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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

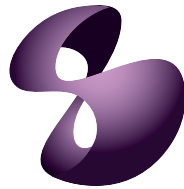
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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Sage International Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser, the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**SAGE INTERNATIONAL GROUP LIMITED**

**仁智國際集團有限公司**

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

**(Stock Code: 8082)**

**VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION**

*Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders*

**AmCap**

***Ample Capital Limited***

***豐盛融資有限公司***

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Capitalised terms used on this cover page shall have the same meanings as defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 4 to 12 of this circular. A letter from the Independent Board Committee is set out on page 13 of this circular. A letter from Ample Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 24 of this circular.

A notice convening the SGM to be held at 11:00 a.m. on Tuesday, 1 March 2011 at Room 502, 5th Floor, Wah Shing Centre, 11 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong is set out on pages 53 to 54 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof to the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

14 February 2011

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## CHARACTERISTICS OF GEM

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**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on 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 GEM.**

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Agreement”	the conditional sale and purchase agreement dated 22 December 2010 (as supplemented by a supplemental agreement dated 11 February 2011) between the Company and the Purchaser in relation to the Disposal
“Ample Capital”	Ample Capital Limited, a licensed corporation to carry out business in Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Disposal
“associate(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors
“Company”	Sage International Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liabilities, the issued shares of which are listed on GEM (Stock code: 8082)
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Agreement
“connected person(s)”	has the meanings ascribed thereto in the GEM Listing Rules
“Consideration”	the consideration of HK\$3,000,000 for the Sale Shares under the Agreement
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Company to the Purchaser pursuant to the terms and conditions of the Agreement
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

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## DEFINITIONS

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“Group”	the Company and its subsidiaries
“Huai Ji”	懷集萬福山殯儀館有限公司 (Huai Ji Luck Mountain Funeral Parlour Limited*)
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors constituted to give recommendation to the Independent Shareholders as regards the Disposal
“Independent Shareholders”	Shareholders other than the Purchaser and his associates and those who have a materially different interest in the Disposal
“Infosky”	Infosky Group Limited, a company incorporated in the British Virgin Islands and a 99.5%-owned subsidiary of the Company prior to Completion
“Infosky Group”	Infosky and its subsidiaries
“Latest Practicable Date”	11 February 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“PRC”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Mr. Leung Tin Fu
“Remaining Group”	the Group immediately after Completion
“Sale Shares”	200 ordinary shares of US\$1 each in the capital of Infosky, representing 99.5% of the issued share capital of Infosky as at the date of the Agreement and at Completion
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held to consider the Agreement and the transactions contemplated thereunder

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## DEFINITIONS

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“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suzhou Celebrities”	蘇州名流陵園實業有限公司 (Suzhou Celebrities Cemetery Industrial Co., Ltd.*)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square metre(s)
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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### SAGE INTERNATIONAL GROUP LIMITED

### 仁智國際集團有限公司

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

**(Stock Code: 8082)**

*Executive Directors:*

Mr. Chui Bing Sun (*Chairman*)

Mr. Kwok Kwan Hung

*Independent non-executive Directors:*

Mr. Leung Chi Kong

Mr. Chan Wai Man

Mr. Siu Hi Lam, Alick

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Head office and principal place  
of business in Hong Kong:*

18th Floor

Kam Sang Building

257 Des Voeux Road Central

Hong Kong

14 February 2011

*To the Shareholders and, for information only,  
the holders of convertible notes of the Company*

Dear Sir or Madam,

### **VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION**

#### **INTRODUCTION**

On 14 January 2011, the Company announced that after Stock Exchange trading hours on 22 December 2010, the Company entered into the Agreement with the Purchaser, pursuant to which the Company conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Shares at the Consideration of HK\$3,000,000. The Sale Shares represent 99.5% of the issued share capital of, and the Group's entire interest in, Infosky.

The Disposal constitutes a very substantial disposal of the Company under the GEM Listing Rules. By virtue of the Purchaser being a director of Infosky and therefore a connected person of the Company, the Disposal also constitutes a connected transaction of the Company

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## LETTER FROM THE BOARD

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under the GEM Listing Rules. The Disposal is therefore subject to the approval of the Independent Shareholders at the SGM by way of poll. The Purchaser and his associates shall abstain from voting at the SGM.

