



Sage International Group Limited

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

Stock Code: 8082

Benevolence & Innovation

First Quarterly
Report 2015

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This report, for which the directors of Sage International Group Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Sage International Group Limited. 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 in this report misleading.



CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Chui Bing Sun (*Chairman*)
Mr. Dong Choi Chi, Alex
Mr. Kwok Kwan Hung
Mr. Yao Kan Shan

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Wai Man
Mr. Law Yee Man, Thomas
Mr. Siu Hi Lam, Alick

COMPANY SECRETARY

Mr. Jip Ki Chi

COMPLIANCE OFFICER

Mr. Kwok Kwan Hung

AUDIT COMMITTEE

Mr. Chan Wai Man (*Chairman*)
Mr. Law Yee Man, Thomas
Mr. Siu Hi Lam, Alick

NOMINATION COMMITTEE

Mr. Law Yee Man, Thomas (*Chairman*)
Mr. Chan Wai Man
Mr. Siu Hi Lam, Alick

REMUNERATION COMMITTEE

Mr. Siu Hi Lam, Alick (*Chairman*)
Mr. Chan Wai Man
Mr. Law Yee Man, Thomas

AUTHORISED REPRESENTATIVES

Mr. Chui Bing Sun
Mr. Kwok Kwan Hung

AUDITOR

PricewaterhouseCoopers

SOLICITOR

Michael Li & Co.

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PRINCIPAL SHARE REGISTRAR

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26 Burnaby Street
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HONG KONG BRANCH SHARE REGISTRAR

Tricor Tengis Limited
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PRINCIPAL BANKERS

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Citibank, N.A., Hong Kong Branch
DBS Bank (Hong Kong) Limited

STOCK CODE

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UNAUDITED FINANCIAL RESULTS

The Board of Directors (the "Directors") of Sage International Group Limited (the "Company") announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months ended 31 March 2015 together with the comparative unaudited figures for the three months ended 31 March 2014 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2015

		Three months ended	
		31 March	
	<i>Notes</i>	2015	2014
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited and restated)
Continuing Operations			
Revenue	2	3,298	3,399
Cost of sales		(1,683)	(1,614)
Gross profit		1,615	1,785
Other income	3	616	4
Sales and marketing expenses		(731)	(1,133)
Administrative expenses		(4,930)	(5,445)
Finance costs	4	(796)	(1,496)
LOSS BEFORE TAXATION		(4,226)	(6,285)
Income tax expense	5	(30)	(69)
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(4,256)	(6,354)
Discontinued operations			
Profit/(loss) for the period from discontinued operations	8	10,341	(1,641)
Profit/(loss) for the period		6,085	(7,995)
Profit/(loss) attributable to:			
Owners of the Company		5,675	(8,855)
Non-controlling interests		410	860
		6,085	(7,995)

	Notes	Three months ended 31 March	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited and restated)
Profit/(loss) attributable to owners of the Company arises from:			
Continuing operations		(4,258)	(6,482)
Discontinued operations		9,933	(2,373)
		5,675	(8,855)
Dividend	6	–	–
EARNINGS/(LOSS) PER SHARE FROM CONTINUING AND DISCONTINUED OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY	7		
Basic earnings/(loss) per share (<i>HK\$ per share</i>)			
From continuing operations		(0.011)	(0.031)
From discontinued operations		0.025	(0.012)
– From profit/(loss) for the period		0.014	(0.043)
Diluted earnings/(loss) per share (<i>HK\$ per share</i>)			
From continuing operations		(0.011)	(0.031)
From discontinued operations		0.025	(0.012)
– From profit/(loss) for the period		0.014	(0.043)

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME*For the three months ended 31 March 2015*

	Three months ended	
	31 March	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited and restated)
Profit/(loss) for the period	6,085	(7,995)
Other comprehensive loss:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(2,778)	(2,884)
Release of exchange differences upon disposal of subsidiaries	(20,249)	–
Total comprehensive loss for the period	(16,942)	(10,879)
Total comprehensive loss for the period attributable to:		
Owners of the Company	(16,927)	(11,005)
Non-controlling interests	(15)	126
	(16,942)	(10,879)
Total comprehensive loss attributable to owners of the Company arises from:		
Continuing operations	(4,174)	(6,376)
Discontinued operations	(12,753)	(4,629)
	(16,927)	(11,005)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2015

