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)**

# ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2015

## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE (THE "GEM")

**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.**

*This announcement, for which the directors of Sky Forever Supply Chain Management Group Limited for the financial year ended 31 March 2015 (the "Directors" and the "Company", 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## FINANCIAL RESULTS

The board of Directors (the "Board") of Sky Forever Supply Chain Management Group Limited (the "Company") hereby announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2015 (the "Year") together with the comparative figures for the corresponding year in 2014 as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*Year ended 31 March 2015*

| | *Note* | **2015** *HK$'000* | 2014 *HK$'000* |
|---|---|---|---|
| **Continuing operations** | | | |
| **Turnover** | 5 | **1,640,061** | 13,022 |
| Cost of services rendered and cost of goods sold | | **(1,630,883)** | (11,441) |
| Gross profit | | **9,178** | 1,581 |
| Other revenue | 5 | **553** | 621 |
| Other income | 6 | **1,707** | 120 |
| Selling and distribution costs | | **(5,275)** | (6,017) |
| Administrative expenses | | **(62,765)** | (23,271) |
| Other operating expenses | | **(4,070)** | (19,731) |
| Share of results of associates | | **(1,523)** | (12,255) |
| **Loss before taxation from continuing operations** | 7 | **(62,195)** | (58,952) |
| Income tax expenses | 8 | **–** | (14) |
| **Loss for the year from continuing operations** | | **(62,195)** | (58,966) |
| **Discontinued operations** | | | |
| Profit (Loss) for the year from discontinued operations | 12 | **920** | (20,710) |
| **Loss for the year** | | **(61,275)** | (79,676) |
| **Other comprehensive income (loss) for the year:** | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | |
| Exchange differences on consolidation | | **165** | 418 |
| Share of other comprehensive (loss) income of associates | | **(312)** | 732 |
| | | **(147)** | 1,150 |
| **Total comprehensive loss for the year** | | **(61,422)** | (78,526) |

| | Note | **2015** | 2014 |
|---|---|---|---|
| | | ***HK$'000*** | *HK$'000* |
| **Loss attributable to:** | | | |
| Equity holders of the Company | | **(59,185)** | (76,292) |
| Non-controlling interests | | **(2,090)** | (3,384) |
| | | **(61,275)** | (79,676) |
| **Total comprehensive loss attributable to:** | | | |
| Equity holders of the Company | | **(59,212)** | (75,430) |
| Non-controlling interests | | **(2,210)** | (3,096) |
| | | **(61,422)** | (78,526) |
| **Loss per share** | 11 | | *(restated)* |
| From continuing and discontinued operations | | | |
| Basic | | **(HK10.15 cents)** | (HK17.56 cents) |
| Diluted | | **(HK10.15 cents)** | (HK17.56 cents) |
| From continuing operations | | | |
| Basic | | **(HK10.30 cents)** | (HK13.14 cents) |
| Diluted | | **(HK10.30 cents)** | (HK13.14 cents) |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*At 31 March 2015*

| | Note | 2015 HK$'000 | 2014 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **13,747** | 1,209 |
| Intangible assets | | **10,877** | – |
| Available-for-sale financial assets | | **–** | 12,450 |
| Interests in associates | | **9,104** | 10,939 |
| Other assets | | **8,675** | – |
| Goodwill | | **5,573** | 10,808 |
| | | **47,976** | 35,406 |
| **Current assets** | | | |
| Available-for-sale financial assets | | **–** | 2,564 |
| Other assets | | **1,025** | – |
| Trade and other receivables | 13 | **489,634** | 57,263 |
| Bank balances and cash | | **281,246** | 86,675 |
| | | **771,905** | 146,502 |
| **Current liabilities** | | | |
| Trade and other payables | 14 | **337,394** | 23,907 |
| Tax payable | | **1,928** | 2,249 |
| | | **339,322** | 26,156 |
| **Net current assets** | | **432,583** | 120,346 |
| **Total assets less current liabilities** | | **480,559** | 155,752 |
| **Non-current liabilities** | | | |
| Loan from a director | | **2,469** | 2,564 |
| | | **2,469** | 2,564 |
| **NET ASSETS** | | **478,090** | 153,188 |
| **Capital and reserves** | | | |
| Share capital | | **13,254** | 4,418 |
| Reserves | | **467,087** | 147,594 |
| Equity attributable to equity holders of the Company | | **480,341** | 152,012 |
| Non-controlling interests | | **(2,251)** | 1,176 |
| **TOTAL EQUITY** | | **478,090** | 153,188 |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*Year ended 31 March 2015*

