



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)

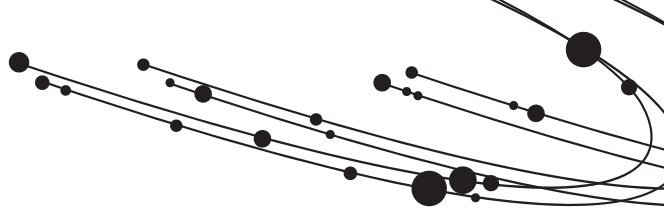
(Incorporated in Bermuda with limited liability)

Stock Code: 8047

2016-2017

Interim Report





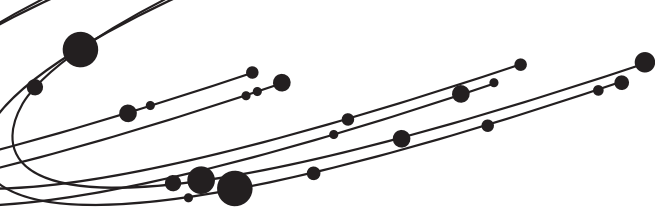
CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE “GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

The GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached other than 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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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 six months ended 30 September 2016 (the “Period”)

- Revenue from continuing operations of the Group was approximately HK\$103,600,000 as compared to the revenue of approximately HK\$1,724,826,000 recorded in the corresponding period in 2015.
- Loss of the Group was approximately HK\$26,000 (2015: loss of approximately HK\$45,045,000).
- Loss attributable to equity holders of the Company was approximately HK\$26,000 (2014: loss of approximately HK\$44,711,000).
- The Directors do not declare the payment of an interim dividend (2015: Nil).
- Loss per share of the Company was approximately HK0.002 cent (2015: loss per share of approximately HK3.32 cents).

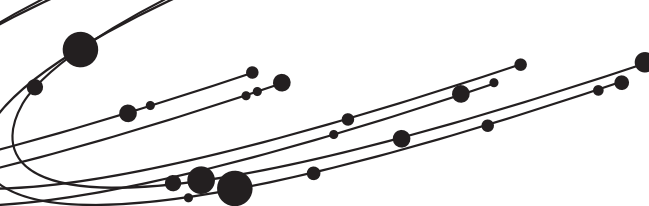
FINANCIAL RESULTS

The board of directors (the “Board” and “Directors” respectively) of Sky Forever Supply Chain Management Group Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (together, the “Group”) for the three months and six months ended 30 September 2016 together with the relevant comparative unaudited figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months and six months ended 30 September 2016

	Notes	For the six months ended 30 September		For the three months ended 30 September	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Continuing operations					
Revenue	3	103,600	1,724,826	98,156	263,379
Cost of goods sold		(98,643)	(1,716,977)	(93,406)	(255,940)
Gross profit		4,957	7,849	4,750	7,439
Other revenue	3	2	504	1	389
Other income	4	17	1,710	–	391
Selling and distribution costs		(2,771)	(8,179)	(31)	(3,220)
Administrative expenses		(23,584)	(41,051)	(15,366)	(22,101)
Net unrealised profit on financial assets at fair value through profit or loss		4,030	–	4,814	–
Share of results of associates		–	(1,183)	(157)	575
Gain on disposal of a subsidiary		194	–	194	–
Loss before taxation	6	(17,155)	(40,350)	(5,795)	(16,527)
Income tax expense	7	–	–	–	–



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) *(Continued)*

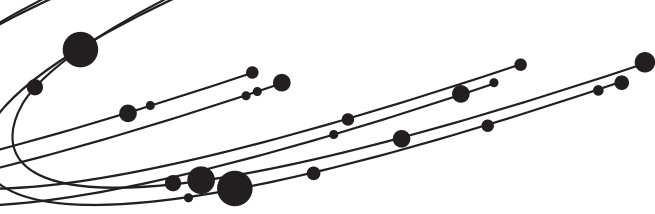
For the three months and six months ended 30 September 2016

	Notes	For the six months ended 30 September		For the three months ended 30 September	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Loss for the period from continuing operations		(17,155)	(40,350)	(5,795)	(16,527)
Discontinued operations	8				
Profit (Loss) for the period from discontinued operations		17,129	(4,695)	17,373	(3,868)
(Loss) Profit for the period		(26)	(45,045)	11,578	(20,395)
Other comprehensive income (loss) for the period, net of tax					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on consolidation		5,720	7	7,603	189
Share of other comprehensive income of associates – exchange differences on consolidation		-	(179)	-	(272)
Total comprehensive income (loss) for the period		5,694	(45,217)	19,181	(20,478)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) (Continued)

For the three months and six months ended 30 September 2016

	For the six months ended 30 September		For the three months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<i>Notes</i>				
(Loss) Profit for the period				
attributable to:				
Equity holders of the Company	(26)	(44,711)	11,578	(20,315)
Non-controlling interests	-	(334)	-	(80)
	(26)	(45,045)	11,578	(20,395)
Total comprehensive income (loss)				
attributable to:				
Equity holders of the Company	5,694	(44,832)	19,181	(20,412)
Non-controlling interests	-	(385)	-	(66)
	5,694	(45,217)	19,181	(20,478)
(Loss) Earnings per share				
From continuing and discontinued operations				
- Basic	HK\$(0.002) cent	HK(3.32) cents	HK\$0.65 cent	HK(1.49) cents
- Diluted	HK\$(0.002) cent	HK(3.32) cents	HK\$0.65 cent	HK(1.49) cents
From continuing operations				
- Basic	HK\$(0.99) cent	HK(3.00) cents	HK\$(0.33) cent	HK(1.21) cents
- Diluted	HK\$(0.99) cent	HK(3.00) cents	HK\$(0.33) cent	HK(1.21) cents