	Attributable to owners of the Company										Total HK\$'000	
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	Option deed HK\$'000	Share-based payment reserve HK\$'000	Warrants shares reserve HK\$'000	Convertible bonds equity reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000		Non-controlling interests HK\$'000
At 1 January 2014 (audited)	3,795	117,577	31,713	25,904	19	222,528	8,495	28,609	(403,489)	35,151	152,851	188,002
Loss for the period	-	-	-	-	-	-	-	-	(8,855)	(8,855)	860	(7,995)
Other comprehensive loss for the period	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	(2,150)	-	-	-	-	-	(2,150)	(734)	(2,884)
Total comprehensive loss for the period	-	-	-	(2,150)	-	-	-	-	(8,855)	(11,005)	126	(10,879)
Equity-settled warrants shares arrangement	-	-	-	-	-	-	86	-	-	86	-	86
At 31 March 2014 (unaudited)	3,795	117,577	31,713	23,754	19	222,528	8,581	28,609	(412,344)	24,232	152,977	177,209
At 1 January 2015 (audited)	4,441	128,187	31,713	23,604	19	222,528	-	28,609	(457,548)	(18,447)	152,468	134,021
Profit for the period	-	-	-	-	-	-	-	-	5,675	5,675	410	6,085
Other comprehensive loss for the period	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	(2,353)	-	-	-	-	-	(2,353)	(425)	(2,778)
Disposal of subsidiaries	-	-	-	(20,249)	-	-	-	-	-	(20,249)	-	(20,249)
Total comprehensive loss for the period	-	-	-	(22,602)	-	-	-	-	5,675	(16,927)	(15)	(16,942)
Issue of shares upon placement	1,750	12,250	-	-	-	-	-	-	-	14,000	-	14,000
Share issuance costs	-	(530)	-	-	-	-	-	-	-	(530)	-	(530)
Open Offer	8,881	60,514	-	-	-	-	-	-	-	69,395	-	69,395
Issue of shares for conversion of convertible bonds	2,193	39,214	-	-	-	(21,790)	-	-	-	19,617	-	19,617
Disposal of subsidiaries	-	-	-	-	-	(186,400)	-	(28,609)	215,009	-	(147,492)	(147,492)
At 31 March 2015 (Unaudited)	17,265	239,635	31,713	1,002	19	14,338	-	-	(236,864)	67,108	4,961	72,069

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated financial statements are prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

These unaudited condensed consolidated financial statements should be read in conjunction with the Company's 2014 annual financial statements. The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the Company's annual financial statements for the year ended 31 December 2014.

Impact of new and revised HKFRSs which are issued but not effective

The Group had not early adopted the new and revised HKFRSs that have been issued but are not yet effective in the period.

The Group is in the process of assessing the impact of the new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

2. OPERATING SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors and senior management collectively. They review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments from a geographic locations perspective, mainly Hong Kong and Mainland China.

In Mainland China, the Group mainly derives its revenue from the rendering of funeral services. In Hong Kong, the Group mainly derives its revenue from the rendering of funeral services and sales of related merchandise. Sales between segments are carried out at arm's length. The revenue from external parties reported to the management is measured in a manner consistent with that in the consolidated income statement.

The executive directors and senior management assess the performance of segments based on a measure of segment results before finance costs and unallocated corporate income and expenses.

