應鏈集團有限公司)

(Incorporated in Bermuda with limited liability)
Stock Code: 8047

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

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 the GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on the GEM, there is a risk that securities traded on the 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 the GEM.

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This report, for which the directors of Sky Forever Supply Chain Management Group Limited (the "Company" and the "Directors", respectively) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules") 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 report 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 report misleading.



HIGHLIGHTS

For the three months ended 30 June 2015 (the "Period")

- Turnover from the Group was approximately HK\$1,462,032,000 as compared to that of approximately HK\$3,700,000 recorded in the corresponding period in 2014.
- Loss of the Group was approximately HK\$24,739,000 (2014: loss of approximately HK\$7,936,000).
- Loss attributable to equity holders of the Company was approximately HK\$24,396,000 (2014: loss of approximately HK\$7,322,000).
- The Directors do not declare the payment of any dividend (2014: Nil).
- Loss per share of the Company was approximately HK1.84 cents (2014: loss of approximately HK1.66 cents).



FINANCIAL RESULTS

The board of Directors (the "Board") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the Period together with the comparative unaudited figures for the corresponding period in 2014 as follows:

Condensed Consolidated statement of Comprehensive income (Unaudited)

		For the three months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Turnover	3	1,462,032	3,700
Cost of services rendered and cost of goods sold		1,461,332	(3,037)
Gross profit		700	663
Other revenue	3	115	389
Other income		1,319	–
Selling and distribution costs		(5,031)	(347)
Administrative expenses		(19,995)	(8,293)
Share of results of associates		(1,758)	(253)
Loss before taxation		(24,650)	(7,841)
Income tax expenses	4	–	–
Loss for the period		(24,650)	(7,841)

Condensed Consolidated statement of Comprehensive income
(Unaudited) (Continued)

	For the three months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
<i>Notes</i>	HK\$'000	HK\$'000
Other comprehensive (loss) income for the period, net of tax		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on consolidation	(182)	(95)
Share of other comprehensive income (loss) of associates	93	–
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Total comprehensive loss for the period	(24,739)	(7,936)
Loss attributable to:		
Equity holders of the Company	(24,396)	(7,322)
Non-controlling interests	(254)	(519)
	<hr/>	<hr/>
	(24,650)	(7,841)
Total comprehensive loss attributable to:		
Equity holders of the Company	(24,420)	(7,369)
Non-controlling interests	(319)	(567)
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	(24,739)	(7,936)
Dividends	Nil	–
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Loss per share		
– Basic	(HK1.84 cents)	(HK1.66 cents)
– Diluted	(HK1.84 cents)	(HK1.66 cents)
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Notes to the Financial Statements

Notes:

1. CORPORATE INFORMATION

Sky Forever Supply Chain Management Group Limited (the “Company”) is a limited liability company incorporated in Bermuda on 7 June 2001 as an exempted company with limited liability under the Bermuda Companies Act of 1981. The Company’s shares are listed on the GEM. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is located at Room 601, 6/F, China Building, No. 29 Queen’s Road Central, Hong Kong.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are the provision of supply chain management services, the provision of integrated solutions for lightning electromagnetic pulse protection business, the provision of payment gateway business and the provision of energy management business.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure requirements under the GEM Listing Rules. The accounting policy adopted are consistent with those set out in the annual financial statements for the year ended 31 March 2015.

Notes to the Financial Statements

3. TURNOVER AND REVENUE

An analysis of the Group's turnover and revenue during the Period is as follow:

	For the three months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Sale of goods from:		
Supply chain management services business	1,461,447	–
Services income from:		
Lightning electromagnetic pulse protection business	585	2,517
Energy Management business	–	1,183
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Turnover	1,462,032	3,700
	<hr/>	<hr/>
Interest income from available-for-sale financial assets	–	223
Interest income from bank deposits	115	166
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Other revenue	115	389
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Total turnover and revenue	1,462,147	4,089
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4. INCOME TAX EXPENSES

Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purposes for the Period (2014: Nil).

The income tax provision in respect of operations in the People's Republic of China (the "PRC") is calculated at the applicable tax rates on the estimated assessable profits for the period based on existing legislation, interpretations and practises in respect thereof.

Deferred tax had not been provided for the Group because the Group had no significant temporary differences at the reporting date (2014: Nil).