| | Attributable to equity holders of the Company | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Reserves | | | | | | | | | |
| | **Share capital** *HK$'000* | **Share premium** *HK$'000* | **Contributed surplus** *HK$'000* | **Exchange reserve** *HK$'000* | **Warrant reserve** *HK$'000* | **Statutory reserve** *HK$'000* | **Accumulated losses** *HK$'000* | **Total reserves** *HK$'000* | **Subtotal** *HK$'000* | **Non-controlling interests** *HK$'000* | **Total** *HK$'000* |
| At 1 April 2013 | 33,387 | 55,357 | 485,118 | 8,428 | 240 | 2,438 | (441,394) | 110,187 | 143,574 | 4,272 | 147,846 |
| Loss for the year | – | – | – | – | – | – | (76,292) | (76,292) | (76,292) | (3,384) | (79,676) |
| **Other comprehensive income** | | | | | | | | | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | | | | | | | | | |
| Exchange differences on consolidation | – | – | – | 130 | – | – | – | 130 | 130 | 288 | 418 |
| Share of other comprehensive income of associates | – | – | – | 732 | – | – | – | 732 | 732 | – | 732 |
| Total comprehensive income (loss) for the year | – | – | – | 862 | – | – | (76,292) | (75,430) | (75,430) | (3,096) | (78,526) |
| **Transactions with equity holders** | | | | | | | | | | | |
| *Contributions and distributions* | | | | | | | | | | | |
| Expiry of unlisted warrants | – | – | – | – | (240) | – | 240 | – | – | – | – |
| Issue of shares upon placing in April 2013 | 3,495 | 21,039 | – | – | – | – | – | 21,039 | 24,534 | – | 24,534 |
| Capital reduction and share consolidation | (33,194) | (76,395) | 109,589 | – | – | – | – | 33,194 | – | – | – |
| Issue of shares upon placing in September 2013 | 320 | 25,750 | – | – | – | – | – | 25,750 | 26,070 | – | 26,070 |
| Issue of shares upon top-up placing | 410 | 32,854 | – | – | – | – | – | 32,854 | 33,264 | – | 33,264 |
| Transfer of statutory reserve | – | – | – | – | – | 74 | (74) | – | – | – | – |
| | (28,969) | 3,248 | 109,589 | – | (240) | 74 | 166 | 112,837 | 83,868 | – | 83,868 |
| At 31 March 2014 | 4,418 | 58,605 | 594,707 | 9,290 | – | 2,512 | (517,520) | 147,594 | 152,012 | 1,176 | 153,188 |

| | Attributable to equity holders of the Company | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Reserves | | | | | | | | | |
| | **Share capital** *HK$'000* | **Share premium** *HK$'000* | **Contributed surplus** *HK$'000* | **Exchange reserve** *HK$'000* | **Warrant reserve** *HK$'000* | **Statutory reserve** *HK$'000* | **Accumulated losses** *HK$'000* | **Total reserves** *HK$'000* | **Subtotal** *HK$'000* | **Non-controlling interests** *HK$'000* | **Total** *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 year | **–** | **–** | **–** | **–** | **–** | **–** | **(59,185)** | **(59,185)** | **(59,185)** | **(2,090)** | **(61,275)** |
| **Other comprehensive income (loss)** | | | | | | | | | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | | | | | | | | | |
| Exchange differences on consolidation | **–** | **–** | **–** | **285** | **–** | **–** | **–** | **285** | **285** | **(120)** | **165** |
| Share of other comprehensive loss of associates | **–** | **–** | **–** | **(312)** | **–** | **–** | **–** | **(312)** | **(312)** | **–** | **(312)** |
| Total comprehensive loss for the year | **–** | **–** | **–** | **(27)** | **–** | **–** | **(59,185)** | **(59,212)** | **(59,212)** | **(2,210)** | **(61,422)** |
| **Transactions with equity holders** | | | | | | | | | | | |
| *Contributions and distributions* | | | | | | | | | | | |
| Issue of shares upon rights issues | **8,836** | **378,841** | **–** | **–** | **–** | **–** | **–** | **378,841** | **387,677** | **–** | **387,677** |
| *Changes in ownership interest* | | | | | | | | | | | |
| Disposal of subsidiaries | **–** | **–** | **–** | **(136)** | **–** | **–** | **–** | **(136)** | **(136)** | **(1,217)** | **(1,353)** |
| | **8,836** | **378,841** | **–** | **(136)** | **–** | **–** | **–** | **378,705** | **387,541** | **(1,217)** | **386,324** |
| **At 31 March 2015** | **13,254** | **437,446** | **594,707** | **9,127** | **–** | **2,512** | **(576,705)** | **467,087** | **480,341** | **(2,251)** | **478,090** |

*Notes:*

1. **CORPORATE INFORMATION**

Sky Forever Supply Chain Management Group Limited (formerly known as Rising Power Group Holdings Limited) is incorporated in Bermuda on 7 June 2001 as an exempted company with limited liability under the Bermuda Companies Act of 1981. The Company's shares are listed on the GEM. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is located at Room 601, 6/F., China Building, 29 Queen's Road Central, Hong Kong.

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

2. **STATEMENT OF COMPLIANCE**

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure requirements under the GEM Listing Rules.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2014 consolidated financial statements except for the adoption of certain new/revised HKFRSs that are relevant to the Group and effective from the current year as detailed in note 3 in this announcement.