The segment results and other segment items for the three months ended 31 March 2015 are as follows:

	Mainland China HK\$'000	Hong Kong HK\$'000	Total HK\$'000
Segment revenue:			
Sales to external customers	2,168	1,130	3,298
Operating profit/(loss)	37	(1,312)	(1,275)
Unallocated corporate expenses, net			(2,155)
Finance costs			(796)
Loss before taxation from continuing operations			(4,226)

The segment results and other segment items for the three months ended 31 March 2014 are as follows:

	Mainland China HK\$'000	Hong Kong HK\$'000	Total HK\$'000
Segment revenue:			
Sales to external customers	2,291	1,108	3,399
Operating profit/(loss)	484	(1,308)	(824)
Unallocated corporate expenses, net			(3,965)
Finance costs			(1,496)
Loss before taxation from continuing operations			(6,285)

A breakdown of the revenue from all services and products is as follows:

	Three months ended 31 March	
	2015	2014
	HK\$'000	HK\$'000
Rendering of funeral and cremation services	3,298	3,399
	3,298	3,399

3. OTHER INCOME

An analysis of the other income is as follows:

	Three months ended	
	31 March	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited and restated)
Rental income	105	–
Sundry income	511	4
	616	4

4. FINANCE COSTS

An analysis of the finance costs is as follows:

	Three months ended	
	31 March	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited and restated)
Interests on:		
– Other borrowings wholly repayable within five years	721	1,421
– Convertible bonds	75	75
	796	1,496

5. INCOME TAX EXPENSE

The Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

The Group did not have any significant deferred taxation which was not provided for in respect of each of the reporting periods.

6. DIVIDEND

The Directors do not recommend the payment of a dividend nor transfer of any amount to reserves for the three months ended 31 March 2015 (31 March 2014: Nil).

7. EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

On 17 February 2015, the Company issued 70,000,000 and 355,257,598 new ordinary shares through a share placement and open offer respectively. The placing price and subscription price was HK\$0.20 per share and represented a discount to the market price of the then existing shares.

On 31 March 2015, the Company issued 87,719,298 new ordinary shares upon the exercise of the conversion rights by the bondholder. The conversion price was HK\$0.228 per share and represented a discount to the market price of the then existing shares.

	Three months ended 31 March	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited and restated)
Loss from continuing operations attributable to owners of the Company	(4,258)	(6,482)
Profit/(loss) from discontinued operations attributable to owners of the Company	9,933	(2,373)
	5,675	(8,855)
Weighted average number of ordinary shares in issue (in thousand)	402,738	207,132

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options.

The dilutive potential ordinary shares in respect of the Company's outstanding share options are anti-dilutive for the periods ended 31 March 2015 and 31 March 2014.

8. DISCONTINUED OPERATIONS

During the year ended 31 December 2014, the Group entered into a sale and purchase agreement to dispose of its 100% equity interests in Reliance Death Care Services Inc. and its subsidiaries (collectively "Reliance Group"), which mainly operates cemetery business in Mainland China, to Great World Investors Limited by setting off against two convertible bonds with face values of HK\$30,750,000 (and the interest accrued thereon) and US\$12,500,000 (equivalent to approximately HK\$97,175,000) respectively, and loan from a director of HK\$10,000,000. The disposal was completed on 17 February 2015.

Analysis of the result of discontinued operations is as follows:

	Three months ended	
	31 March	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue	3,064	10,182
Expenses	(4,521)	(12,945)
Loss before tax of discontinued operations	(1,457)	(2,763)
Tax credit	144	1,122
Loss after tax of discontinued operations	(1,313)	(1,641)
Loss on disposal of subsidiaries	(8,595)	–
Realisation of exchange reserve upon disposal of subsidiaries	20,249	–
Profit/(loss) for the period from discontinued operations	10,341	(1,641)

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

Revenue and gross profits – Continuing operations

For the three months ended 31 March 2015, the total revenue of continuing operations (which mainly consists of the funeral services and crematorium) was approximately HK\$3,298,000 which was in line with that of last year corresponding period of approximately HK\$3,399,000. The overall gross profit margin of the continuing operations for the three months ended 31 March 2015 was approximately 48.97% and decreased slightly as compared with that of last year corresponding period of approximately 52.52%.

Sales and marketing expenses – Continuing operations

Sales and marketing expenses of continuing operation for the three months ended 31 March 2015 was approximately HK\$731,000, which was 35.48% less than last corresponding period of approximately HK\$1,133,000. After previous year's intense marketing effort at setting up stage, the continuing operations was able to reduce significantly its corporate marketing activities during the period and resulted in reduction in such expenses. Moreover, less commission was paid in Hong Kong funeral services business to external agents because more internally generated sales from business network developed were derived for funeral cases.