The Independent Board Committee comprising all the independent non-executive Directors has been established to give recommendation to the Independent Shareholders as regards the Disposal. Ample Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The purpose of this circular is to provide you with (i) details of the Agreement; (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice from Ample Capital to the Independent Board Committee and the Independent Shareholders; (iv) the financial information of the Infosky Group; (v) the unaudited pro forma financial information of the Remaining Group; (vi) other information as required by the GEM Listing Rules; and (vii) a notice of the SGM.

### **THE AGREEMENT**

#### **Date**

22 December 2010 (supplemented on 11 February 2011)

#### **Parties**

- (i) the Company (as vendor); and
- (ii) Mr. Leung Tin Fu (as purchaser).

The Purchaser is a director of Infosky which is a subsidiary of the Company and the Purchaser is therefore a connected person of the Company. The Purchaser was also the Chairman of the Board during October 2001 to December 2007. Save as aforesaid, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is otherwise a third party independent of the Company and its connected persons.

#### **Assets to be disposed of**

Pursuant to the Agreement, the Company agreed to sell the Sale Shares to the Purchaser free from all liens, charges and encumbrances and together with all rights attaching thereto including all dividends and distributions declared, made or paid after the date of Completion.

The Sale Shares represent 99.5% of the issued share capital of, and the entire interest of the Group in, Infosky.



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## LETTER FROM THE BOARD

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### Consideration

The Consideration shall be HK\$3,000,000, which has been paid/shall be payable by the Purchaser in cash in the following manner:

- (i) HK\$1,500,000 as deposit and part payment of the Consideration upon the signing of the Agreement; and
- (ii) the balance of HK\$1,500,000 on Completion.

### Conditions

Completion is conditional upon:

- (i) the passing by the Independent Shareholders at the SGM of an ordinary resolution to approve the Agreement and the transactions contemplated thereunder in accordance with the GEM Listing Rules and applicable laws and regulations;
- (ii) all necessary consents, authorisations, licences and approvals required to be obtained on the part of the Purchaser in respect of the Agreement and the transactions contemplated thereunder having been obtained;
- (iii) the representations and warranties given by the Purchaser in the Agreement remain true and accurate in all respects; and
- (iv) the representations and warranties given by the Company in the Agreement remain true and accurate in all respects.

The condition in (iii) may be waived by the Company while condition in (iv) may be waived by the Purchaser. The other conditions are not capable of being waived. If the above conditions are not satisfied or waived on or before 31 March 2011 (or such later date as the Company and the Purchaser may agree in writing), the Agreement shall cease and terminate and the Company shall refund the deposit in full, without interest, to the Purchaser. Thereafter, neither party shall have any obligation nor liability towards each other under the Agreement, save for any antecedent breaches.

### Completion

Completion shall take place on the date falling the third business day after the date of fulfillment or waiver of the conditions above.

### INFORMATION ON THE INFOSKY GROUP

The Infosky Group is engaged in organising trade exhibition and provision of related services. During the year ended 31 March 2010, the Infosky Group has organised trade exhibitions in the PRC, Vietnam and Malaysia.

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## LETTER FROM THE BOARD

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The unaudited consolidated losses before and after tax of the Infosky Group are approximately HK\$2,181,000 and HK\$6,223,000 for the year ended 31 March 2009 respectively. The unaudited consolidated profits before and after tax of the Infosky Group are approximately HK\$2,721,000 and HK\$2,451,000 for the year ended 31 March 2010 respectively. For the six months ended 30 September 2010, the Infosky Group recorded unaudited losses before and after tax of approximately HK\$11,285,000 and HK\$11,510,000 respectively. The unaudited equity attributable to equity holders of Infosky as at 30 September 2010 is approximately HK\$1,487,000. Further details of the financial information of the Infosky Group are set out in appendix II to this circular.

### REASONS FOR THE DISPOSAL

The Group is principally engaged in the operation of cemetery and funeral services, exhibition organisation business and automobile trading business.