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

		As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment	11	4,442	5,559
Intangible assets		95	109
Interests in associates		–	–
Other assets		6,563	6,790
Goodwill	12	209	–
		<hr/> 11,309	<hr/> 12,458
Current assets			
Other assets		679	906
Inventories		11,378	10,018
Financial assets at fair value through profit or loss	13	64,653	–
Trade and other receivables	14	283,026	313,937
Bank balances and cash		9,389	7,444
		<hr/> 369,125	<hr/> 332,305
Current liabilities			
Trade and other payables	15	24,347	15,380
Tax payable		1,623	1,622
		<hr/> 25,970	<hr/> 17,002

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 September 2016

		As at 30 September 2016 (Unaudited) <i>HK\$'000</i>	As at 31 March 2016 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
Net current assets		343,155	315,303
Total assets less current liabilities		354,464	327,761
NET ASSETS		354,464	327,761
Capital and reserves			
Share capital	16	20,146	16,787
Reserves		334,318	310,974
Equity attributable to equity holders of the Company		354,464	327,761
Non-controlling interests		–	–
TOTAL EQUITY		354,464	327,761

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2016

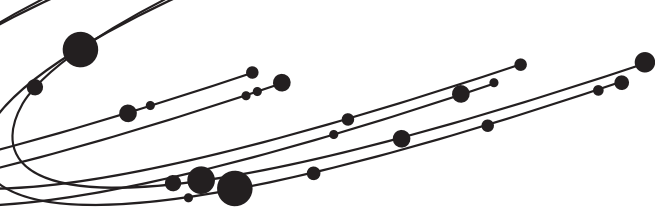
	Attributable to equity holders of the Company									
	Reserves							Non-controlling interests		
	Issued share capital	Share premium	Contributed surplus	Exchange reserve	Statutory reserve	Accumulated losses	Total reserves	Sub-total	Non-controlling interests	Total
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(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 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	-	-	-	-	-	(44,711)	(44,711)	(44,711)	(334)	(45,045)
Other comprehensive loss										
Items that may be reclassified subsequently to profit or loss										
-Exchange difference on consolidation	-	-	-	58	-	-	58	58	(51)	7
-Share of comprehensive loss of associates – exchange difference on consolidation	-	-	-	(179)	-	-	(179)	(179)	-	(179)
Total comprehensive loss for the period	-	-	-	(121)	-	(44,711)	(44,832)	(44,832)	(385)	(45,217)
Transactions with equity holders										
<i>Contributions and distributions</i>										
Issue of shares under placements	3,533	49,943	-	-	-	-	49,943	53,476	-	53,476
Disposal of subsidiaries	-	-	-	(180)	(91)	-	(271)	(271)	2,636	2,365
At 30 September 2015	16,787	487,389	594,707	8,826	2,421	(621,416)	471,927	488,714	-	488,714
At 1 April 2016	16,787	487,389	594,707	8,694	2,421	(782,237)	310,974	327,761	-	327,761
Loss for the period	-	-	-	-	-	(26)	(26)	(26)	-	(26)
Other comprehensive income										
Items that may be reclassified subsequently to profit or loss										
-Exchange difference on consolidation	-	-	-	5,720	-	-	5,720	5,720	-	5,720
Total Comprehensive income (loss) for the period	-	-	-	5,720	-	(26)	5,694	5,694	-	5,694
Transaction with equity holders										
<i>Contributions and distributions</i>										
Issue of shares under placement	3,359	29,197	-	-	-	-	29,197	32,556	-	32,556
Disposal of subsidiaries	-	-	-	(9,126)	(2,421)	-	(11,547)	(11,547)	-	(11,547)
At 30 September 2016	20,146	516,586	594,707	5,288	-	(782,263)	334,318	354,464	-	354,464

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

For the six months ended 30 September 2016

Continuing and discontinued operations

	For the six months ended 30 September 2016 (Unaudited) HK\$'000	For the six months ended 30 September 2015 (Unaudited) HK\$'000
NET CASH FROM (USED IN) OPERATING ACTIVITIES	10,042	(277,455)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	–	(6,008)
Disposal of subsidiaries	132	(1,101)
Purchase of financial assets at fair value through profit or loss	(40,305)	–
Proceeds from disposal of property, plant and equipment	8	–
Purchase of intangible assets	–	(4,022)
Acquisition of a subsidiary	(490)	–
Interest received, other than from loan receivables	2	504
NET CASH USED IN INVESTING ACTIVITIES	(40,653)	(10,627)
FINANCING ACTIVITIES		
Proceeds from issue of shares under placements	32,556	53,680
NET CASH FROM FINANCING ACTIVITIES	32,556	53,680



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED) *(Continued)*

For the six months ended 30 September 2016

Continuing and discontinued operations

	For the six months ended 30 September 2016 (Unaudited) HK\$'000	For the six months ended 30 September 2015 (Unaudited) HK\$'000
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,945	(234,402)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	7,444	281,246
CASH AND CASH EQUIVALENTS AT END OF PERIOD	9,389	46,844
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	9,389	46,844



Notes to the condensed consolidated financial statements

1. CORPORATE INFORMATION

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 ("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 Suite 2002, 2/F., United Centre, 95 Queensway, Hong Kong.

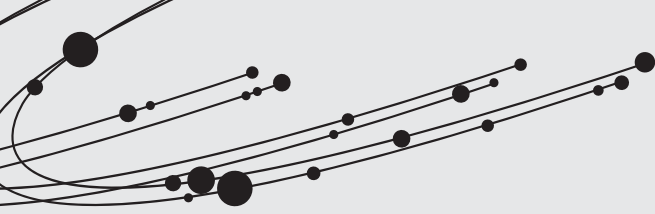
The principal activity of the Company is investment holding and the principal activities of its subsidiaries are supply chain management services and money lending business.

