



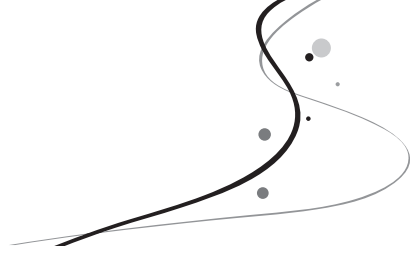
SKY FOREVER
宇恒供應鏈

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

2015-2016
Third Quarterly Report



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This report, for which the directors (the “Directors”) of Sky Forever Supply Chain Management Group Limited (the “Company”) collectively and individually accept full 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, 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 nine months period ended 31 December 2015

- the turnover from continuing operations of the Group was approximately HK\$1,761,474,000 as compared to the turnover of approximately HK\$797,301,000 recorded in the corresponding period last year.
- the loss of the Group was approximately HK\$89,235,000 (2014: approximately HK\$31,063,000).
- the loss attributable to equity holders of the Company was approximately HK\$88,901,000 (2014: approximately HK\$28,348,000).
- the directors do not recommend the payment of any dividend (2014: Nil).
- the loss per share of the Company was approximately HK6.10 cents (2014: approximately HK6.42 cents).

FINANCIAL RESULTS

The board of directors (the “Board”) of the Company announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the nine months and three months period ended 31 December 2015 together with the comparative unaudited figures for the corresponding periods in 2014 respectively as follows:

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

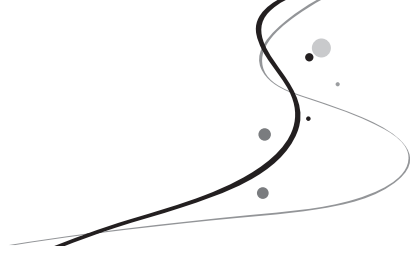
For the nine months and three months period ended 31 December 2015

	Note	Nine months ended 31 December		Three months ended 31 December	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Continuing operations					
Turnover	3	1,761,474	797,301	36,648	788,790
Cost of services rendered and cost of good sold		(1,751,536)	(791,384)	(34,492)	(785,739)
Gross profit		9,938	5,917	2,156	3,051
Other revenue	3	508	790	4	400
Other income	4	21	886	-	-
Selling and distribution costs		(10,539)	(1,249)	(2,360)	(882)
Administrative expenses		(83,737)	(34,338)	(43,911)	(14,489)
Share of results of associates		(1,262)	(2,960)	(79)	(399)
Loss before taxation		(85,071)	(30,954)	(44,190)	(12,319)
Income tax expenses	5	-	(223)	-	(223)
Loss for the period from continuing operations		(85,071)	(31,177)	(44,190)	(12,542)
Discontinued operations					
Profit/(Loss) for the period from discontinued operations	6	(4,164)	114	-	-
Loss for the period		(89,235)	(31,063)	(44,190)	(12,542)

Condensed Consolidated Statement of Comprehensive Income (Unaudited) (Continued)

For the nine months and three months period ended 31 December 2015

	Nine months ended 31 December		Three months ended 31 December	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
<i>Note</i>				
Other comprehensive income/(loss) for the period, net of tax				
Exchange differences on consolidation	1,860	(202)	1,853	(107)
Share of other comprehensive income of associates	(179)	-	-	-
Total comprehensive loss for the period	(87,554)	(31,265)	(42,337)	(12,649)
Loss for the period attributable to:				
Equity holders of the Company	(88,901)	(28,348)	(44,190)	(10,779)
Non-controlling interests	(334)	(2,715)	-	(1,763)
	(89,235)	(31,063)	(44,190)	(12,542)
Total comprehensive loss attributable to:				
Equity holders of the Company	(87,169)	(28,502)	(42,337)	(10,886)
Non-controlling interests	(385)	(2,763)	-	(1,763)
	(87,554)	(31,265)	(42,337)	(12,649)
Loss per share				
From continuing and discontinued operations		7		
- Basic	HK(6.10) cents	HK(6.42) cents	HK(2.63) cents	HK(2.44) cents
- Diluted	HK(6.10) cents	HK(6.42) cents	HK(2.63) cents	HK(2.44) cents
From continuing operations				
- Basic	HK(5.84) cents	HK(6.43) cents	HK(2.63) cents	HK(2.44) cents
- Diluted	HK(5.84) cents	HK(6.43) cents	HK(2.63) cents	HK(2.44) cents



Notes to the Financial Statements

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 Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). 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 business of supply chain management services involving the planning and implementation of an integrated solution for the effective flow of business, logistics, information and capital which can be applied for various kinds of industry chains, provision of integrated solutions for lightning electromagnetic pulse protection business and provision of energy management business.