The exhibition organisation business of the Group has been adversely affected by the financial tsunami in 2008 and the Infosky Group recorded a net loss after tax of approximately HK\$6,223,000 for the year ended 31 March 2009. The performance of this segment has not shown signs of significant improvement since then despite the gradual recovery of the economy in general. Revenue for the year ended 31 March 2010 was approximately HK\$47,796,000, representing a drop of about 30.6% as compared to the year ended 31 March 2009. Various stringent cost cutting measures have been implemented by the Group, as a result of which the Infosky Group has been able to record a profit for the year ended 31 March 2010. Despite this, the Directors consider that the business environment for the exhibition business remains difficult in light of the escalating competition and the significant capital and management resources utilised by the exhibition business which may not be justified by the return generated therefrom. Against this background, the Group has been scaling down and streamlining its current exhibition organisation business and at the same time actively seeking for new business opportunities with growth potential and stable cash flow.

As part of the regular business review in early November 2010, the Directors and the senior management of the Infosky Group expected that the Infosky Group would continue to record a loss based on the preliminary assessment of the management accounts for the six months ended 30 September 2010. In view of this, the Directors have discussed alternatives to minimise the adverse effects and pressure of the loss making business of the Infosky Group on the overall cashflow and performance of the Group, including implementing further cost control measures, scaling down the operations or cessation of the exhibition business. Having considered that substantial costs would be incurred if the Group were to scale down or cease the business of the Infosky Group, the Purchaser agreed to acquire Infosky from the Group so that the exhibition business, of which he is a director and a key personnel, could be continued.

As announced by the Company in the 2010 interim report, the Group has in July 2010 commenced the automobile trading business to broaden the Group's income stream and such business has been generating stable revenue to the Group. In addition, the Group completed the acquisition of an equity interest in a company which together with its subsidiary, Suzhou

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## LETTER FROM THE BOARD

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Celebrities, is engaged in the business of cemetery and funeral services in Suzhou, Jiangsu Province, the PRC in October 2010. After completion, the Group owned a 37.5% effective interest in Suzhou Celebrities. The Company also entered into an agreement on 2 December 2010 to acquire the entire issued share capital of a company which holds a 70% interest in a joint venture, Huai Ji, carrying on the business of construction, management and operation of funeral facilities and related services in Guangdong Province, the PRC. This acquisition was completed on 27 January 2011. These acquisitions are expected to further contribute to the income and results of the Group. The Directors consider that the Disposal would enable the Group to realise a loss-making segment and direct its focus and resources towards the cemetery and funeral business which is expected to have better growth potential.

The Consideration is determined after arm's length negotiations between the Company and the Purchaser taking into account factors including the net asset value of the Infosky Group, the unsatisfactory performance of the Infosky Group in previous years and the six months ended 30 September 2010, and the expected financial performance of the Infosky Group for the year ending 31 March 2011.

The proceeds from the Disposal, after deducting expenses incidental to the Disposal, are estimated to amount to HK\$2,500,000 and are intended to be used as general working capital of the Group. Based on the net assets of the Infosky Group as at 30 September 2010 of approximately HK\$1,449,000, the non-controlling interests of the Infosky Group as at 30 September 2010 of approximately HK\$17,000 and the Consideration, the Disposal is expected to result in a gain of approximately HK\$1,568,000 for the Group before expenses. Upon Completion, the Group shall cease to hold any interest in Infosky and Infosky shall cease to be a subsidiary of the Company.

Taking into account the unsatisfactory performance of the Infosky Group, the gain expected to be resulted from the Disposal, the cash proceeds receivable from the Disposal and the opportunity to re-allocate management resources after the Disposal to other business segments which may have better growth potential, the Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement are fair and reasonable and the Disposal is in the interest of the Company and the Shareholders as a whole.

Since May 2010, the Company has been approached by a financial institution which expressed that its client, Global Sources Ltd. (the "Third Party"), was interested in acquiring or cooperating with the exhibition organisation business of the Group. The financial institution indicated that the Third Party is a sizeable public company listed on NASDAQ and is a business-to-business media company and facilitator of trade. It also engages in trade show and exhibition business, which the Company considers to be in direct competition with the Infosky Group. There was no mention of any price, structure, payment or other terms brought up in communications between the financial institution and the Company since May 2010, until 7 February 2011 on which date the Company received a letter from the financial institution on behalf of the Third Party stating certain non-binding and conditional indicative terms of acquiring 99.5% of the issued share capital of Infosky at a price of HK\$6,000,000, and suggestion for the Company to conduct a structured auction process for the sale of the Infosky