Administrative expenses – Continuing operations

Administration expenses of the continuing operations for the current period amounted to approximately HK\$4,930,000 which was lower as compared with last year corresponding period of approximately HK\$5,445,000. The management has implemented cost reduction programs which included the reduction of rental expenses, director's remuneration and staff costs, etc.

Finance costs – Continuing operations

Finance costs of the continuing operations for the current period amounted to approximately HK\$796,000, which was 46.79% less than that of last corresponding period of approximately HK\$1,496,000. The decrease in the finance costs was a result of the pay off of all interest bearing debts by funding raised from the open offer and the placing.

Loss for the period from continuing operations

Loss for the three months ended 31 March 2015 from continuing operations amounted to approximately HK\$4,256,000 (three months ended 31 March 2014: loss of approximately HK\$6,354,000).

Profit/(loss) for the period from discontinued operations

The revenue from discontinued operations (which mainly consists of cemetery business) amounted to approximately HK\$3,064,000 for the current period and was 69.91% lower than that of last year corresponding period of approximately HK\$10,182,000. The decrease was mainly due to the disposal of the cemetery business on 17 February 2015 such that a comparatively smaller portion of sales generated in the first quarter of 2015 was counted. Expenses amounted to approximately HK\$4,521,000 in the first quarter of 2015. Profit for the current period from discontinued operation was approximately HK\$10,341,000 (three months ended 31 March 2014: loss of approximately HK\$1,641,000), which was mainly attributable to the release of the exchange reserve to income statement of approximately HK\$20.2 million upon the disposal of the cemetery business during the current period, which was partially offset by the loss on disposal of the cemetery business of approximately HK\$8.6 million.

Profit/(loss) for the period

The Group's profit for the period was approximately HK\$6,085,000 (three months ended 31 March 2014: loss of approximately HK\$7,995,000). The main reasons for such profit were due to the inclusion of release of the exchange reserve to income statement of approximately HK\$20.2 million, which was partially offset by the loss on disposal of the cemetery business of approximately HK\$8.6 million as mentioned above.

Operation review

For various factors mentioned in the circular of the Company dated 31 December 2014 which caused difficulties in achieving the development plan of the Group, the Company proposed a very substantial disposal (the "VSD") on 2 April 2014 for the disposal of all the cemetery assets of the Group with an objective to deleverage the Group's current borrowing and such VSD was subsequently completed on 17 February 2015. Under the Group's accounting policies, the segment results of the Group's cemetery business (before disposal on 17 February 2015) during the period are classified as a discontinued operation. During the three months ended 31 March 2015, the Group's business operation was mainly focusing on the provision of deathcare related services. The Company has been undergoing plans to improve its cash flow situation under the following measures:

- (1) improving revenue by expanding its market and product line in local and international deathcare business through its existing network in the industry;
- (2) improving profit margin by providing more high-end products and services like Sage Eternity Gem ("EGEM") and customized funeral services; and
- (3) reducing operating costs.

Further, to ensure that the Group has sufficient working capital and net asset value after the VSD for operation of the Group's business, the Company, therefore, prior to year end 31 December 2014, entered into the Placing Agreement and the Underwriting Agreement and subsequently, on 17 February 2015, raised approximately HK\$83 million funding as equity capital for future development in deathcare business and other business opportunities that may be identified in the future.

Operation Review – Hong Kong

Funeral services, Eternity Gem and pre-planning funeral arrangement

During the three months ended 31 March 2015, the Group's Hong Kong funeral services recorded a revenue of approximately HK\$1,130,000 and was in line as compared with that of the corresponding period in 2014. The Group has been developing self-network generated business in funeral cases since early 2014. Such change has generated a relatively profitable margin because less agency commission was necessary, which was reflected in the comparatively lower sales and marketing expenses incurred during the period. Since then, marketing and promotion efforts were focused on network collaboration and on-line marketing. During the period, revenues were mainly generated from sales of funeral packages and also the newly developed product, EGEM, the transformation of cremated ash into durable memorial gem stone. EGEM gained popularity during the period and sales of EGEM increased during the period as a result of exhibition, promotion programmes, cooperation with major local and overseas funeral service providers and pet shops. Following the recent government's new proposed policy on regulating columbarium in Hong Kong, preserving human ashes into gemstones will become more and more popular. Therefore, the Group believes that green burial will be a popular alternative to traditional burial for memorial of beloved one.