2. STATEMENT OF COMPLIANCE

The unaudited condensed consolidated financial information for the nine months period ended 31 December 2015 have been prepared in accordance with applicable disclosure requirements of the Rules Governing The Listing of Securities on the GEM of the Stock Exchange.

The financial statements are unaudited but have been reviewed by the Company’s audit committee. These unaudited condensed consolidated financial information do not include all the information and disclosures required in the annual financial statements and interim financial report as defined in Hong Kong Financial Reporting Standards (“HKFRSs”), and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2015.



2. STATEMENT OF COMPLIANCE *(Continued)*

The accounting policies used in preparing these unaudited condensed consolidated financial information are consistent with those used in the Group's audited consolidated financial statements for the year ended 31 March 2015. The adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for the current and prior periods.

3. TURNOVER AND OTHER REVENUE

An analysis of the Group's turnover and other revenue during the period is as follows:

	Nine months ended 31 December		Three months ended 31 December	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Continuing operation				
Rendering of services	–	7,813	–	4
Sales of goods	1,761,474	789,488	36,648	788,786
	1,761,474	797,301	36,648	788,790
Discontinued operation				
Rendering of services	760	2,066	–	–
Turnover	1,762,234	799,367	36,648	788,790
Continuing operation				
Interest income from available-for-sale financial assets	–	223	–	–
Interest income	508	567	4	400
Other revenue	508	790	4	400
Total turnover and other revenue	1,762,742	800,157	36,652	789,190

4. OTHER INCOME

	Nine months ended		Three months ended	
	31 December		31 December	
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reversal of allowance for bad and doubtful debt	-	80	-	-
Sundry Income	21	-	-	-
Gain on disposal of subsidiaries	-	806	-	-
	21	886	-	-
Representing:				
Continuing operation	21	886	-	-
Discontinued operation	-	-	-	-
	21	886	-	-

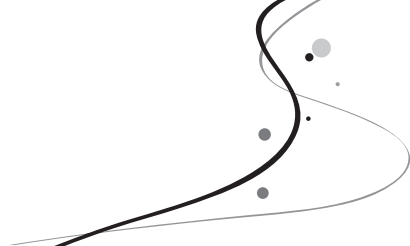


5. INCOME TAX EXPENSES

No provision for Hong Kong Profits Tax has been made for the nine months period ended 31 December 2015 as the Group did not generate any assessable profits arising in Hong Kong during the period. Hong Kong Profits Tax has been provided at the rate of 16.5% based on the estimated assessable profits for the nine months period ended 31 December 2014.

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. No provision for PRC Enterprise Income Tax has been made for the nine months period ended 31 December 2015 as the Group did not generate any assessable profits arising in the PRC during that period.

	Nine months ended 31 December 2015 (Unaudited) <i>HK\$'000</i>		Three months ended 31 December 2015 (Unaudited) <i>HK\$'000</i>	
	2014 (Unaudited) <i>HK\$'000</i>		2014 (Unaudited) <i>HK\$'000</i>	
Continuing operations				
Current tax				
– Hong Kong Profits Tax	–	200	–	200
– PRC Enterprise Income Tax	–	23	–	23
Tax charge for the period from continuing and discontinued operations	–	223	–	223



6. DISCONTINUED OPERATIONS

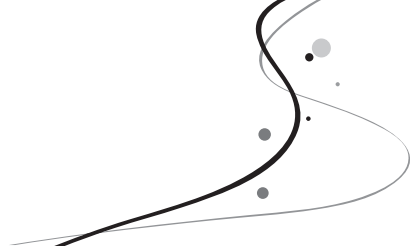
On 27 July 2015, Power Chance Limited, an indirect wholly owned subsidiary of the Company, entered into and completed a sale and purchase agreement with an independent third party pursuant to which Power Chance Limited sold the entire equity interest of Boomtech Limited and its subsidiaries (collectively known as “Boomtech”) at a consideration of HK\$400,000 (the “Disposal”). Upon completion of the Disposal, the Group no longer has any equity interest in Boomtech.