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## LETTER FROM THE BOARD

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Group and undertaking to submit a bid of not less than HK\$6,000,000 at such auction (the “Proposals”). Completion of the Proposals is expected to be subject to, among other things, satisfactory completion of due diligence review to be conducted by the Third Party, execution of a binding agreement and other ancillary documents in connection with the Proposals and termination or non-completion of the Disposal contemplated under the Agreement. After considering (i) the possible legal consequences of the Company unilaterally terminating the Agreement and proceeding with the Proposals; (ii) the possible adverse effects on the operation of the Infosky Group as a result of the termination of the Disposal; (iii) the additional time and costs that may be incurred by the Company to engage in discussions and negotiations with the Third Party before a binding agreement, if any, can be reached; (iv) the expected operating loss of the Infosky Group to be borne by the Group before completion of the Proposals; (v) the time and costs that have already been incurred by the Company in implementing the Disposal; (vi) the Proposals are non-binding and subject to a number of conditions; (vii) the uncertainty of whether the Proposals would materialise and the risk involved in non-completion of the Proposals, the Company considers that the additional benefit, if any, that may arise from the terms of the Proposals are not justified and it is not in the commercial interest of the Company to abandon the Disposal. The Company therefore decided not to engage in further discussions with the financial institution about the exhibition organisation business unless the Disposal falls through. Up to the Latest Practicable Date, the Company has not been approached by or commenced any discussion with any other parties in relation to the disposal of the Infosky Group save for this financial institution. The Directors are of the view that there was no binding offer with regards the Infosky Group apart from the Disposal.

### FINANCIAL EFFECTS OF THE DISPOSAL

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular, the financial effects of the Disposal on the Group are as follows:

- (i) as stated in Appendix III to this circular, the Group’s total assets would decrease by approximately HK\$20,385,000 from approximately HK\$76,149,000 to approximately HK\$55,764,000 and the Group’s total liabilities would decrease by approximately HK\$21,436,000 from approximately HK\$40,500,000 to approximately HK\$19,064,000 as if the Disposal had been completed on 30 September 2010; and
- (ii) the Group’s loss would decrease by HK\$12,578,000 from the loss for the period ended 30 September 2010 of approximately HK\$25,032,000 to approximately HK\$12,454,000 which is calculated based on (i) the exclusion of the loss of the Infosky Group for the period ended 30 September 2010 of approximately HK\$11,510,000; and (ii) the inclusion of the estimated gain of HK\$1,068,000 arising from the Disposal, after deducting expenses incidental to the Disposal as if the Disposal had been completed on 1 April 2010.

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## LETTER FROM THE BOARD

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### FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

Following the Disposal, the Remaining Group will cease to engage in exhibition organisation business and will engage in the development of the cemetery and funeral operation and related services businesses as well as the trading of automobiles and accessories.

#### **Cemetery and funeral operation and related services**

As disclosed above, in light of the unsatisfactory performance of the exhibition organisation business, the Group has been actively seeking for new business opportunities. Preliminary discussions with the owner of Suzhou Celebrities on possible co-operations in his cemetery and funeral related business in the PRC commenced in mid 2010 and a memorandum of understanding was signed on 11 August 2010 in relation to the possible acquisition of interest in Suzhou Celebrities. Subsequent to the entering into of the aforesaid memorandum of understanding, the Group performed due diligence review on Suzhou Celebrities. The formal sale and purchase agreement in relation to the acquisition of a 37.5% effective interest in Suzhou Celebrities was signed by the Group on 3 September 2010 and the acquisition was completed in October 2010. Suzhou Celebrities holds a land use right for an approximately 66,000 sq.m. of land in Suzhou and has been operating a commercial cemetery for over 10 years. Facilities have been erected on the land which can accommodate 30,000 to 100,000 units of columbarium for licensing to the public and approximately 50,000 sq.m. of the land are available for licensing to the public as burial units. Revenue of Suzhou Celebrities comprises (i) service fees from provision of funeral services; (ii) income from licensing of columbarium and burial units; and (iii) sales of funeral products and accessories. The target customers of Suzhou Celebrities are citizens in Suzhou, Shanghai and other cities in the Eastern China, as well as overseas Chinese including those from Hong Kong. Details of the above acquisition are set out in the announcement and the circular of the Company dated 5 September 2010 and 28 September 2010 respectively.