Operation Review – China

Funeral services and crematorium

Huaiji funeral parlour

Cremation business operation in Huaiji was performing steadily in the three months ended 31 March 2015 and revenue during the period was approximately HK\$2,168,000, almost in line with last year corresponding period of approximately HK\$2,291,000. In order to maintain a high quality of service, the Group will put forward plans to improve the repair and maintenance works in the foreseeable future.

Prospects

The Group is still optimistic about the deathcare business in the region because of the ageing of population and growth in wealth of people in the region. The Board is pleased to see that the benefits of the cost reduction measures were reflected in the year ended 31 December 2014 and the first quarter of 2015. Together with the continuing streamlining of the business model and new revenue sources, the Group foresees the operating results should be improving in the coming years.

After the completion of the VSD and the related fund raising exercise which raised approximately HK\$83 million cash, the Group will have sufficient working capital and funding for further development in deathcare related business. With the available surplus cash, the Group will also seek other suitable investment opportunities in deathcare and other business sectors that could bring in attractive shareholder's value.

Employees and remuneration policies

As at 31 March 2015, the Group had 63 (three months ended 31 March 2014: 126) employees, including Directors. Total staff costs for the three months ended 31 March 2015, including Directors' remuneration, amounted to approximately HK\$2,854,000 (three months ended 31 March 2014: HK\$4,845,000). The Group's employment and remuneration policies remained the same as detailed in the year ended 31 December 2014 Annual Report.

Charges on Group's assets and contingent liabilities

There were no charges on the Group's assets or any significant contingent liabilities as at 31 March 2015.

Directors' and chief executives' interests and short positions in the shares, underlying shares and convertible bonds of the Company

As at 31 March 2015, the interests or short positions of the Directors and chief executives in the shares, underlying shares and convertible bonds of the Company and its associated corporation, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the model code for Securities Transactions by Directors of the Company, were as follows:

Interests in shares and underlying shares of the Company

Number of ordinary shares and underlying shares beneficially held:

(A) Long positions

Name of Directors	Capacity	Notes	Number of issued ordinary shares held	Number of underlying shares held	Total number of shares and underlying shares held	Percentage of the issued share capital of the Company
Mr. Chui Bing Sun ("Mr. Chui")	Interest of a controlled corporation	1	149,472,498	–	149,472,498	21.65%
	Personal	2	1,800	1,052,820	1,054,620	0.15%
			149,474,298	1,052,820	150,527,118	21.80%
Mr. Kwok Kwan Hung	Personal	3	198,000	3,586,382	3,784,382	0.55%
Mr. Chan Wai Man	Personal	3	27,000	143,565	170,565	0.02%
Mr. Law Yee Man, Thomas	Personal	3	–	119,636	119,636	0.02%
Mr. Siu Hi Lam, Alick	Personal	3	–	119,638	119,638	0.02%

Notes:

- These shares are held by New Brilliant Investments Limited ("New Brilliant"), a company incorporated in the British Virgin Islands. It is wholly and beneficially owned by Mr. Chui, an executive Director of the Company.
- Mr. Chui had a personal interest in 1,800 shares and 1,052,820 underlying shares of the Company upon the completion of open offer on 17 February 2015. The underlying shares represent the share options granted by the Company to Mr. Chui to subscribe for 1,052,820 shares at adjusted exercise price of HK\$4.175 per share.
- For details of the underlying shares, please refer to the next section headed "share options" which stated all the details of share options granted to Directors.