2. STATEMENT OF COMPLIANCE

The unaudited condensed consolidated interim financial statements for the Period have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM (the "GEM Listing Rules"). These financial statements are unaudited but have been reviewed by the Company's audit committee (the "Audit Committee").

These unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2016 and have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss, which were stated at fair value.

The accounting policies used in preparing these unaudited condensed consolidated interim financial statements are consistent with those used in the Group's audited consolidated financial statements for the year ended 31 March 2016, except for the adoption of the accounting policy for financial assets at fair value through profit or loss as follows.



2. STATEMENT OF COMPLIANCE *(Continued)*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. They are carried at fair value, with any resultant gain and loss recognised in profit or loss.

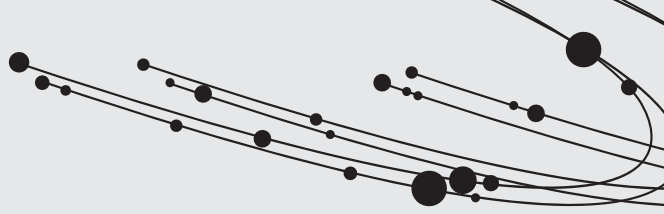
Financial assets are classified as held for trading if they are (i) acquired principally for the purpose of selling in the near future; (ii) part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or (iii) derivatives that are not financial guarantee contracts or not designated and effective hedging instruments.

Financial assets are designated at initial recognition as at fair value through profit or loss only if (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis; or (ii) they are part of a group of financial assets and / or financial liabilities that are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) they contain embedded derivatives that would need to be separately recorded.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

The adoption of the following new/revised Hong Kong Financial Reporting Standards (“HKFRSs”) that are relevant to the Group and effective from the current period had no significant effects on the financial performance and financial position of the Group for the current and prior periods.

Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Annual Improvements Project	2012-2014 Cycle



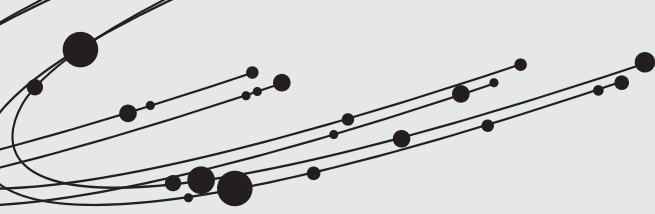
2. STATEMENT OF COMPLIANCE *(Continued)*

The Group has not early adopted any new/revised HKFRSs that have been issued but are not yet effective for the financial period beginning on 1 April 2016. The management does not anticipate that the adoption of these new/revised HKFRSs in future periods will have any material impact on the financial position, financial performance and cash flows of the Group.

3. REVENUE AND OTHER REVENUE

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

	For the six months ended 30 September		For the three months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Continuing operations				
Sales of goods	101,519	1,724,826	96,075	263,379
Interest income from loan receivables	2,081	–	2,081	–
	103,600	1,724,826	98,156	263,379
Discontinued operations				
Rendering of services	–	760	–	175
Revenue	103,600	1,725,586	98,156	263,554
Continuing operations				
Interest income	2	504	1	389
Other revenue	2	504	1	389
Total revenue and other revenue	103,602	1,726,090	98,157	263,943



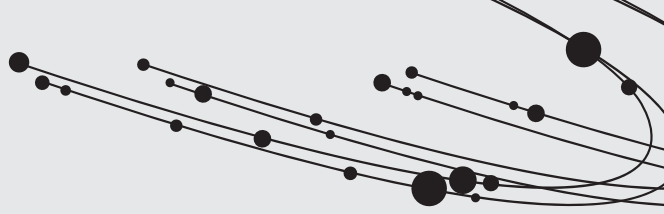
4. OTHER INCOME

	For the six months ended 30 September		For the three months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Sundry income	17	1,710	–	391

5. SEGMENT INFORMATION

The Group manages its businesses by individual companies, which are organised by a mixture of both business lines and geographical locations. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision makers, who are the Directors, for the purposes of resource allocation and performance assessment, the Group has presented the following reporting segments. No operating segments have been aggregated to form the following reporting segments:

- Supply chain management segment which provides services involving the planning and implementation of an integrated solution for the effective flow of business, logistic, information and funds;
- Money lending segment which provides money lending services;
- Energy management segment which provides energy and other resources management and conservation system and integrated solutions; and
- Lightning electromagnetic pulse segment which provides integrated solutions for lightning electromagnetic pulse protection and its related engineering design, construction and technical services.



5. SEGMENT INFORMATION *(Continued)*

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision makers monitor the results, assets and liabilities attributable to each reporting segment on the following bases:

Segment assets include all allocated assets with the exception of interest in associates and other corporate assets. Segment liabilities include trade and other payables attributable to the sales/service activities of the individual segments.

Revenue and expenses are allocated to the reporting segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments. However, assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

5. SEGMENT INFORMATION *(Continued)*

(b) Business segments

The following tables present revenue, results and certain assets, liabilities and expenditure information for the Group's business segments.