After the successful completion of the acquisition of Suzhou Celebrities and recognising the growth potential of the cemetery and funeral services business in the PRC, the Company approached the owner of Huai Ji to explore the possibility of pursuing the acquisition of his funeral services business in early November 2010. The conditional sale and purchase agreement in relation to the acquisition of a 70% effective interest in Huai Ji was entered into on 2 December 2010 and was completed on 27 January 2011. Huai Ji has the land use right for an approximately 117,000 sq.m. of land which may be used for funeral homes, crematory facilities, columbarium and other cemetery facilities. Revenue of Huai Ji at present comprises (i) service fees from provision of funeral services; (ii) income from licensing of columbarium units and cemetery; and (iii) sales of funeral products and accessories. The target customers of Huai Ji are citizens in Huai Ji County and nearby cities in Guangdong. Details of the aforesaid acquisition are set out in the announcement of the Company dated 2 December 2010.

The Group intends to strengthen the sales team and launch marketing campaigns as well as form strategic alliance with distributors to promote the sales of columbarium and burial units of Suzhou Celebrities. Renovation and improvement works are being planned with a view to

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## LETTER FROM THE BOARD

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enhancing the quality of services as well as providing a wider variety of religious funeral services to customers. To capture the growth potential presented by this business, the Group plans to broaden its marketing channel, diversify products and services being offered such as helping customers to pre-arrange or plan for their future funeral needs, and continue to seek for opportunities in expanding its investment portfolio in cemetery and funeral related business in the PRC. To fund the expansion plan, the Company has on 21 January 2011 entered into a subscription agreement with an independent third party (the “**Subscriber**”), pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, convertible bonds of the Company in the principal amount of US\$12,500,000. Further details in relation to this fund raising exercise will be disclosed in an announcement to be published by the Company.

### **Automobile and accessories trading**

The Group commenced its automobile and accessories trading business in July 2010 after being approached by an automobile trading agent which is a third party independent of the Company and its connected persons, and having obtained a general understanding of the business model, revenue model, market and capital requirements of the automobile and accessories trading business. At present, the Group engages in trading of automobile and accessories on an indent basis. The Group intends to expand the product range to be traded and explore customers in other markets in Asia and elsewhere with a view to gradually enlarging the scale of this business. The Company will continue to assess the performance and contribution of this business and has no present intention to dispose of this business.

### **GEM LISTING RULES IMPLICATIONS**

The Disposal constitutes a very substantial disposal of the Company under the GEM Listing Rules. By virtue of the Purchaser being a director of Infosky which is a subsidiary of the Company, and therefore a connected person of the Company, the Disposal also constitutes a connected transaction of the Company under the GEM Listing Rules. The Disposal is therefore subject to the approval of the Independent Shareholders at the SGM by way of poll. The Purchaser and his associates shall abstain from voting on the relevant resolution to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Purchaser and his associates did not hold any Shares as at the Latest Practicable Date.

### **SGM**

The SGM will be held at Room 502, 5th Floor, Wah Shing Centre, 11 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong on Tuesday, 1 March 2011 at 11:00 a.m., to consider and, if thought fit, pass the resolution to approve the Agreement and the transactions contemplated thereunder. The notice of the SGM is set out on pages 53 to 54 of this circular.

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## LETTER FROM THE BOARD

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A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof to the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish. The resolution put to vote at the SGM will be decided by way of poll. None of the Directors have a material interest in the Disposal and were required to abstain from voting on the board resolution approving the Agreement and the transactions contemplated thereunder.

### RECOMMENDATION

The Independent Board Committee comprising all the independent non-executive Directors has been formed to give recommendation to the Independent Shareholders as regards the Disposal. Your attention is drawn to the letter from the Independent Board Committee containing its recommendation set out on page 13 of this circular.

Ample Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Disposal. The text of the letter of advice from Ample Capital is set out on pages 14 to 24 of this circular.