## 3. ADOPTION OF NEW/REVISED HKFRSs

**Amendments to HKAS 32: Presentation – Offsetting Financial Assets and Financial Liabilities**

The amendments to HKAS 32 clarify the requirements for offsetting financial instruments. These amendments do not have an impact on the consolidated financial statements as they are consistent with the policies already adopted by the Group.

**Amendments to HKAS 36: Recoverable Amount Disclosures for Non-Financial Assets**

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, additional information is required to be disclosed when the recoverable amount of impaired assets is based on fair value less costs of disposal. These amendments do not have an impact on the consolidated financial statements.

**Future changes in HKFRSs**

At the date of authorisation of these consolidated financial statements, the HKICPA has issued a number of new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

| | |
|---|---|
| Amendments to HKAS 19 (2011) | Defined Benefit Plans – *Employee Contributions* [1] |
| Various HKFRSs | Annual Improvements Project – *2010-2012 Cycle* [2] |
| Various HKFRSs | Annual Improvements Project – *2011-2013 Cycle* [2] |
| Amendments to HKAS 1 | *Disclosure Initiative* [3] |
| Amendments to HKAS 16 and HKAS 38 | *Clarification of Acceptable Methods of Depreciation and Amortisation* [3] |
| Amendments to HKAS 16 and HKAS 41 | *Agriculture: Bearer Plants* [3] |
| Amendments to HKAS 27 (2011) | *Equity Method in Separate Financial Statement* [3] |
| Amendments to HKAS 28 (2011) and HKFRS 10 | *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [3] |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011) | *Investment Entities: Applying the Consolidation Exception* [3] |
| Amendments to HKFRS 11 | *Accounting for Acquisition of Interests in Joint Operations* [3] |
| HKFRS 14 | *Regulatory Deferred Accounts* [3] |
| Various HKFRSs | *Annual Improvements Project – 2012-2014 Cycle* [4] |
| HKFRS 15 | *Revenue from Contracts with Customers* [5] |
| HKFRS 9 (2014) | *Financial Instruments* [6] |

[1] Effective for annual periods beginning on or after 1 July 2014
[2] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
[3] Effective for annual periods beginning on or after 1 January 2016
[4] Effective for annual periods beginning on or after 1 January 2016, with limited exceptions
[5] Effective for annual periods beginning on or after 1 January 2017
[6] Effective for annual periods beginning on or after 1 January 2018

The Group does not anticipate that the adoption of these new HKFRSs in future periods will have any material impact on the results of the Group.

## 4. SEGMENTAL 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 of the Company, 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;

– Lightning electromagnetic pulse segment which provides integrated solutions for lightning electromagnetic pulse protection and its related engineering design, construction and technical services; and

– Energy management segment which provides energy and other resources management and conservation system and integrated solutions.

### (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 available-for-sale financial assets and other corporate assets. Segment liabilities include trade and other payables attributable to the sales / service activities of the individual segment.

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.

Information regarding the Group's reporting segments as provided to the Group's chief operating decision makers for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2015 and 2014 is set out below.

*Continuing operations*

| | Supply chain management services business | | Lightning electromagnetic pulse protection business | | Energy management business | | Consolidated | |
|---|---|---|---|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| **Segment revenue** | | | | | | | | |
| Sale of goods to external customers | **1,630,379** | – | **–** | – | **–** | – | **1,630,379** | – |
| Service fees from external customers | **557** | – | **7,203** | 3,548 | **1,922** | 9,474 | **9,682** | 13,022 |
| | **1,630,936** | – | **7,203** | 3,548 | **1,922** | 9,474 | **1,640,061** | 13,022 |
| **Segment results** | **(13,880)** | – | **(3,715)** | (4,123) | **(1,293)** | (4,440) | **(18,888)** | (8,563) |
| Loss on disposal of available-for-sale financial assets | **–** | – | **–** | – | **–** | – | **(70)** | – |
| Impairment loss of goodwill | **–** | – | **(4,000)** | (13,900) | **–** | – | **(4,000)** | (13,900) |
| Unallocated income | | | | | | | **2,008** | 695 |
| Unallocated expenses | | | | | | | **(39,722)** | (24,929) |
| Share of results of associates | | | | | | | **(1,523)** | (12,255) |
| **Loss before taxation** | | | | | | | **(62,195)** | (58,952) |
| Income tax expenses | | | | | | | **–** | (14) |
| **Loss for the year from continuing operations** | | | | | | | **(62,195)** | (58,966) |
| **Assets and liabilities** | | | | | | | | |
| Segment assets | **560,088** | – | **13,859** | 17,600 | **8,670** | 8,244 | **582,617** | 25,844 |
| Assets relating to discontinued operations | **–** | – | **–** | – | **–** | 13,186 | **–** | 13,186 |
| Unallocated assets, including interests in associates | | | | | | | **237,264** | 142,878 |
| Consolidated total assets | | | | | | | **819,881** | 181,908 |
| Segment liabilities | **318,984** | – | **6,685** | 6,482 | **10,068** | 7,090 | **335,737** | 13,572 |
| Liabilities relating to discontinued operations | **–** | – | **–** | – | **–** | 9,553 | **–** | 9,553 |
| Unallocated liabilities | | | | | | | **6,054** | 5,595 |
| Consolidated total liabilities | | | | | | | **341,791** | 28,720 |
| **Other segment information** | | | | | | | | |
| Amortisation of intangible assets | **–** | – | **–** | – | **–** | – | **4** | – |
| Amortisation of other assets | **–** | – | **–** | – | **–** | – | **545** | – |
| Depreciation | **13** | – | **66** | 44 | **232** | 172 | **2,895** | 383 |
| Additions to non-current assets | **10,923** | – | **–** | 233 | **–** | 90 | **37,198** | 323 |
| Research and development costs | **–** | – | **1,798** | – | **–** | 2,110 | **1,798** | 2,110 |
| Impairment loss of intangible assets | **–** | – | **–** | – | **–** | – | **–** | 831 |
| Impairment loss of deposits paid | **–** | – | **–** | – | **–** | – | **–** | 5,000 |