(B) Share options

Pursuant to the new share options scheme adopted by the Company on 31 August 2011, certain Directors and participants were granted share options to subscribe for the Company's shares, details of share options outstanding and exercisable as at 31 March 2015 were as follow:

	Number of share options				Adjusted outstanding and exercisable as at 31 March 2015	Date of grant	Exercise period	Adjusted exercise price per share
	Adjusted outstanding as at 1 January 2015	Granted during the period	Exercised during the period	Lapsed during the period				
Category 1: Directors								
Mr. Chui	1,052,820	-	-	-	1,052,820	22 March 2011	22 March 2011 – 21 March 2021	HK\$4.175
Mr. Kwok Kwan Hung	38,284	-	-	-	38,284	15 February 2008	15 February 2008 – 14 February 2018	HK\$6.892
	119,638	-	-	-	119,638	7 July 2010	7 July 2010 – 6 July 2020	HK\$1.784
	153,137	-	-	-	153,137	12 August 2010	12 August 2010 – 11 August 2020	HK\$4.912
	454,626	-	-	-	454,626	3 December 2010	3 December 2010 – 2 December 2020	HK\$4.455
	1,196,386	-	-	-	1,196,386	5 December 2011	5 December 2011 – 4 December 2021	HK\$2.372
	1,624,311	-	-	-	1,624,311	18 January 2013	18 January 2013 – 17 January 2023	HK\$1.102
Mr. Chan Wai Man	23,927	-	-	-	23,927	15 February 2008	15 February 2008 – 14 February 2018	HK\$6.892
	119,638	-	-	-	119,638	5 December 2011	5 December 2011 – 4 December 2021	HK\$2.372
Mr. Law Yee Man, Thomas	47,854	-	-	-	47,854	12 August 2011	12 August 2011 – 11 August 2021	HK\$3.661
	71,782	-	-	-	71,782	5 December 2011	5 December 2011 – 4 December 2021	HK\$2.372
Mr. Siu Hi Lam, Alick	119,638	-	-	-	119,638	5 December 2011	5 December 2011 – 4 December 2021	HK\$2.372
Sub total	5,022,041	-	-	-	5,022,041			

	Number of share options				Adjusted outstanding and exercisable as at 31 March 2015	Date of grant	Exercise period	Adjusted exercise price per share
	Adjusted outstanding as at 1 January 2015	Granted during the period	Exercised during the period	Lapsed during the period				
<i>Category 2: Employees/consultants</i>								
Employees	1,268,168	-	-	-	1,268,168	7 July 2010	7 July 2010 – 6 July 2020	HK\$1.784
Employees	1,028,891	-	-	-	1,028,891	9 September 2010	9 September 2010 – 8 September 2020	HK\$4.791
Employees	765,686	-	-	-	765,686	13 September 2010	13 September 2010 – 12 September 2020	HK\$4.474
Employees	239,277	-	-	-	239,277	3 December 2010	3 December 2010 – 2 December 2020	HK\$4.455
Consultant	382,843	-	-	-	382,843	14 December 2007	14 December 2007 – 13 December 2017	HK\$5.846
Consultant	555,122	-	-	-	555,122	12 August 2010	12 August 2010 – 11 August 2020	HK\$4.912
Consultant	135,430	-	-	-	135,430	6 September 2010	6 September 2010 – 5 September 2020	HK\$4.137
Consultant	1,052,820	-	-	-	1,052,820	22 March 2011	22 March 2011 – 21 March 2021	HK\$4.175
Sub total	5,428,237	-	-	-	5,428,237			
Total	10,450,278	-	-	-	10,450,278			

There were no share options cancelled, lapsed or forfeited during the three months ended 31 March 2015.

Substantial shareholders' interests and short positions in the shares, underlying shares and convertible bonds of the Company

As at three months ended 31 March 2015, the following shareholders (including Directors) had interests or short position in the shares, underlying shares or convertible bonds 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 Securities and Futures Ordinance (the "SFO") and Section 336 of the SFO, were as follows:

Number of ordinary shares and underlying shares beneficially held:

Name	Capacity	Notes	Number of shares	Number of underlying shares	Total number of shares and underlying shares	Long/short position	Percentage of interests
Mr. Chui	Interested of controlled corporations	1	149,472,498	-	149,472,498	Long	21.65%
	Personal	2	1,800	1,052,820	1,054,620	Long	0.15%
			149,474,298	1,052,820	150,527,118		21.80%
Heading Champion Limited	Beneficial owner	3	120,000,000	-	120,000,000	Long	17.38%
Mr. Dong Choi Chi, Alex ("Mr. Dong")	Interested of controlled corporations		120,000,000	-	120,000,000	Long	17.38%
Mr. Chan Ping Che	Beneficial owner		97,390,000	-	97,390,000	Long	14.10%