Notes to the Financial Statements

5. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company and the weighted average number of the Company's ordinary shares in issue during the Period as follows:

	For the three months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss attributable to equity holders of the Company	(24,396)	(7,322)
	Number of shares	
	2015	2014
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares in issue during the period	1,325,452,044	441,817,348

The Company did not have any dilutive potential ordinary share for the Period. Diluted loss per share is presented as equal to the basic loss per share as a result. For the period ended 30 June 2014, dilutive loss per share was the same as basic loss per share as the potential ordinary shares issuable under the unlisted warrants had anti-dilutive effects on the basic loss per share.

Notes to the Financial Statements

6. RESERVES

Attributable to equity holders of the Company

	Attributable to equity holders of the Company						Non-controlling interests	Total
	Share premium	Contributed surplus	Exchange reserve	Statutory reserve	Accumulated losses	Sub-total		
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000		
At 1 April 2014	58,605	594,707	9,290	2,512	(517,520)	147,594	1,176	148,770
Loss for the period	-	-	-	-	(7,322)	(7,322)	(519)	(7,841)
<i>Items that may be reclassified subsequently to profit or loss</i>								
Other comprehensive loss Exchange difference on consolidation	-	-	(47)	-	-	(47)	(48)	(95)
Total comprehensive loss for the period	-	-	(47)	-	(7,322)	(7,369)	(567)	(7,936)
At 30 June 2014	58,605	594,707	9,243	2,512	(524,842)	140,225	609	140,834
At 1 April 2015	437,446	594,707	9,127	2,512	(576,705)	467,087	(2,251)	464,836
Loss for the period	-	-	-	-	(24,396)	(24,396)	(254)	(24,650)
<i>Items that may be reclassified subsequently to profit or loss</i>								
Other comprehensive loss								
Exchange difference on consolidation	-	-	(117)	-	-	(117)	(65)	(182)
Share of other comprehensive income of associate	-	-	93	-	-	93	-	93
Total comprehensive loss for the period	-	-	(24)	-	(24,396)	(24,420)	(319)	(24,739)
At 30 June 2015	437,446	594,707	9,103	2,512	(601,101)	442,667	(2,570)	440,097

7. DIVIDENDS

The Directors do not declare the payment of any dividend for the Period (2014: Nil).



Notes to the Financial Statements

8. EVENT AFTER REPORTING PERIOD

On 27 July 2015, the Group entered into an agreement with an independent third party to dispose of its 100% equity interest in Boomtech Limited at a consideration of HK\$400,000 which had been completed on the same day.

On 30 July 2015, the Company entered into a share placing agreement with a placing agent, pursuant to which the placing agent has conditionally agreed to place, on a best effort basis, up to an aggregate of 88,363,469 new placing shares to not less than six share places at a price of HK\$0.172 per placing share.

The placing shares will be issued under the general mandate to issue shares granted by the shareholders of the Company (the "Shareholders") at the Company's annual general meeting held on 6 August 2014. Assuming all the placing shares are successfully placed by the placing agent and based on the estimated expenses of the share placing in the amount of approximately HK\$252,000, the gross and net proceeds from the share placing are estimated to be approximately HK\$15.20 million and HK\$14.95 million, respectively. The Company intends to use the net proceeds from the share placing for general working capital of the Group.

The share placing is subject to the fulfillment or waiver of the conditions precedent set out in the share placing agreement, and may or may not proceed. For further details, please refer to the Company's announcement dated 31 July 2015.



REVIEW AND PROSPECT

OPERATIONAL REVIEW

The supply chain management service is the main focus of the Group and it is developing. The Group is providing intermediate service between suppliers and customers and it takes advantage of the business networks and resources in order to assist SMEs in various industries to minimize the overall operation cost. Owing to the solid financial background of the Group and the great demand for supply chain service in mainland China, the Group has established many strategic partnerships with other supply chain companies, so as to undertake the operation of purchase and sales based on the services on import and export trade, logistic, customs clearance and storage.