Management considers that following the Disposal, the Group’s control over Boomtech had been discontinued and thereby constituted discontinued operations. Accordingly, certain comparative figures in the consolidated statement of comprehensive income have been re-presented to separately reflect the results of the continuing operations and discontinued operations. The results of the discontinued operations for the nine months periods ended 31 December 2015 and 2014 have been analysed as follows:

6. DISCONTINUED OPERATIONS (Continued)

Profit/(Loss) for the period from discontinued operations

	Nine months ended		Three months ended	
	31 December		31 December	
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	760	4,807	-	4
Cost of services rendered and cost of goods sold	(326)	(6,207)	-	(3,104)
	434	(1,400)	-	(3,100)
Other income	-	1	-	1
Selling and distribution costs	(94)	(320)	-	(15)
Administrative expenses	(1,053)	(2,015)	-	(799)
Loss before taxation	(713)	(3,734)	-	(3,913)
Income tax expenses	-	-	-	-
Loss after taxation	(713)	(3,734)	-	(3,913)
Loss on disposal of subsidiaries	(3,451)	-	-	-
Income tax related to loss on disposal of subsidiaries	-	-	-	-
Net loss attributable to discontinued operations	(4,164)	(3,734)	-	(3,913)
Loss from discontinued operations attributable to:				
- Equity holders of the Company	(3,830)	(2,054)	-	(2,152)
- Non-controlling interests	(334)	(1,680)	-	(1,761)
	(4,164)	(3,734)	-	(3,913)



6. DISCONTINUED OPERATIONS (Continued)

The comparative figures in the condensed consolidated statement of comprehensive income represented the disposal of Beaming Investments Limited and its subsidiaries on 18 July 2014. The details of which had been disclosed in the 2014-2015 Third Quarterly Report published on 9 February 2015.

7. LOSS PER SHARE

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

	Nine months ended 31 December		Three months ended 31 December	
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss attributable to equity holders of the Company from continuing and discontinued operations	<u>(88,901)</u>	(28,348)	<u>(44,190)</u>	(10,779)
Loss attributable to equity holders of the Company from continuing operations	<u>(85,071)</u>	(28,409)	<u>(44,190)</u>	(10,779)
	Number of shares			
Weighted average number of ordinary shares in issue during the period	<u>1,457,484,033</u>	441,817,348	<u>1,678,815,513</u>	441,817,348

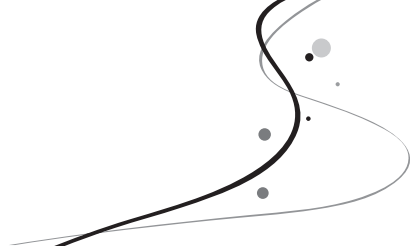
The Company did not have any dilutive potential ordinary share for the nine months and three months period ended 31 December 2015. Accordingly, the dilutive loss per share is the same as basic loss per share.

8. RESERVES

	Attributable to equity holders of the Company										
	Reserves										Total
	Issued share capital	Share premium	Contributed surplus	Exchange reserve	Warrant reserve	Statutory reserve	Accumulated losses	Total reserves	Sub-total	Non-controlling interests	
(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	
At 1 April 2014	4,418	58,605	594,707	9,290	-	2,512	(517,520)	147,594	152,012	1,176	153,188
Loss for the period	-	-	-	-	-	-	(28,348)	(28,348)	(28,348)	(2,715)	(31,063)
Other comprehensive income											
Item that may be reclassified subsequently to profit or loss											
- Exchange difference on consolidation	-	-	-	(154)	-	-	-	(154)	(154)	(48)	(202)
Total comprehensive loss for the period	-	-	-	(154)	-	-	(28,348)	(28,502)	(28,502)	(2,763)	(31,265)
Transaction with equity holders											
<i>Change in ownership interest</i>											
Disposal of subsidiaries	-	-	-	(136)	-	-	-	(136)	(136)	(1,217)	(1,353)
At 31 December 2014	4,418	58,605	594,707	9,000	-	2,512	(545,868)	118,956	123,374	(2,804)	120,570
At 1 April 2015	13,254	437,446	594,707	9,127	-	2,512	(576,705)	467,087	480,341	(2,251)	478,090
Loss for the period	-	-	-	-	-	-	(88,901)	(88,901)	(88,901)	(334)	(89,235)
Other comprehensive income											
Item that may be reclassified subsequently to profit or loss											
- Exchange difference on consolidation	-	-	-	1,911	-	-	-	1,911	1,911	(51)	1,860
- Share of other comprehensive income of associate	-	-	-	(179)	-	-	-	(179)	(179)	-	(179)
Total comprehensive loss for the period	-	-	-	1,732	-	-	(88,901)	(87,169)	(87,169)	(385)	(87,554)
Transaction with equity holders											
<i>Contributions and distributions</i>											
Issue of shares under placing	3,533	49,947	-	-	-	-	-	49,947	53,480	-	53,480
<i>Change in ownership interest</i>											
Disposal of subsidiaries	-	-	-	(180)	-	(91)	-	(271)	(271)	2,636	2,365
	3,533	49,947	-	(180)	-	(91)	-	49,676	53,209	2,636	55,845
At 31 December 2015	16,787	487,393	594,707	10,679	-	2,421	(665,606)	429,594	446,381	-	446,381