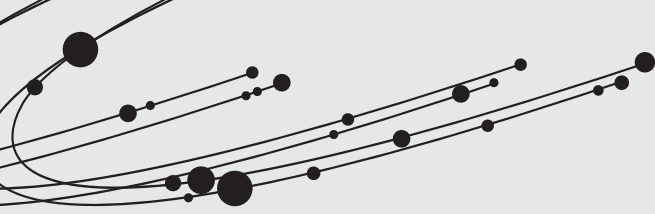
For the six months ended 30 September

	Continuing operations				Discontinued operations				Consolidated	
	Supply chain management services business		Money lending business		Energy management business		Lightning electromagnetic pulse business			
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Segment revenue										
Sale/Services to external customers	101,519	1,724,826	2,081	-	-	-	-	760	103,600	1,725,586
Segment results	1,373	(24,300)	1,873	-	(435)	(531)	-	(713)	2,811	(25,544)
Unallocated income									22,613	2,214
Unallocated expenses									(25,450)	(20,532)
Share of results of associates									-	(1,183)
Loss before taxation									(26)	(45,045)
Income tax expense									-	-
Loss for the period									(26)	(45,045)

5. SEGMENT INFORMATION *(Continued)*

(b) Business segments *(Continued)*

	Continuing operations				Discontinued operations				Consolidated	
	Supply chain management services business		Money lending business		Energy management business		Lightning electromagnetic pulse business			
	30 September 2016	31 March 2016	30 September 2016	31 March 2016	30 September 2016	31 March 2016	30 September 2016	31 March 2016	30 September 2016	31 March 2016
	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000
Assets and liabilities										
Segment assets	194,449	321,206	99,580	-	-	5,569	-	-	294,029	326,775
Unallocated assets including interests in associates									86,405	17,988
Consolidated total assets									380,434	344,763
Segment liabilities	5,114	3,708	291	-	-	8,101	-	-	5,405	11,809
Unallocated liabilities									20,565	5,193
Consolidated total liabilities									25,970	17,002



6. LOSS BEFORE TAXATION

The Group's loss before taxation from both continuing and discontinued operations is stated after charging (crediting) the following:

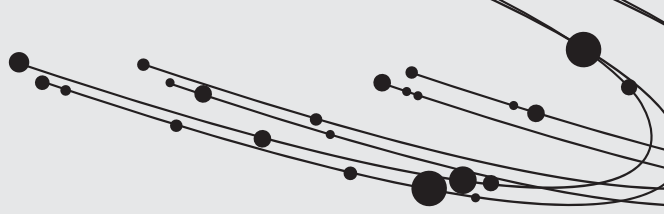
	For the six months ended 30 September		For the three months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
(Gain) Loss on disposal of subsidiaries	(17,758)	3,451	(17,758)	3,451
Loss on disposal of financial assets at fair value through profit or loss	12	–	12	–
Depreciation of property, plant and equipment	1,027	2,018	512	1,020
Amortisation of				
– intangible assets	6	6	3	3
– other assets	453	1,933	226	967

7. INCOME TAX EXPENSE

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 practices 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).



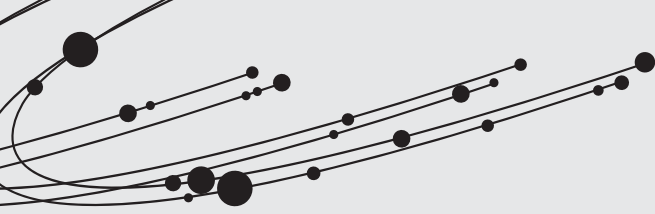
8. DISCONTINUED OPERATIONS

On 27 September 2016, Upper Power Limited, a wholly owned subsidiary of the Company, entered into and completed a sale and purchase agreement with an independent third party (the "Investor") pursuant to which Upper Power Limited sold the entire equity interest of Media Magic Technology Limited and its subsidiaries (collectively known as "Media Magic"), which is engaged in the energy management business, at a consideration of HK\$100,000 (the "Disposal"). Upon completion of the Disposal, the Group no longer has any equity interest in Media Magic.

Management considers that following the Disposal, the Group's control over Media Magic 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 periods ended 30 September 2016 and 2015 have been analysed as follows:

(a) Profit (Loss) for the period from discontinued operations

	For the six months ended 30 September 2016 (Unaudited) HK\$'000	For the six months ended 30 September 2015 (Unaudited) HK\$'000	For the three months ended 30 September 2016 (Unaudited) HK\$'000	For the three months ended 30 September 2015 (Unaudited) HK\$'000
Revenue	-	760	-	175
Cost of services rendered and cost of goods sold	(2)	(393)	(1)	(98)
	(2)	367	(1)	77
Other income	-	-	-	-
Selling and distribution costs	-	(94)	-	(22)
Administrative expenses	(433)	(1,517)	(190)	(472)



8. DISCONTINUED OPERATIONS *(Continued)*

(a) Profit (Loss) for the period from discontinued operations *(Continued)*

	For the six months ended 30 September 2016 (Unaudited) HK\$'000	For the six months ended 30 September 2015 (Unaudited) HK\$'000	For the three months ended 30 September 2016 (Unaudited) HK\$'000	For the three months ended 30 September 2015 (Unaudited) HK\$'000
Loss before taxation	(435)	(1,244)	(191)	(417)
Income tax expenses	-	-	-	-
Loss after taxation	(435)	(1,244)	(191)	(417)
Profit (Loss) on disposal of subsidiaries	17,564	(3,451)	17,564	(3,451)
Income tax related to loss on disposal of subsidiaries	-	-	-	-
Net profit (loss) attributable to discontinued operations	17,129	(4,695)	17,373	(3,868)
Profit (Loss) from discontinued operations attributable to:				
– Equity holders of the Company	17,129	(4,361)	17,373	(3,799)
– Non-controlling interests	-	(334)	-	(69)
	17,129	(4,695)	17,373	(3,868)