**(b) Geographical information**

The Group's operations are primarily derived from external customers located in Hong Kong and the People's Republic of China (the "PRC"). The following table provides an analysis of the Group's revenue from external customers by geographical market and information about the non-current assets by locations of assets:

| | **Revenue from external customers** | | **Carrying amounts of non-current assets** | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Hong Kong | **783,543** | – | **21,583** | – |
| PRC | **856,518** | 13,022 | **26,393** | 22,956 |
| | **1,640,061** | 13,022 | **47,976** | 22,956 |

**(c) Information about major customers**

For the Year, three customers (2014: one customer) that individually accounted for over 10% of total revenue for continuing operations of the Group are set out below:

| | **Supply chain management services business** | | **Lightning electromagnetic pulse protection business** | | **Energy management business** | | **Consolidated** | |
|---|---|---|---|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Customer A | **698,736** | – | **–** | – | **–** | – | **698,736** | – |
| Customer B | **342,306** | – | **–** | – | **–** | – | **342,306** | – |
| Customer C | **166,744** | – | **–** | – | **–** | – | **166,744** | – |
| Customer D | **N/A** | N/A | **N/A** | 2,429 | **N/A** | 8,865 | **N/A** | 11,294 |
| | **1,207,786** | – | **–** | 2,429 | **–** | 8,865 | **1,207,786** | 11,294 |

5. **TURNOVER AND REVENUE**

An analysis of the Group's turnover and revenue during the Year for continuing operations is as follows:

| | **2015** | 2014 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Sale of goods from: | | |
| Supply chain management services business | **1,630,379** | – |
| Service fees from: | | |
| Lightning electromagnetic pulse protection business | **7,203** | 3,548 |
| Energy management business | **1,922** | 9,474 |
| Supply chain management services business | **557** | – |
| **Turnover** | **1,640,061** | 13,022 |
| Interest income from bank deposits | **230** | 576 |
| Interest income from available-for-sale financial assets | **223** | 45 |
| Interest income from other receivables | **100** | – |
| **Other revenue** | **553** | 621 |
| **Total turnover and revenue** | **1,640,614** | 13,643 |

6. **OTHER INCOME**

| | **2015** | 2014 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Sundry income | **328** | 120 |
| Waiver of amount due to an ex-shareholder of subsidiaries | **1,379** | – |
| | **1,707** | 120 |

## 7. LOSS BEFORE TAXATION

Loss before taxation from both continuing and discontinued operations is stated after charging (crediting):

| | **2015** | 2014 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Employee benefit expenses (including directors' remuneration)** | | |
| Salaries, allowances and benefits in kind | **16,190** | 8,933 |
| Contribution to defined contribution schemes | **705** | 964 |
| | **16,895** | 9,897 |
| **Other items** | | |
| Amortisation of intangible assets | **4** | – |
| Amortisation of other assets | **545** | – |
| Auditor's remuneration | **950** | 630 |
| Cost of services rendered (including relevant employee benefit expenses and depreciation) | **8,954** | 12,340 |
| Cost of goods sold | **1,621,976** | – |
| Depreciation of property, plant and equipment | **2,895** | 383 |
| Exchange loss (gain), net | **3,026** | (272) |
| Loss on disposal of available-for-sale financial assets | **70** | – |
| Impairment loss of deposits paid * | **–** | 5,000 |
| Impairment loss of goodwill * | **4,000** | 31,500 |
| Impairment loss of intangible assets * | **–** | 831 |
| Operating lease payments for premises | **5,556** | 862 |
| Research and development costs | **1,798** | 2,110 |
| Sponsorship fee on naming right over a football team | **2,073** | – |
| Write-off of property, plant and equipment | **409** | – |

* Included in other operating expenses

## 8. INCOME TAX EXPENSES

Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purposes for the years ended 31 March 2015 and 2014.

