



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

2016-2017
First Quarterly Report

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 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 (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 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 2016 (the "Period")

- After the completion of the various trading contracts, the turnover for the Group reduced significantly during the Period to approximately HK\$5,444,000 as compared to that of approximately HK\$1,462,032,000 recorded in the corresponding period in 2015.
- Loss of the Group was approximately HK\$13,052,000 (2015: loss of approximately HK\$24,739,000).
- Loss attributable to equity holders of the Company was approximately HK\$11,169,000 (2015: loss of approximately HK\$24,396,000).
- The Directors do not recommend the payment of any dividend (2015: Nil).
- Loss per share of the Company was approximately HK0.66 cents (2015: loss of approximately HK1.84 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 2015 as follows:

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

		For the three months ended 30 June	
		2016	2015
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
Turnover	3	5,444	1,462,032
Cost of services rendered and cost of goods sold		<u>(5,236)</u>	<u>(1,461,332)</u>
Gross profit		208	700
Other revenue	3	1	115
Other income		17	1,319
Selling and distribution costs		(2,740)	(5,031)
Administrative expenses		(8,028)	(19,995)
Net unrealised loss on financial assets at fair value through profit or loss		(784)	–
Share of results of associates		<u>157</u>	<u>(1,758)</u>
Loss before taxation		(11,169)	(24,650)
Income tax expenses	4	<u>–</u>	<u>–</u>
Loss for the period		<u>(11,169)</u>	<u>(24,650)</u>

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

	For the three months ended 30 June	
	2016	2015
	(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	(1,883)	(182)
Share of other comprehensive income of associates	–	93
	<hr/>	<hr/>
Total comprehensive loss for the period	(13,052)	(24,739)
Loss attributable to:		
Equity holders of the Company	(11,169)	(24,396)
Non-controlling interests	–	(254)
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	(11,169)	(24,650)
Total comprehensive loss attributable to:		
Equity holders of the Company	(13,052)	(24,420)
Non-controlling interests	–	(319)
	<hr/>	<hr/>
	(13,052)	(24,739)
 Dividends	 7	 Nil
	<hr/>	<hr/>
Loss per share	5	
– Basic	(HK0.66 cents)	(HK1.84 cents)
– Diluted	(HK0.66 cents)	(HK1.84 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 Suite 2002, 2/F., United Centre, 95 Queensway, 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 and the provision of energy management business.

2. STATEMENT OF COMPLIANCE

These unaudited 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 unaudited 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 2016.

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	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Continuing operation:		
Sale of goods from:		
Supply chain management services business	5,444	1,461,447
Services income from:		
Energy Management business	—	—
	5,444	1,461,447
Discontinued operation:		
Services income from:		
Lightning electromagnetic pulse protection business	—	585
Turnover	5,444	1,462,032
Continuing operation:		
Interest income from available-for-sale financial assets	—	—
Interest income from bank deposits	1	115
Other revenue	1	115
Total turnover and revenue	5,445	1,462,147



Notes to the Financial Statements

4. INCOME TAX EXPENSES

Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purposes for the Period (2015: 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 (2015: Nil).

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	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss attributable to equity holders of the Company from continuing and discontinued operations	(11,169)	(24,396)
Loss attributable to equity holders of the Company from continuing operations	(11,169)	(21,734)
	Number of shares	
	2016	2015
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares in issue during the period	1,678,815,513	1,325,452,044

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 2015, dilutive loss per share was the same as basic loss per share as the Company had no dilutive potential ordinary shares.

Notes to the Financial Statements

6. RESERVES

Attributable to equity holders of the Company

	Attributable to equity holders of the Company					Sub-total (Unaudited) HK\$'000	Non- controlling interests (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
	Share premium (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Exchange reserve (Unaudited) HK\$'000	Statutory reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000			
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
At 1 April 2016	487,389	594,707	8,694	2,421	(782,237)	310,974	-	310,974
Loss for the period	-	-	-	-	(11,169)	(11,169)	-	(11,169)
<i>Items that may be reclassified subsequently to profit or loss</i>								
Other comprehensive loss								
Exchange difference on consolidation	-	-	(1,883)	-	-	(1,883)	-	(1,883)
Share of other comprehensive income of associate	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	(1,883)	-	(11,169)	(13,052)	-	(13,052)
At 30 June 2016	487,389	594,707	6,811	2,421	(793,406)	297,922	-	297,922

7. DIVIDENDS

The Directors do not recommend the payment of any dividend for the Period (2015: Nil).



REVIEW AND PROSPECT

OPERATIONAL REVIEW

Supply Chain Management and Related Services

The supply chain management service remains 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 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.

Money Lending Business

During the Period, the Group began to explore new opportunities to broaden its source of income and expand the business operations, e.g. the money lending business, in order to generate profits and return for the Group and the shareholders. The Group obtained a money lender license in Hong Kong under the Money Lenders Ordinance through the acquisition of a subsidiary in June 2016. The Group commenced the granting of loans to independent third parties during the Period.


Securities Investment Business

During the Period, the Group has also developed the investment business with a primary focus on listed securities in Hong Kong. The Group managed a portfolio of securities listed in Hong Kong and recorded an unrealised net loss on investments in listed securities of approximately HK\$784,000 during the Period (2015: Nil).

FINANCIAL REVIEW

After the completion of the various trading contracts, the turnover for the Group reduced significantly for the Period to approximately HK\$5,444,000 as compared to approximately HK\$1,462,032,000 for the corresponding period in 2015. The Group has continued to develop business relationship with its business partners and potential partners in the PRC in order to increase and explore new sources of income.

The Group recorded a decrease in gross profit to approximately HK\$208,000 in the Period as compared to approximately HK\$700,000 in the corresponding period in 2015. The Group will continue to control the material costs and explore new business opportunities 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\$11,169,000 as compared to HK\$24,650,000 in the corresponding period in 2015. The major component of the Group's expenses were rent and rates, salaries and payroll.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATION

As at 30 June 2016, 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 2016, so far as is known to any Directors, no persons had an interest or short position in the Shares or underlying Shares 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 5% 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.

SHAREHOLDERS' INTERESTS IN SECURITIES OF SIGNIFICANCE

As at 30 June 2016, no person is individually and/or collectively entitled to exercise or control the exercise of 5% or more of the voting power at the general meetings of the Company and are able, as a practicable manner, to direct or influence the management of the Company.



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 made specific enquiry with all the Directors, each of the Directors 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.



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 this First Quarterly Report 2016-2017 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.

By order of the board of
Sky Forever Supply Chain Management Group Limited
Chen Jiang
Chairman & Executive Director

Hong Kong, 10 August 2016

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