To cope with the growing business of the supply chain management, Shenzhen Qianhai Sky Forever Industry Chain Management Company Limited (a wholly-owned subsidiary of the Company) is collaborating with SAP (Beijing) Software System Company Limited for designing and building up an effective big data platform. The platform will support point to point operation process, real time planning, execution, reporting and analysis function. It is expected that the new system under our development embodies the main idea of supply chain management – centralized purchase, production, sales, settlement and financial management. The system of big data platform is in progress and would be tested, implemented and applied in the trades.

The lightning electromagnetic pulse protection business and energy management business shrunk substantially during the Period as the Group's major customer already completed their projects and the revenue from the maintenance involved was substantially lower than the revenue from the construction of these devices.

FINANCIAL REVIEW

The Group recorded a substantial increase in turnover of approximately 395 times to approximately HK\$1,462,032,000 for the Period as compared to approximately HK\$3,700,000 for the corresponding period in 2014. The increase in turnover was due to the supply chain management services business. The Group has continued to develop business relationship with the business partners and potential partners in the PRC in order to increase and explore the new sources of income.

Save for such new sources of income, the Group experienced a decrease of approximately 85% in the service fee income from lightning electromagnetic pulse protection business and energy management business for the Period as compared with the corresponding period in 2014.

The Group recorded an increase in gross profit from approximately HK\$700,000 in the Period as compared to approximately HK\$663,000 in the corresponding period in 2014. However the gross profit margin decreased from 18% in the corresponding period in 2014 to 0.3% in the Period. The decrease in gross profit margin was mainly due to the low profit margin of supply chain management business. The Group will continue to control the material costs and explore new business so as to improve the gross profit of the Group.



Net loss attributable to equity holders of the Company for the Period amounted to approximately HK\$24,650,000 as compared to HK\$7,936,000 in the corresponding period in 2014. The major component of the Group's expenses were marketing and promotion expenses, rent and rates, salaries and payroll.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, none of the Directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO"), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he was taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by the Directors to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2015, the interests and short positions of persons, in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who was, directly or indirectly, interested 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or substantial shareholders as recorded in the register of substantial shareholders required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholders	Nature of interests	Number of the shares held	Approximate percentage of issued share capital
Yan Chuyi ("Mr. Yan") (<i>Note 1</i>)	Beneficial owner	187,576,000(L)	14.15%
	Interest of spouse	6,416,000(L)	0.48%
Zhou Zhaoshan ("Ms. Zhou") (<i>Note 1</i>)	Beneficial owner	6,416,000(L)	0.48%
	Interest of spouse	187,576,000(L)	14.15%

(L) denotes long position

Note:

- Ms. Zhou beneficially owned 6,416,000 shares. Mr. Yan by virtue of being the husband of Ms. Zhou, was deemed to be interested in 6,416,000 shares held by Ms. Zhou. Mr. Yan beneficially owned 187,576,000 Shares.

Ms. Zhou, being the wife of Mr. Yan, was deemed to be interested in 187,576,000 shares held by Mr. Yan.

Save as disclosed above, as at 30 June 2015, the Directors are not aware of any other person who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or, who was directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or any other substantial shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.



PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company did not redeem any of its listed shares (the “Shares”), nor did the Company or any of its subsidiaries purchase or sell any such Shares during the Period.

DIRECTORS’ INTEREST IN COMPETING BUSINESS

During the Period, none of the Directors or the controlling shareholders or substantial shareholders or their respective close associates (as defined in the GEM Listing Rules) of the Company had an interest in a business which competed with or might compete with the business of the Group.

PRE-EMPTIVE RIGHTS

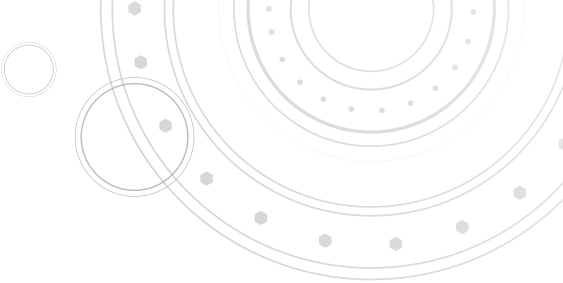
There are no provisions for pre-emptive rights under the Bye-laws of the Company or the laws of Bermuda, which would oblige the Company to offer new shares on a pro rata basis to the existing Shareholders.