The income tax provision in respect of operations in the PRC is calculated at the applicable tax rates on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof.

| | **2015** | 2014 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Continuing operations** | | |
| **Current tax** | | |
| PRC enterprise income tax, current year | **–** | 14 |
| **Discontinued operations** | | |
| **Current tax** | | |
| PRC enterprise income tax, current year | **–** | – |
| **Total income tax expenses from continuing and discontinued operations** | **–** | 14 |

**Reconciliation of effective tax rate from continuing operations**

| | **2015** | 2014 |
|---|---|---|
| | ***%*** | *%* |
| Applicable tax rate | **(17.1)** | (17.9) |
| Share of results of associates | **0.4** | 3.4 |
| Non-deductible expenses | **14.5** | 10.2 |
| Non-taxable revenue | **(1.3)** | (0.2) |
| Unrecognised tax losses | **4.5** | 3.7 |
| Utilisations of previously unrecognised tax losses | **(0.4)** | – |
| Other | **(0.6)** | 0.8 |
| Effective tax rate for the year | **–** | – |

The applicable tax rate is the weighted average of tax rates prevailing in the territories in which the Group's entities operate.

## 9. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company for the Year includes a loss of HK$73,769,000 (2014: HK$76,653,000) which has been dealt with in the financial statements of the Company.

## 10. DIVIDENDS

The Directors do not recommend the payment of a dividend for the Year (2014: Nil).

## 11. 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 Year as follows:

| | **2015** | 2014 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Loss attributable to equity holders of the Company from continuing and discontinued operations | **(59,185)** | (76,292) |
| Loss attributable to equity holders of the Company from continuing operations | **(60,052)** | (57,104) |

| | **Number of shares** | |
|---|---|---|
| | **2015** | 2014 |
| | | *(restated)* |
| Weighted average number of ordinary shares in issue during the year | **583,046,276** | 434,506,879 |

The basic loss per share for 2014 has been restated to reflect the bonus element of rights issue of shares completed in February 2015.

The Company had no dilutive potential ordinary shares for the years ended 31 March 2015 and 2014. Accordingly, the diluted loss per share is the same as basic loss per share.

## 12. DISCONTINUED OPERATIONS

On 18 July 2014, Upper Power Limited, a direct wholly-owned subsidiary of the Company, entered into a sales and purchase agreement with an independent third party (the "investor") pursuant to which Upper Power Limited sold the entire equity interest of Beaming Investments Limited ("Beaming") to the investor at a consideration of HK$3,000,000 (the "Disposal"). Upon completion of the Disposal on 1 August 2014, the Group no longer has any equity interest in Beaming.

Beaming and its subsidiaries, Viva Champion Limited and its subsidiaries, are engaged in the provision of energy and other resources management and conservation system and integrated solutions to optimise usage for enterprise, including the telecommunication operators in the PRC.

Management considers that following the Disposal, the Group's control over Beaming had been discontinued. Since the operation and cash flow of Beaming were clearly distinguished, operationally and for financial reporting purposes, and represented a separate major line of business under the segment of energy management business, it constituted discontinued operations. The results and cash flows of Beaming under the discontinued operations for the period from 1 April 2014 to 1 August 2014 included in the consolidated statement of comprehensive income for the Year are as follows:

### (a) Profit (Loss) for the year from discontinued operations

| | **2015** | 2014 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Turnover | **2,066** | 1,833 |
| Cost of services rendered and cost of goods sold | **(47)** | (899) |
| | **2,019** | 934 |
| Selling and distribution costs | **(1,179)** | (667) |
| Administrative expenses | **(726)** | (3,377) |
| Other operating expenses | **–** | (17,600) |
| Profit (Loss) before taxation | **114** | (20,710) |
| Income tax expenses | **–** | – |
| Profit (Loss) after taxation | **114** | (20,710) |
| Gain on disposal of subsidiaries | **806** | – |
| Income tax related to gain on disposal of subsidiaries | **–** | – |
| Net profit (loss) attributable to discontinued operations | **920** | (20,710) |

(b) **Net cash (outflows) inflows attributable to discontinued operations**

| | 2015 | 2014 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Net cash flows | | |
| Operating activities | **(114)** | 176 |
| Investing activities | **(12)** | (90) |
| Total net cash (outflows) inflows | **(126)** | 86 |

## 13. TRADE AND OTHER RECEIVABLES

| | | 2015 | 2014 |
|---|---|---|---|
| | *Note* | *HK$'000* | *HK$'000* |
| **Trade receivables from third parties** | | **458,033** | 103,352 |
| Allowance for bad and doubtful debts | (ii) | **(78,405)** | (85,065) |
| | (i) | **379,628** | 18,287 |
| **Other receivables** | | | |
| Prepayments | | **17,084** | 4,247 |
| Advance payment to suppliers | (iii) | **87,302** | – |
| Deposits | (iv) | **2,747** | 32,596 |
| Other receivables | | **2,590** | 1,855 |
| Due from associates | (v) | **283** | 278 |
| | | **110,006** | 38,976 |
| | | **489,634** | 57,263 |