Notes:

- These shares are held by New Brilliant, a company incorporated in the British Virgin Islands. It is wholly and beneficially owned by Mr. Chui.
- Mr. Chui had a personal interest in 1,800 shares and 1,052,820 underlying shares of the Company upon the completion of open offer on 17 February 2015. The underlying shares represent the share options granted by the Company to Mr. Chui to subscribe for 1,052,820 shares at adjusted exercise price of HK\$4.175 per share.
- These shares are held by Heading Champion Limited, a company incorporated in the British Virgin Islands. It is wholly owned by Mr. Dong, who has been appointed as an executive Director of the Company with effect from 4 May 2015.

Save as disclosed above, as at three months ended 31 March 2015, the Directors were not aware of any other person who had an interest or short position in the shares, underlying shares or convertible bonds 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 and Section 336 of the SFO, or who had interests of 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group.

Securities transactions by directors

The Company has established written guidelines for the required standard of dealings in securities by directors of the Company 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 made specific enquiries of Directors of the Company and the Directors confirmed that they have fully complied with the required standard with respect to the securities dealings of the Company and there was no event of non-compliance during the three months ended 31 March 2015.

Director's interests in competing business

As at 31 March 2015, the Directors are not aware of any business or interest of each of the Directors, management shareholders (as defined in the GEM Listing Rules) and their respective associates that competes or may compete with business of the Group or any other conflicts of interest which any such person has or may have with the Group.

Arrangements to purchase shares or convertible bonds

Other than the options holdings disclosed above, at no time during the three months ended 31 March 2015 was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or convertible bonds of, the Company or any other body corporate.

Compliance with corporate governance practices

The Company has adopted the Corporate Governance Code (the "CG Code") as stated in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited.

Non-compliance with paragraph A2.1

Code provision A2.1 stipulates that the roles of Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. During the three months ended 31 March 2015, Mr. Chui held the offices of Chairman and CEO of the Company. The Board believes that vesting the roles of both Chairman and Chief Executive Office in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

Save as the deviation from the code provision A2.1, separation of roles of Chairman and Chief Executive Officer pursuant to code provision A2.1 as disclosed in the section "Chairman and Chief Executive Officer", the Company has met all the code provisions in the CG Code during the three months ended 31 March 2015.

Audit committee

The Company has established an Audit Committee ("AC") with specific terms of reference explaining its role and authorities delegated by the Board. The AC consists of three independent non-executive Directors, namely Mr. Chan Wai Man (Chairman of AC), Mr. Law Yee Man, Thomas and Mr. Siu Hi Lam, Alick, who together have sufficient accounting and financial management expertise, legal and business experience to discharge their duties and none of them is a former partner of the external auditors of the Company. In accordance with the provisions of the CG Code, the terms of reference of the AC were also revised which are substantially the same as the provisions set out in the CG Code.

The AC's principal duties include reviewing the Group's financial controls, internal control and risk management systems, reviewing and monitoring integrity of consolidated financial statements and reviewing annual, interim and quarterly consolidated financial statements and reports before submission to the Board and considering and recommending the appointment, re-appointment and removal of external auditors of the Company. The AC meets with the external auditors and the management of the Group to ensure that the audit findings are addressed properly. The AC is authorized to take independent professional advice at Company's expense, if necessary.

The AC has reviewed the Group's unaudited result for the three months ended 31 March 2015.

By order of the Board

SAGE INTERNATIONAL GROUP LIMITED

Chui Bing Sun

Chairman and executive Director

Hong Kong, 15 May 2015

As at the date of this report, the executive Directors are Mr. Chui Bing Sun, Mr. Dong Choi Chi, Alex, Mr. Kwok Kwan Hung and Mr. Yao Kan Shan; and the independent non-executive Directors are Mr. Chan Wai Man, Mr. Law Yee Man, Thomas and Mr. Siu Hi Lam, Alick.