8. DISCONTINUED OPERATIONS *(Continued)*

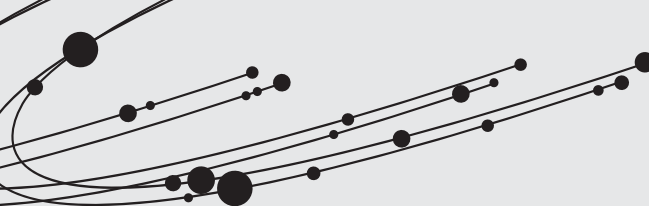
(b) The net cash outflows attributable to discontinued operations

	For the six months ended 30 September 2016 (Unaudited) HK\$'000	For the six months ended 30 September 2015 (Unaudited) HK\$'000
Net cash flows		
Operating activities	(672)	(1,186)
Investing activities	–	–
Financing activities	–	–
Total net cash outflows	(672)	(1,186)

9. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings 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:

	For the six months ended 30 September		For the three months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
(Loss) Profit attributable to equity holders of the Company from continuing and discontinued operations	(26)	(44,711)	11,578	(20,315)
Loss attributable to equity holders of the Company from continuing operations	(17,155)	(40,350)	(5,795)	(16,527)
Weighted average number of ordinary shares in issue during the period	1,724,684,365	1,346,213,563	1,770,054,643	1,366,749,413



9. (LOSS) EARNINGS PER SHARE *(Continued)*

The Company did not have any dilutive potential ordinary shares for the Period and the period ended 30 September 2015. Accordingly, the diluted loss per share is the same as basic loss per share.

10. DIVIDENDS

The Directors do not declare the payment of an interim dividend for the Period (2015: Nil).

11. PROPERTY, PLANT AND EQUIPMENT

During the Period, apart from addition relating to acquisition of a subsidiary, the Group has not acquired any property, plant and equipment (31 March 2016: approximately HK\$4,893,000).

12. GOODWILL

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
At cost less accumulated impairment losses		
At beginning of the reporting period	–	5,573
Acquisition of a subsidiary	209	–
Disposals	–	(5,573)
At end of the reporting period	209	–

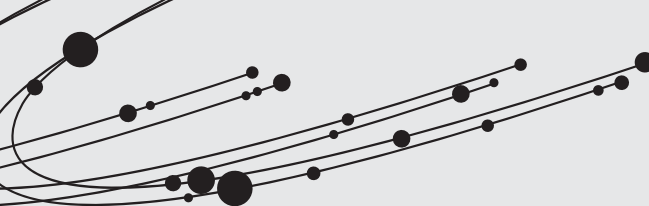
12. GOODWILL (Continued)

In June 2016, the Group acquired 100% equity interests in Global United Investment Consultants Limited (“Global United”), which is engaged in money lending business for an aggregate consideration of HK\$500,000. The following summarises the consideration paid and the identifiable assets acquired:

	(Unaudited) HK\$'000
Recognised amounts of identifiable assets acquired	
Property, plant and equipment	236
Deposits	45
Bank balances and cash	10
	<hr/>
Total identifiable net assets	291
Goodwill arising on acquisition	209
	<hr/>
Consideration, by cash	500
	<hr/>

The goodwill arising from the acquisition is attributable to the growth and profit potential as a result of benefiting from the money lending licence held by Global United and the money lending business in future. None of the goodwill recognised is expected to be deductible for income tax purposes.

Since acquisition, the acquired business has contributed revenue of HK\$2,081,000 and approximately HK\$1,873,000 to the profit of the Group. If the business combination effected during the period had been taken up at the beginning of the period, the consolidated revenue and loss of the Group would have been approximately HK\$103,600,000 and HK\$26,000 respectively.



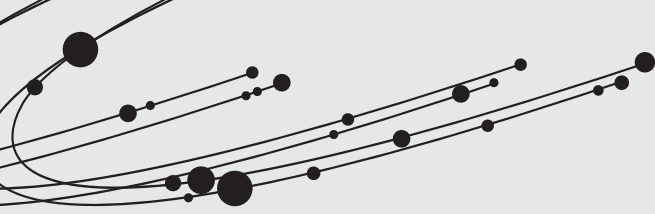
13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Equity securities-listed in Hong Kong	64,653	–

- (a) The fair value of listed equity securities is based on quoted market prices in active markets.
- (b) At the end of the reporting period, the Group has a margin facility of HK\$20,330,000 (31 March 2016: Nil) from a security broker, which is secured by the Group's financial assets at fair value through profit or loss with carrying amount of HK\$64,653,000 (31 March 2016: Nil). The facility has been fully utilised at 30 September 2016 (31 March 2016: Nil).

14. TRADE AND OTHER RECEIVABLES

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
<i>Note</i>		
Trade receivables from third parties	171,061	380,004
Allowance for bad and doubtful debts	(1,234)	(79,385)
	(a) 169,827	300,619
Loan receivables	(b) 97,000	–
Other receivables		
Prepayments	1,036	2,661
Deposits	5,000	2,629
Interest receivables	2,081	–
Other receivables	1,060	223
Other tax recoverable	7,022	7,520
Due from associates	–	285
	16,199	13,318
	283,026	313,937



14. TRADE AND OTHER RECEIVABLES *(Continued)*

- (a) The Group normally grants credit term of 90 days to its customers upon the delivery of products or when the services are rendered and invoices are issued. The aging of trade receivables (net of allowances of bad and doubtful debts) based on invoice date is as follows:

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Less than 90 days	110,908	–
91 – 180 days	–	35,657
181 – 270 days	–	261,999
271 – 365 days	–	1,010
Over 1 year	58,919	1,953
	169,827	300,619

- (b) Loan receivables, which are denominated in Hong Kong dollars, are repayable according to the repayment schedules agreed.

At end of the reporting period, loan receivables are unsecured, carry interest rates which varies from 6% to 24% per annum, and are repayable within one year. The loan receivables are not yet past due as at 30 September 2016. The loan receivables are not assessed to be impaired as there has not been a significant change in the debtor's credit quality and the Directors believe that the amounts are fully recoverable.