**(i) Aging of trade receivables**

Except for 360 days being granted to certain customers under supply chain management business, the Group grants credit term ranging from 30 days to 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:

| | **2015** | 2014 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Less than 90 days | **242,652** | 13,830 |
| 91 – 180 days | **132,087** | 190 |
| 181 – 270 days | **835** | 754 |
| 271 – 365 days | **–** | 1,772 |
| Over 1 year | **4,054** | 1,741 |
| | **379,628** | 18,287 |

**(ii) Allowance for bad and doubtful debts**

| | **2015** | 2014 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| At beginning of reporting period | **85,065** | 81,914 |
| Disposal of subsidiaries | **(3,598)** | – |
| Exchange realignment | **(3,062)** | 3,151 |
| **At end of reporting period** | **78,405** | 85,065 |

Receivables that were neither past due nor impaired relate to a wide range of debtors for whom there was no history of default.

Included in the Group's trade receivables balance are debtors with a carrying amount of HK$24,577,000 (2014: HK$4,805,000), which were past due at the end of the reporting period but not impaired as there has not been a significant change in credit quality and the directors believe that the amounts are fully recoverable. These relate to wide range of customers for whom there have been no recent history of default.

| | **2015** | 2014 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current | **355,051** | 13,482 |
| Less than 90 days past due | **19,053** | 57 |
| 91 – 180 days past due | **2,934** | 92 |
| 181 – 270 days past due | **–** | 518 |
| 271 – 365 days past due | **61** | 2,247 |
| Over 1 year past due | **2,529** | 1,891 |
| | **24,577** | 4,805 |
| | **379,628** | 18,287 |

**(iii) Advance payment to suppliers**

The amounts represented payments made in advance to suppliers for purchase of goods.

**(iv) Deposits**

| | **2015** | 2014 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Deposits paid | **2,747** | 37,596 |
| Impairment loss | **–** | (5,000) |
| | **2,747** | 32,596 |

As at 31 March 2014, the deposits mainly represented the deposits paid in respect of the proposed acquisition of 75% equity interest of Hong Kong Automobile Restoration Group Limited (the "HKARG Acquisition"). In accordance with the terms of the sales and purchase agreements, total deposits of HK$35,500,000 were paid, which included non-refundable deposits of HK$5,000,000. Since the ordinary resolutions relevant to the HKARG Acquisition were not passed at the special general meeting held on 22 April 2014, during the Year, the refundable deposits of HK$30,500,000 were fully refunded to the Group together with interest totalling HK$100,000.

**(v) Due from associates**

The amounts due are unsecured, interest-free and have no fixed repayment term.

## 14. TRADE AND OTHER PAYABLES

| | Note | 2015 HK$'000 | 2014 HK$'000 |
|---|---|---|---|
| Trade payables | (i) | **314,375** | 5,047 |
| Accruals | | **5,633** | 4,323 |
| Other tax payables | | **2,294** | 2,799 |
| Other payables | | **12,220** | 11,594 |
| Due to directors | (ii) | **2,872** | 144 |
| | | **337,394** | 23,907 |

**(i) Aging of trade payables**

At the end of the reporting period, the aging analysis of the trade payables based on invoice date is as follows:

| | 2015 HK$'000 | 2014 HK$'000 |
|---|---|---|
| Less than 90 days | **229,961** | 634 |
| 91 – 180 days | **84,414** | 890 |
| Over 180 days | **–** | 3,523 |
| | **314,375** | 5,047 |

**(ii) Due to directors**

The amounts due to directors are unsecured, interest-free and have no fixed repayment term.

## MANAGEMENT DISCUSSION AND ANALYSIS

## OPERATIONAL REVIEW

### Setting up of information technology platform

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

The system of big data platform is now in progress and it is expected to be tested, implemented and applied in the trades in the summer of 2015.

### Supply chain management services

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

### Naming right in relation to Shenzhen Football Club

With our expanding business in mainland China, the Group keeps on promoting the brand so as to increase the exposure of the Group. Mindsim Limited, a wholly-owned subsidiary of the Company and Shenzhen Football Club ("SZFC") entered into a Naming Right Agreement. SZFC is a popular and remarkable football team in mainland China and it takes part in various football matches regularly. By leveraging the popularity of SZFC in the promotion of the image of the Group, the Group believes that it can substantially help publicize the brand and create a positive image.

### Non-core business

Non-core businesses such as energy saving business under Beaming Group were discontinued during the Year as they were not in line with the Company's new core business direction of supply chain management.

On 18 July 2014, Upper Power Limited, a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party pursuant to which Upper Power Limited sold the entire equity interest of Beaming and its subsidiaries at a consideration of HK$3.0 million.

## FINANCIAL REVIEW

### Results

The Group recorded a dramatic increase in turnover approximately 126 times to approximately HK$1,640.1 million for the Year as compared to approximately HK$13.0 million in the previous year. The increase in turnover was due to the commencement of the supply chain management services in the second quarter. The Group has continued to develop business relationship with the business partners and potential partners in the PRC in order to increase and explore the new sources of income.