9. DIVIDENDS

The directors do not recommend the payment of any dividend for the nine months period ended 31 December 2015 (2014: Nil).



MANAGEMENT DISCUSSION AND ANALYSIS

Operational Review

The supply chain management service is the main focus of the Group. The Group is providing intermediate service between suppliers and customers and it takes advantage of the business networks and resources in order to assist small and medium-sized enterprises 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 (“SAP”) 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 development of the system of big data platform was suspended during the period and full impairment loss on software development and maintenance cost was made.

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. During the period, in July 2015, the Group disposed its interest in Boomtech which operated the lightning electromagnetic pulse protection business.

Financial Review

The Group recorded a dramatic increase in turnover from continuing operations of approximately 221% to approximately HK\$1,761.4 million for the nine months period ended 31 December 2015 as compared to approximately HK\$797.3 million for the corresponding period in 2014. The Group commenced the supply chain management services in the second quarter of its financial year 2014-15. The Group has continued to develop business relationship with the business partners and potential partners in the PRC in order to increase and explore new sources of income.

Save for such new sources of income, the Group experienced a major decrease in the service fee income from lightning electromagnetic pulse protection business and energy management business for the nine months period ended 31 December 2015 as compared with the corresponding period in 2014. The Group disposed the lightning electromagnetic pulse protection business during the nine months period ended 31 December 2015.



The Group recorded an increase in gross profit of 16.8% to approximately HK\$9.9 million in the nine months period ended 31 December 2015 as compared to approximately HK\$5.9 million in the corresponding period in 2014. However, the gross profit margin decreased significantly because of the lower profit margin in the supply chain management business. The Group will continue to control the cost of sales and explore new business so as to improve the gross profit of the Group.

During the nine months period ended 31 December 2015, administrative expenses incurred by the Group were approximately HK\$83.7 million (2014: approximately HK\$34.3 million). The increase was mainly due to the increase in sponsor fee, rent and rates, salaries and payroll, consulting fee and impairment loss on SAP. The software development of SAP was suspended thus full impairment loss on software development and maintenance cost was made. Net loss attributable to equity holders of the Company for the nine months period ended 31 December 2015 amounted to approximately HK\$88.9 million (2014: HK\$28.3 million).

Outlook

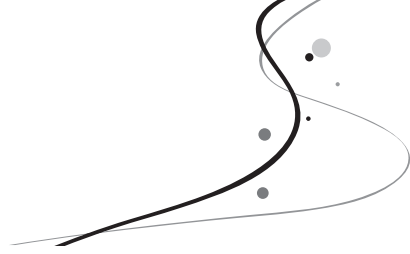
With the development of the PRC economy and various industry chains as well as the economic reforms as implemented by the PRC government, the Group expects to further explore and enhance its business of supply chain management and broaden its customer base and geographic reach. The Group will continue to work with partners from different sectors to build a national and comprehensive integrated supply chain platform. Meanwhile, the Group will continue to look for opportunities to create shareholders' value through making investments and/or acquiring business or projects that have promising outlooks and prospects.

Liquidity, financial resources and capital structure

As at 31 December 2015, the Group had total assets of approximately HK\$463,827,000 (31 March 2015: approximately HK\$819,881,000), including bank balances and cash of approximately HK\$5,914,000 (31 March 2015: approximately HK\$281,246,000).

For the nine months period ended 31 December 2015, the Group financed its operations mainly with its own working capital and there were no general banking facilities. There was no charge on the Group's assets as at 31 December 2015 (31 March 2015: Nil).