15. TRADE AND OTHER PAYABLES

		As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
	<i>Note</i>		
Trade payables	<i>(a)</i>	–	18
Other payables	<i>(b)</i>	24,347	15,362
		24,347	15,380

- (a) Included in trade and other payables are trade payable with the following aging analysis, based on invoice date:

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Less than 90 days	–	18

- (b) Other payables include the margin payable of approximately HK\$20,330,000 (31 March 2016: Nil) from the securities margin trading account, which bear interest at 8.25% per annum (31 March 2016: Nil).



16. SHARE CAPITAL

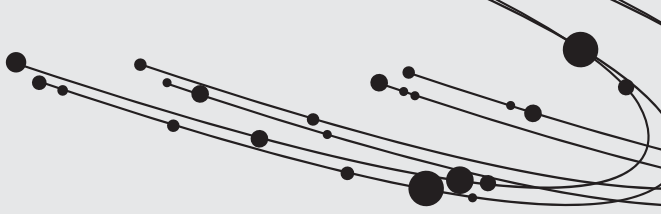
	Number of shares		Nominal value	
	30 September 2016 (Unaudited)	31 March 2016 (Audited)	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
<i>Authorised:</i>				
At beginning and at end of the period/year				
Ordinary shares of HK\$0.01 each	20,000,000,000	20,000,000,000	200,000	200,000
<i>Issued and fully paid:</i>				
At beginning of the period/year				
Ordinary shares of HK\$0.01 each	1,678,815,513	1,325,452,044	16,787	13,254
Issue of shares under placements	335,760,000	353,363,469	3,359	3,533
At the end of the period/year				
Ordinary shares of HK\$0.01 each	2,014,575,513	1,678,815,513	20,146	16,787

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in these financial statements on a recurring basis at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 13, Fair Value Measurement, with the fair value measurement categorised in its entirety based on the lowest level of input that is significant to the entire measurement.

The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;



17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(Continued)

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

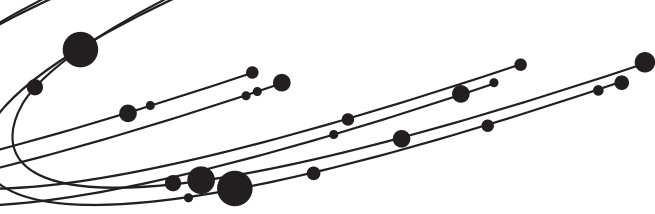
(a) Assets measured at fair value

	Level 1 As at 30 September 2016 (Unaudited) HK\$'000	Level 1 As at 31 March 2016 (Audited) HK\$'000
Financial assets at fair value through profit or loss		
Equity investments listed in Hong Kong	64,653	–

During the six months ended 30 September 2016 and 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(b) Financial assets and liabilities not measured at fair value

The carrying amounts of the financial assets and liabilities of the Group carried accounts at other than their fair value are not materially different from their fair values as at 30 September 2016 and 31 March 2016.



MANAGEMENT DISCUSSION AND ANALYSIS

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 small and medium-sized enterprises in various industries to minimise 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.

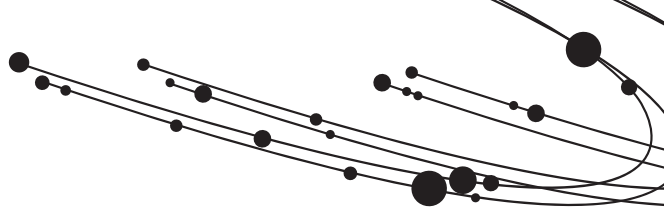
Money lending business

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. At the end of the reporting period, unsecured loans totalling HK\$97,000,000 were granted to 7 individuals and 3 corporations. Depending on the financial strength of the various lenders, the Group charged interest at rates which varied from 6% to 24% per annum. The Group regularly assessed the recoverability risk of its loan receivables portfolio to ensure that impairment loss, if any, would be made in a timely manner. During the Period, the Group generated interest income of HK\$2,081,000 from its money lending business which resulted in a profit of HK\$1,873,000.

Financial review

After the completion of the various trading contracts, the revenue for the Group reduced significantly for the Period to approximately HK\$103,600,000 as compared to approximately HK\$1,724,826,000 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 experienced substantial decreases in the service fee income from the energy management business, as a result, the Group disposed the energy management business during the Period.



The Group recorded a decrease in gross profit to approximately HK\$4,957,000 in the Period as compared with approximately HK\$7,849,000 in the corresponding period in 2015. However the gross profit margin improved from 0.46% in the corresponding period in 2015 to 4.78% in the Period. The Group will continue to control the material costs and explore new business so as to improve the gross profit of the Group.

During the reporting period, administrative expenses from continuing operation incurred by the Group were approximately HK\$23,584,000 (2015: approximately HK\$41,051,000). The major component of the Group's expenses were exchange losses, rent and rates, salaries and payroll. However, the Group recorded a gain on disposal of subsidiaries for the energy management business of approximately HK\$17,564,000 during the Period (2015: loss on disposal of subsidiaries for the lightning electromagnetic pulse business of HK\$3,451,000) from its discontinued operation. Overall, net loss attributable to equity holders of the Company for the Period amounted to approximately HK\$26,000 (2015: approximately HK\$44,711,000).