Save for such new sources of income, the Group experienced a decrease of approximately 30% in the service fee income from lightning electromagnetic pulse protection business and energy management business for the Year as compared for the year ended 31 March 2014.

The Group recorded an increase in gross profit from approximately HK$1.6 million in the previous year to approximately HK$9.2 million in the Year. However, the gross profit margin decreased from 12% in the previous year to 0.6% in the Year. The decrease in gross profit margin was mainly due to the low profit margin of supply chain management business. The Group will continue to control the material costs and explore new business so as to improve the gross profit of the Group.

Net loss attributable to equity holders of the Company for the Year amounted to approximately HK$59.2 million (2014: HK$76.3 million). The major component of the Group's expenses being legal and professional fee, announcement fee, salaries and payroll, rent and rates, marketing and promotion expenses and exchange loss.

### Liquidity, financial resources and capital structure

As at 31 March 2015, the Group had total assets of approximately HK$819.9 million (2014: HK$181.9 million), including net cash and bank balances of approximately HK$281.2 million (2014: HK$86.7 million).

For the Year, the Group financed its operations mainly with its own working capital and there were no general banking facilities (2014: Nil). There was no charge on the Group's assets as at 31 March 2015 (2014: Nil).

During the Year, the Company successfully completed the Rights Issue on 12 February 2015, details of which are set out in the Company's circular dated 22 December 2014 and the Company's announcements dated 20 November 2014, 12 January 2015, 22 January 2015 and 12 February 2015, respectively. As a result, 883,634,696 Rights Shares were issued and the issued share capital of the Company was increased to 1,325,452,044 shares. The net proceeds of the Rights Issue were approximately HK$397.6 million.

As at 31 March 2015, the gearing ratio (defined as the ratio between total bank borrowings and total assets) was zero (2014: Zero). The Group had no bank borrowings as at 31 March 2015 (2014: Nil).

There was no issuance and redemption of convertible securities during the Year. All operations of the Group were financed by the fund generated internally and the Rights Issue held during the Year.

**Exposure to fluctuations in exchange rates and related hedges**

Most of the transactions of the Group are denominated in Hong Kong Dollar ("HKD"), United States Dollar ("USD") and Renminbi ("RMB"). As such, the Group is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between HKD, USD and 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 31 March 2015, the Group had no foreign exchange contracts, interests or currency swaps or other financial derivatives for hedging purposes.

**Charge on Group assets**

As at 31 March 2015, the Group did not have any charge on its assets (2014: Nil).

**Segment information**

The revenue of the Group comprises the supply chain management business, provision of energy management business and the provision of integrated solutions for lightning electromagnetic pulse protection business.

As to the geographical segments, sales of the Group generated in the Hong Kong and the PRC market was approximately HK$783.5 million and HK$856.5 million respectively during the Year (2014: HK$13.0 million in the PRC).

Please also refer to note 4 to this announcement for details of segment information.

**New products and services**

During the Year, the Group continued to develop new products and services to increase its products range and strengthen its competitive position.

**Outlook**

Noting that the supply chain management business is still at the starting stage, the Company will pay close attention to its performance and future development. At the same time, the management will continuously monitor and review the overall operation and financial performance of the Group's businesses so as to cope with the ever-changing business environment. The management will keep proactively seeking for other investment and business opportunities with promising prospect to broaden the source of income of the Group and enhance value to the shareholders of the Company.

**Significant investments**

The Group did not have any significant investment during the Year.

**Material acquisitions or disposals of subsidiaries and affiliated companies**

At 1 August 2014, the Group disposed of its 100% equity interest in Beaming.

Other than the above, the Group did not have any material acquisitions or disposals of subsidiaries during the Year.

**Future plans for material investments and expected source of funding**

Other than disclosed elsewhere in this announcement, the Group did not have any plan for material investment or acquisition of material capital assets as at 31 March 2015. However, the Group is constantly looking for opportunities for investments or capital assets to enhance the shareholders' value.

**Contingent liabilities**

The Group had no contingent liabilities as at 31 March 2015.

**Employees and remuneration policies**

As at 31 March 2015, the Group had 86 (2014: 77) employees including directors. Total staff costs (excluding directors' emoluments) amounted to approximately HK$12.3 million for the Year (2014: HK$7.5 million). Remuneration is determined by reference to market terms and the performance, qualifications and experience of the 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.

## DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Year, 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.

## CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") and Corporate Governance Report contained 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 Year, save and except for the following:

1. code provision A.1.3 of the CG Code stipulates that at least 14 days' notice should be given to all directors for a regular board meeting. For all other board meetings, reasonable notice should be given. Due to practical reasons, 14 days' advanced notifications have not been given to all regular meetings of the Board. Reasons had been given in the notifications in respect of those meetings of the Board where it

was not practical to give 14 days' advance notification. The Board will use its best endeavours to give 14 days' advance notifications of Board meetings to the extent practicable;

2. code provision of A.4.1 of the CG Code stipulates that all non-executive directors should be appointed for a specific term, subject to re-election. Currently, all non-executive directors are not appointed for a specific term. They are, however, subject to the retirement by rotation and re-election as Directors pursuant to the bye-laws of the Company. Since their appointment will be reviewed when they are due for re-election, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the CG Code; and

3. code provision of E.1.2 of the CG Code stipulates that the chairman of the board should attend to answer questions at the annual general meeting. However, Mr. Gong Dongsheng, the chairman of the Board was unable to attend the annual general meeting of the Company held on 6 August 2014 (the "2014 AGM") due to other important engagement. Mr. Woo Yik Man, acted as chairman of the 2014 AGM to ensure an effective communication with the shareholders of the Company.