As at 31 December 2015, the gearing ratio (defined as the ratio between total bank borrowings and total assets) was zero (31 March 2015: Nil). The Group had no bank borrowings as at 31 December 2015 (31 March 2015: Nil).



Placing of new shares

1. On 30 July 2015, a share placing agreement (the “Share Placing Agreement”) was entered into between the Company and Sino Wealth Securities Limited (the “Placing Agent A”), pursuant to which the Company had appointed the Placing Agent A to procure altogether not less than six placees for subscribing up to an aggregate of 88,363,469 new shares (the “Placing Shares A”) at HK\$0.172 per Placing Share (the “Share Placing A”). The Share Placing A was subject to the conditions set out in the Share Placing Agreement. 88,363,469 Placing Shares A were allotted and issued by the Company on 28 August 2015 pursuant to the Share Placing Agreement.

The net proceeds arising from the Share Placing A amounted to approximately HK\$14,850,000, net of expenses, which will be used as general working capital of the Group.

For further details of the Share Placing A please refer to the Company’s announcements dated 30 July 2015 and 28 August 2015 respectively.

2. On 8 September 2015, a placing agreement (the “Placing Agreement”) was entered into between the Company and Kingston Securities Limited (the “Placing Agent B”), pursuant to which the Company had appointed the Placing Agent B to procure altogether not less than six placees for subscribing up to an aggregate of 265,000,000 new shares (the “Placing Shares B”) at HK\$0.15 per Placing Share (the “Placing B”). The Placing B was subject to the conditions set out in the Placing Agreement. 265,000,000 Placing Shares B were allotted and issued by the Company on 25 September 2015 pursuant to the Placing Agreement.

The net proceeds arising from the Placing B amounted to approximately HK\$38,590,000, net of expenses, which will be used as general working capital and/or future investments of the Group, with an aim to diversify the business portfolios and/or income stream of the Group.

Please refer to the Company’s announcements dated 8 September 2015 and 25 September 2015 respectively for further details of the Placing B.



Exposure to fluctuations in exchange rates and related hedges

Most of the transactions of the Group are denominated in Hong Kong Dollar (“HKD”) and Renminbi (“RMB”). The Group adopts a conservative treasury policy with most of the bank deposits being kept in HKD, or in the local currencies of the operating subsidiaries to minimize exposure to foreign exchange risks. As at 31 December 2015, the Group had no foreign exchange contracts, interests or currency swaps or other financial derivatives for hedging purposes.

Significant investments, material acquisitions and disposal of subsidiaries and affiliated companies

Except those as disclosed under sections above, the Group had no significant investments, material acquisition or disposal of subsidiaries and affiliated companies during the Period.

Pledge of Assets and Contingent liabilities

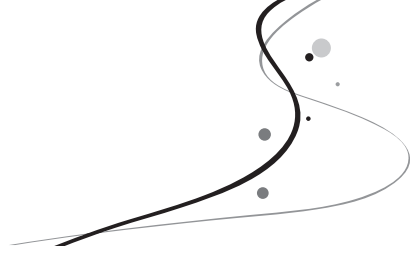
The Group had no pledge of assets and contingent liability as at 31 December 2015 (31 March 2015: Nil).

Employees and remuneration policies

As at 31 December 2015, the Group had 31 (31 March 2015: 86) employees including the Directors. Total staff costs (excluding Directors’ emoluments) amounted to approximately HK\$10,000,000 for the nine months period ended 31 December 2015, as compared to approximately HK\$11,402,000 in the corresponding period in 2014. Remuneration is determined by reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and basic insurance for the elderly, basic medical insurance, work injury insurance and unemployment insurance to its employees in the PRC.

Future plans for material investments or capital assets and their expected sources of funding in the coming year

The Group has no future plans for material investments or capital assets in the coming year.



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

As at 31 December 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 corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which are required 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 they are taken or deemed to have under such provisions of the SFO); or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or are required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by Directors to be notified to the Company and the Stock Exchange.

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

Apart from as disclosed under the section headed "Directors' and chief executive's interests in shares, underlying shares and debentures" above, as at 31 December 2015, the Directors of the Company were not aware of any other person (other than the Directors and the chief executives of the Company) 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 and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or, who is 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 any other members of the Group, 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.

DIRECTORS' RIGHTS TO ACQUIRE SECURITIES

Apart from as disclosed under the section headed "Directors' and chief executive's interests in shares, underlying shares and debentures" above, at no time since incorporation of the Company 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 Directors 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 the Company or any other body corporate.