Outlook

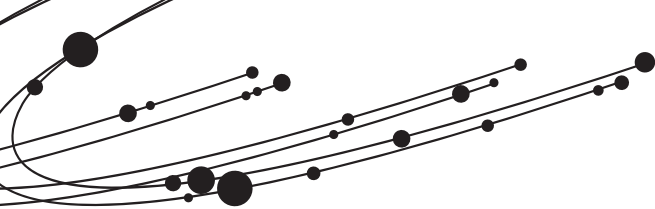
With the slow-down in the development of the PRC economy, the Group would try its best endeavour to further explore and enhance its business of supply chain management and broaden its customer base and geographic reach. The Group will continue to work with partners from different sectors to build a national 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, in particular, marine fishing business.

Liquidity, financial resources and capital structure

As at 30 September 2016, the Group had total assets of approximately HK\$380,434,000 (31 March 2016: approximately HK\$344,763,000), including bank balances and cash of approximately HK\$9,389,000 (31 March 2016: approximately HK\$7,444,000).

For the Period, the Group financed its operations mainly with its own working capital and there were no general banking facilities. Apart from the pledge of financial assets at fair value through profit or loss as security for the Group's margin facility, there was no charge on the Group's assets as at 30 September 2016 (31 March 2016: Nil).

As at 30 September 2016, the gearing ratio (defined as the ratio between total bank borrowings and total assets) was zero (31 March 2016: Nil). The Group had no bank borrowings as at 30 September 2016 (31 March 2016: Nil).



Placing of new shares

On 17 August 2016, a placing agreement (the “Placing Agreement”) was entered into between the Company and Kingston Securities Limited (the “Placing Agent”), pursuant to which the Company had conditionally agreed to place through the Placing Agent on a best effort basis, of up to 335,760,000 new shares (the “Placing Shares”) at HK\$0.10 per Placing Share (the “Placing”). On 6 September 2016, 335,760,000 Placing Shares were allotted and issued by the Company pursuant to the Placing Agreement.

The net proceeds arising from the Placing amounted to approximately HK\$32,556,000, net of expenses, which will be used as general working capital.

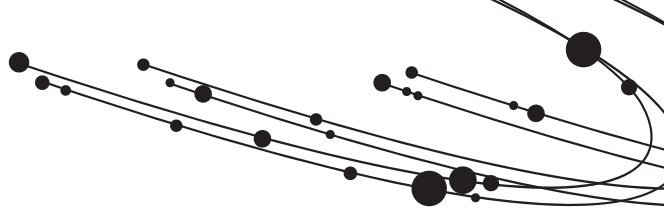
Please refer to the Company’s announcements dated 17 August 2016 and 6 September 2016 respectively for further details of the Placing.

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 minimise exposure to foreign exchange risks. As at 30 September 2016, the Group had no foreign exchange contracts, interests or currency swaps or other financial derivatives for hedging purposes.

Significant investment held and performance

As at 30 September 2016, the Group held investments in securities in Hong Kong (collectively, the “Investments”) with a market value of HK\$64,653,000 (31 March 2016: Nil), representing an investment portfolio of 9 (31 March 2016: Nil) listed securities in Hong Kong, which accounted for approximately 18% of the net assets of the Company. The Group recorded net unrealised fair value gain and a realised loss on disposal of HK\$4,030,000 and HK\$12,000 respectively (year ended 31 March 2016: Nil) in respect of investment in listed securities held for trading as at 30 September 2016. The unrealised gain was caused by the changes in market expectation and market performance from the PRC market and the global economy.



Material acquisitions and disposal of subsidiaries and affiliated companies

Save as disclosed 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

Save as disclosed above, the Group had no pledge of assets and contingent liability as at 30 September 2016 (31 March 2016: Nil).

Employees and remuneration policies

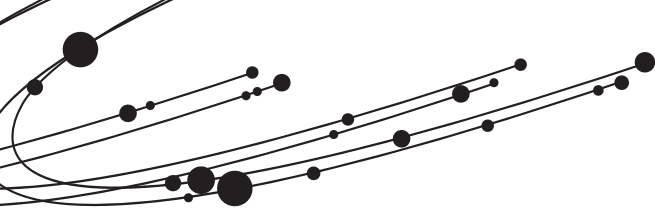
As at 30 September 2016, the Group had 34 (31 March 2016: 39) employees including the Directors. Total staff costs (excluding Directors' emoluments) amounted to approximately HK\$3,648,000 for the Period, as compared to approximately HK\$7,395,000 in the corresponding period in 2015. Remuneration is 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

Save as disclosed in the "Outlook" above, the Group has no future plans for material investments or capital assets in the coming year.

RISKS AND UNCERTAINTIES RELATING TO THE GROUP'S BUSINESS

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.



Market Risk

Market risk is the risk that deteriorates profitability or affects ability to meet business objectives arising from the movement in market prices. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Responsibility for managing operational risks basically rests with every function at divisional and departmental levels. Key functions in the Group are guided by their standard operating procedures, limits of authority and reporting framework. The management will identify and assess key operational exposures regularly so that appropriate risk response can be taken.

Investment Risk

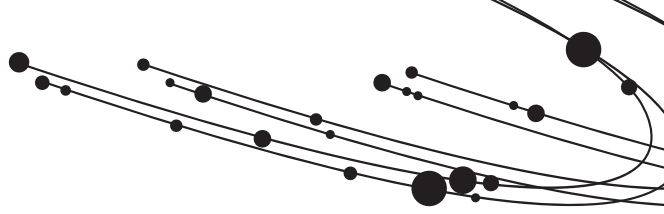
Investment risk can be defined as the likelihood of occurrence of losses relative to the expected return on any particular investment. Key concern of investment framework will be balancing risk and return across different investments, and thus risk assessment is a core aspect of the investment decision process. Proper authorisation system has been set up and detailed analysis will be made before approving investments. Regular updates on the progress of the investments of the Group would be submitted to the Board.