## 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 a specific enquiry with all the Directors, each of them confirmed that he/she had complied with such code of conduct and the required standard of dealings regarding securities transactions throughout the Year.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

## DIVIDENDS

The Board did not recommend the payment of any dividend during the Year (2014: Nil).

## AUDIT COMMITTEE

The Company set up an audit committee (the "Audit Committee") on 18 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 from 25 June 2015, the Audit Committee comprised the three independent non-executive Directors, namely Mr. Chui Man Lung, Everett, Mr. Lung Chee Ming, George and Mr. Liu Weiliang. During the year, the Audit Committee held four meetings to review and supervise the financial reporting process; and to provide advice and recommendations to the Board.

The financial statements of the Group for the Year have been reviewed by the Audit Committee, which is of the opinion that such statements comply with the applicable accounting standards, as well as the Stock Exchange's and legal requirements, and that adequate disclosures have been made.

## CHANGES IN DIRECTOR'S INFORMATION

The changes in Directors' information since the disclosure made in the 2014 Interim report are set out below:

| Name of Director | Details of changes |
|---|---|
| Mr. Yu Weiye | – Appointed as an executive Director and chairman of the Board on 19 June 2015 |
| | – Appointed as the compliance officer and an authorised representative of the Company on 22 June 2015 |
| Mr. Gong Dongsheng | – Appointed as an authorised representative of the Company on 12 December 2014 |
| | – Resigned as the chairman of the Nomination Committee on 17 June 2015 |
| | – Resigned as Executive Director, chairman of the Board and member of the Nomination Committee on 19 June 2015 |
| | – Resigned as authorised representative of the Company on 22 June 2015 |
| Ms. Chen Nan | – Re-designated from Executive Director to a non-executive director on 19 June 2015 and resigned as a joint chief executive officer of the Company on 19 June 2015 |
| | – Resigned as the compliance officer of the Company on 22 June 2015 |
| Mr. Li Zhike | – Appointed as an Executive Director on 12 December 2014 |
| | – The director's fee has been revised to HK$45,000 per month with effect from 1 February 2015 |

| | | |
|---|---|---|
| Mr. Liu Weiliang | – | The director's fee has been revised to HK$12,500 per month with effect from 1 February 2015 |
| | – | Appointed as an Independent Non-Executive Director, the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee on 18 July 2014 |
| | – | Resigned as the chairman of the Remuneration Committee on 17 June 2015 |
| Mr. Chui Man Lung, Everett | – | Appointed as an Independent Non-Executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee on 20 May 2015 |
| Mr. Lung Chee Ming, George | – | Appointed as an Independent Non-Executive Director, the chairman of the Nomination Committee and Remuneration Committee and a member of the audit committee on 17 June 2015 |
| Mr. Zhang Xiaozheng | – | Appointed as an Executive Director on 17 June 2015 |
| Mr. Lam Kwok Cheong | – | Appointed as a Non-Executive Director on 17 June 2015 and member of the Nomination Committee on 19 June 2015 |
| Mr. Huang Yunlong | – | Resigned as an Independent Non-Executive Director and member of the Audit Committee, Remuneration Committee and Nomination Committee on 17 June 2015 |
| Mr. Ma Yiu Ho | – | Resigned as an Independent Non-Executive Director, chairman of the Audit Committee and member of the Remuneration Committee on 20 May 2015 |
| Mr. Woo Yik Man | – | Resigned as an Executive Director and an authorised representative of the Company on 12 December 2014 |

## SCOPE OF WORK OF MAZARS CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the Year have been agreed by the Group's auditor, Mazars CPA Limited ("Mazars"), to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by Mazars in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars on the preliminary announcement.

By order of the Board of
**Sky Forever Supply Chain Management Group Limited**
**Mr. Yu Weiye**
*Chairman and executive Director*

Hong Kong, 29 June 2015

*As at the date of this announcement, the executive Directors are Mr. Yu Weiye, Mr. Wu Zhinan, Mr. Li Zhike and Mr. Zhang Xiaozheng; the non-executive Directors are Mr. Lam Kwok Cheong and Ms. Chen Nan, and the independent non-executive Directors are Mr. Chui Man Lung, Everett, Mr. Liu Weiliang and Mr. Lung Chee Ming, George.*

*This announcement will remain on the "Latest Company Announcements" page of the GEM website at http://www.hkgem.com for seven days after the date of publication and on the website of the Company at http://www.skyforever.hk.*