SHARE OPTION SCHEME

The Company has adopted a share option scheme (the “Share Option Scheme”) on 18 October 2011 for the purpose of providing incentives or rewards to the eligible participants for their contribution to the Group and/or enabling the Group to recruit additional employees and retain existing employees and to provide them with a direct economic interest in attaining the long term business objectives of the Group.

Eligible participants of the Share Option Scheme include the employees, consultants, suppliers or customers of the Company and its subsidiaries, including any independent non-executive Directors of the Company.

No share option has been granted under the Share Option Scheme since its adoption.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SHARES

During the nine months period ended 31 December 2015, there were no purchases, sales or redemptions of the Company’s listed shares by the Company or any of its subsidiaries, save as those disclosed under the section headed “Placing of new Shares” above.

DIRECTORS’ INTEREST IN COMPETING INTERESTS

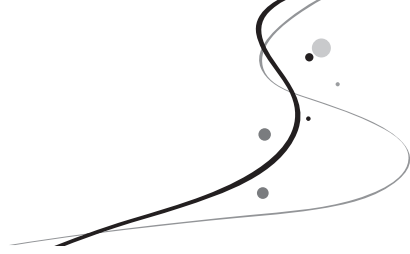
During the nine months period ended 31 December 2015, none of the Directors or the controlling shareholders or substantial shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates (as defined in the GEM Listing Rules) were considered to have any interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group and/or caused, or was likely to cause any other conflicts of interest with the Group, as required to be disclosed under Rule 11.04 of the GEM Listing Rules.

PRE-EMPTIVE RIGHT

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 existing shareholders.

CODE OF CONDUCT REGARDING DIRECTOR’S SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Director’s securities transactions on 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 been made a specific enquiry by the Company, 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 nine months period ended 31 December 2015.



CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 15 of the GEM Listing Rules. The Company has applied the principles in the Code and complied with the code provisions set out in the Code for the nine months period ended 31 December 2015, save and except for the following:

- Code provision E.1.2 of the CG Code stipulates that the chairman of the Board should attend to answer questions at the AGM. Following the resignation of Mr. YU Weiyue 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.

NOMINATION COMMITTEE

A nomination committee of the Company (the “Nomination Committee”) has been established in March 2012 with written terms of reference in compliance with the GEM Listing Rules. As at 31 December 2015, the Nomination Committee comprises three members, all of them are independent non-executive Directors, namely Mr. CHUI Man Lung, Everett, Ms. LI Mei and Mr. LIU Weiliang. The chairman of the Nomination Committee was Mr. CHUI Man Lung, Everett.

The Nomination Committee is mainly responsible for making recommendations to the Board on appointment of Directors and succession planning for the Directors. The Board took into consideration criteria such as expertise, experience, the market situation and applicable laws and regulations when considering new director appointments.



REMUNERATION COMMITTEE

A remuneration committee of the Company (the “Remuneration Committee”) was established in January 2006 with written terms of reference in compliance with the Code provisions of the Code. As at 31 December 2015, the Remuneration Committee consists of three members, all of them are independent non-executive Directors, namely Mr. CHUI Man Lung, Everett, Ms. LI Mei and Mr. LIU Weiliang. The chairman of the Remuneration Committee was Mr. CHUI Man Lung, Everett.

The role and function of the Remuneration Committee include the determination of the specific remuneration packages of all executive Directors, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of non-executive Directors.

AUDIT COMMITTEE

An audit committee of the Company (the “Audit Committee”) was established in October 2001, written terms of reference revised on 30 December 2015 in compliance with the GEM Listing Rules, for the purpose of overseeing the financial reporting system, risk management and internal control systems of the Group. As at 31 December 2015, the Audit Committee comprises the three independent non-executive Directors of the Company, namely, Mr. CHUI Man Lung, Everett, Ms. LI Mei and Mr. LIU Weiliang. The chairman of the Audit Committee was Mr. CHUI Man Lung, Everett.

The unaudited financial statements of the Group for the nine months period ended 31 December 2015 have been reviewed by the Audit Committee, who is of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

By order of the Board
Sky Forever Supply Chain Management Group Limited
Johnny HUANG

Chairman and executive Director

Hong Kong, 4 February 2016

As at the date of this report, the executive Directors are Mr. Johnny Huang, 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.