Manpower and Retention Risk

The Group may face the risk of not being able to attract and retain key personnel and talents with appropriate and required skills, experience and competence which would meet the business objectives of the Group. The Group will provide attractive remuneration package to suitable candidates and personnel.

Financial Risk

The Group's also faces financial risks including interest rate risk, foreign currency risk, credit risk and liquidity risk. Details of these financial risks are set out in annual report for the year ended 31 March 2016.



INTERIM DIVIDEND

The Directors do not declare the payment of an interim dividend for the Period (2015: Nil).

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

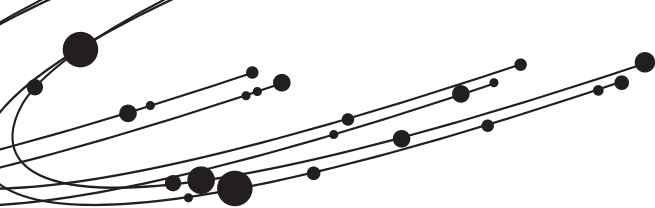
As at 30 September 2016, none of the Directors nor the chief executive of the Company ("Chief Executive") had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO") which 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 is 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 Directors to be notified to the Company and the Stock Exchange.

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

As at 30 September 2016, 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 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 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 shareholder	Capacity	Number of the ordinary shares held	Approximate percentage of issued share capital
Li Yi	Beneficial owner	400,000,000 (L)	19.86%

(L) denotes long position



Save as disclosed above, as at 30 September 2016, the Directors were 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.

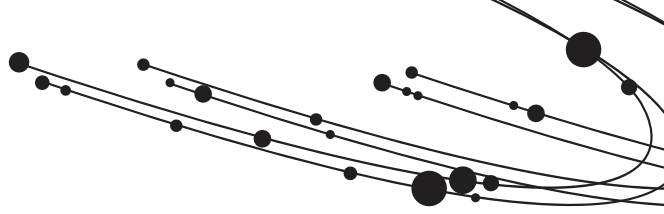
PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

CHANGES OF DIRECTORS' AND CHIEF EXECUTIVE'S INFORMATION

The changes of the Directors' and Chief Executive's information since the disclosure made in the Company's 2016-2017 first quarterly report dated 10 August 2016 were set out as follows:

- Mr. Liu Rongsheng has been appointed as an executive Director and Chairman of the Board on 7 September 2016.
- Dr. Chu Ping Hang has been appointed as an executive Director on 7 September 2016.
- Mr. Chen Jiang has resigned as the Chairman of the Board and has been appointed as Chief Executive Officer on 7 September 2016.
- Mr. Wu Zhinan has resigned as an executive Director on 14 September 2016.
- Mr. Gan Weiming has been appointed as an executive Director on 14 September 2016.
- Mr. Liu Weiliang has resigned as an independent non-executive Director and a member of each of the audit committee, the remuneration committee and the nomination committee on 14 September 2016.
- Ms. Li Yuen Fong, Michelle has been appointed as an independent non-executive Director and a member of each of the audit committee, the remuneration committee and nomination committee on 14 September 2016.



DIRECTORS' INTERESTS IN COMPETING INTERESTS

During the Period, 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.

CODE OF CONDUCT REGARDING DIRECTOR'S SECURITIES TRANSACTIONS

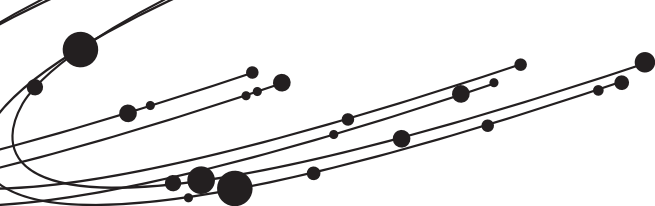
The Company has adopted a code of conduct regarding Director's securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having been made a specific enquiry by the Company, each of them confirmed that he/she had complied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

CORPORATE GOVERNANCE CODE

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.

CHANGE OF COMPANY NAME

On 21 September 2016, the Board proposed to change the English name of the Company from "Sky Forever Supply Chain Management Group Limited" to "China Ocean Fishing Holdings Limited" and adopt the Chinese name "中國海洋捕撈控股有限公司" as the secondary name of the Company to replace its existing secondary name in Chinese "宇恒供應鏈集團有限公司". A special resolution has been passed by the shareholders of the Company at the special general meeting of the Company on 18 October 2016. The Company has obtained a certificate of incorporation on change of name from the Registrar of Companies in Bermuda on 31 October 2016. The Company has carried out the necessary filing procedures with the Companies Registry in Hong Kong. The Company will make further announcement on the effective date of the change of company name.



AUDIT COMMITTEE

The Audit Committee was established in October 2001 with written terms of reference in compliance with the GEM Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. As at 30 September 2016, the Audit Committee comprised three independent non-executive Directors, namely Mr. CHUI Man Lung, Everett, Ms. LI Mei and Ms. Li Yuen Fong, Michelle. The chairman of the Audit Committee was Mr. CHUI Man Lung, Everett.

The unaudited condensed consolidated financial statements of the Group for the Period have been reviewed by the Audit Committee, which is of the opinion that such statements comply with the applicable accounting standards, requirements of the GEM Listing Rules and any other applicable laws and that adequate disclosures have been made.

By order of the Board
Sky Forever Supply Chain Management Group Limited
Liu Rongsheng
Chairman and Executive Director

Hong Kong, 11 November 2016

As at the date of this report, the executive Directors are Mr. Liu Rongsheng, Mr. Chen Jiang, Ms. Huang He, Dr. Chu Ping Hang and Mr. Gan Weiming and the independent non-executive Directors are Mr. Chui Man Lung Everett, Ms. Li Mei and Ms. Li Yuen Fong, Michelle.