CODE OF CONDUCT REGARDING DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having been made a specific enquiry by the Company with all the Directors, each of them confirmed that he/she had complied with such code of conduct and the required standard of dealings regarding securities transactions throughout the Period.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules. The Company has applied the principles in the CG Code and complied with the code provisions set out in the CG Code for the Period.



However, Code provision of E.1.2 of the CG Code stipulates that the chairman of the Board should attend to answer questions at the annual general meeting (the “AGM”). Following the resignation of Mr. Yu Weiye as the chairman of the Board on 7 July 2015, there was no suitable candidate to fill up the position up to the date of 2015 AGM held on 6 August 2015. However, Mr. Li Zhiki, an executive Director, acted as chairman of the 2015 AGM to ensure an effective communication with the Shareholders. The Company subsequently appointed Mr. Johnny Huang as the chairman of the Board with effect from 7 August 2015.

REVIEW BY AUDIT COMMITTEE

As required by Rule 5.28 of the GEM Listing Rules, the Company has established an audit committee of the Board (the “Audit Committee”) with written terms of reference which deal clearly with its authority and duties. The principal duties of the Audit Committee are the review and supervision of the Company’s financial reporting process and internal control systems. As at the date of this report, the Audit Committee comprises three independent non-executive Directors (the “INEDs”), namely Mr. Chui Man Lung, Everett (chairman of the Audit Committee), Ms. Li Mei and Mr. Liu Weiliang.

The Company’s unaudited condensed consolidated financial statements for the Period and the 2015 first quarterly report have been reviewed by the Audit Committee. The Audit Committee considered that the relevant financial statements had been prepared in compliance with the applicable accounting principles and requirements of the GEM Listing Rules.

CHANGE IN DIRECTORS’ AND CHIEF EXECUTIVE’S INFORMATION

The changes in the Directors’ information since the disclosure made in the Company’s 2014/2015 annual report are set out as follows:

Name of Directors	Details of changes
Mr. Johnny Huang	– Appointed as an executive Director, the chairman of the Board, the compliance officer and an authorized representative under the GEM Listing Rules (the “Authorized Representative”) of the Company on 7 August 2015;
Mr. Yu Weiye	– Resigned as an executive Director, the chairman of the Board and the compliance officer, and ceased to be an Authorized Representative of the Company on 7 July 2015;
Ms. Huang He	– Appointed as an executive Director on 7 August 2015;
Mr. Chen Jiang	– Appointed as an executive Director on 7 August 2015;



Name of Directors	Details of changes
Mr. Li Zhike	<ul style="list-style-type: none">- Appointed as the compliance officer and an Authorized Representative of the Company on 28 July 2015;- Resigned as an executive Director and the compliance officer, and ceased to be an Authorized Representative of the Company on 7 August 2015;
Ms. Chen Nan	<ul style="list-style-type: none">- Resigned as a non-executive Director on 7 August 2015;
Mr. Chui Man Lung, Everett	<ul style="list-style-type: none">- Appointed as the chairman of the remuneration committee and the nomination committee of the Company on 28 July 2015;
Ms. Li Mei	<ul style="list-style-type: none">- Appointed as an INED, and a member of each of the audit committee, nomination committee and remuneration committee of the Company on 7 August 2015;
Mr. Zhang Xiaozheng	<ul style="list-style-type: none">- Appointed as the compliance officer and an Authorized Representative of the Company on 7 July 2015;- Resigned as an executive Director and the compliance officer, and ceased to be an Authorized Representative of the Company on 28 July 2015;
Mr. Lam Kowk Cheong	<ul style="list-style-type: none">- Resigned as a non-executive Director and a member of the nomination committee of the Company on 28 July 2015;
Mr. Lung Chee Ming, George	<ul style="list-style-type: none">- Resigned as an INED, the chairman of the remuneration committee and the nomination committee, and a member of the audit committee of the Company on 28 July 2015;

By order of the Board
Sky Forever Supply Chain Management Group Limited
Johnny Huang
Chairman and executive Director

Hong Kong, 14 August, 2015

As at the date of this report, the executive Directors are Mr. Johnny Huang (Chairman), Mr. Chen Jiang, Ms. Huang He and Mr. Wu Zhinan and the independent non-executive Directors are Mr. Chui Man Lung, Everett, Ms. Li Mei and Mr. Liu Weiliang.