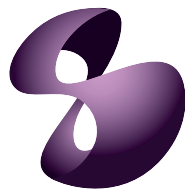
The Independent Board Committee, having taken into account the principal reasons and factors considered by and the advice of Ample Capital set out in its letter of advice on pages 14 to 24 of this circular, is of the opinion that the Agreement was entered into on normal commercial terms, and the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

By order of the Board  
**Sage International Group Limited**  
**Chui Bing Sun**  
*Chairman and executive Director*





**SAGE INTERNATIONAL GROUP LIMITED**

**仁智國際集團有限公司**

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

**(Stock Code: 8082)**

14 February 2011

*To the Independent Shareholders*

Dear Sir or Madam,

**VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION**

We refer to the circular of the Company dated 14 February 2011 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the terms of the Agreement and the transactions contemplated thereunder. Ample Capital has been appointed as the independent financial adviser to advise us in this regard. Details of the advice of Ample Capital are contained in its letter set out on pages 14 to 24 of the Circular.

Having considered the terms of the Agreement and the transactions contemplated thereunder and the principal reasons and factors considered by and the advice of Ample Capital, we are of the opinion that the Agreement was entered into on normal commercial terms, the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned, and the Agreement is in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

Yours faithfully,

**Independent Board Committee**

**Mr. Leung Chi Kong      Mr. Chan Wai Man      Mr. Siu Hi Lam, Alick**

*Independent non-executive Directors*



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## LETTER FROM AMPLE CAPITAL

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*The following is the full text of the letter from Ample Capital Limited setting out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.*



Ample Capital Limited  
Unit A, 14th Floor  
Two Chinachem Plaza  
135 Des Voeux Road Central  
Hong Kong

14 February 2011

*To the Independent Board Committee and the Independent Shareholders of  
Sage International Group Limited*

Dear Sirs,

**VERY SUBSTANTIAL DISPOSAL  
AND CONNECTED TRANSACTION  
IN RELATION TO  
THE DISPOSAL OF EXHIBITION ORGANISATION BUSINESS**

### INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Agreement, details of which are contained in the Letter from the Board (the “**Letter from the Board**”) set out in the circular (the “**Circular**”) of the Company to the Shareholders dated 14 February 2011, of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context otherwise requires.

In the Announcement, the Board announced that the Company entered into the Agreement with the Purchaser on 22 December 2010. Pursuant to the Agreement, the Company has agreed to sell and the Purchaser has agreed to purchase, subject to fulfillment of the conditions of the Agreement, the Sale Shares, representing 99.5% of the issued share capital of, and the entire interest of the Group in, Infosky. The Consideration is to be satisfied by payment of HK\$3,000,000 in cash, HK\$1,500,000 of which as deposit and part payment upon signing of the Agreement, and the balance of HK\$1,500,000 on Completion.

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## LETTER FROM AMPLE CAPITAL

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The transactions under the Agreement constitute a very substantial disposal of the Company under the GEM Listing Rules. As the Purchaser is a director of Infosky, a subsidiary of the Company, the Agreement and the transactions contemplated thereunder also constitute a connected transaction under the GEM Listing Rules. Therefore, the Agreement and the transactions contemplated thereunder are subject to the approval of the Independent Shareholders of the SGM.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders, on whether the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned and whether the entering into of the Agreement are in the interests of the Company and the Independent Shareholders as a whole.

### **BASIS OF OUR ADVICE**

In arriving at our recommendation, we have relied on the statements, information and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Company. We have assumed that all information and representations contained or referred to in the Circular and all information and representations which have been provided by the Directors and the management of the Company for which they are solely responsible, are true and accurate at the time they were made and will continue to be accurate at the date of the despatch of the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and presentation provided to us by the Directors.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group.

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## LETTER FROM AMPLE CAPITAL

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### PRINCIPAL FACTORS TAKEN INTO ACCOUNT

The principal factors and reasons that we have taken into consideration in assessing the Agreement and the terms thereof and arriving at our opinion are set out as follows:

#### 1. Background

##### *(a) Business overview of and background on the Group*

At present, the Group is principally engaged in the operation of cemetery and funeral services, exhibition organisation business and automobile trading business.

Set out below are the operating results of the Group for the two years ended 31 March 2010, and the six months ended 30 September 2009 and 2010, as extracted from the Company's annual report for the year ended 31 March 2010 (the "**2010 Annual Report**") and the Company's interim report for the six months ended 30 September 2010 (the "**2010 Interim Report**").

	For the year ended		For the six months	
	31 March		ended 30 September	
	2009	2010	2009	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(unaudited)	(unaudited)
Turnover	68,869	47,796	8,353	15,189
Operating expenses	(101,893)	(58,263)	(27,415)	(40,734)
Net loss attributable to shareholders	(36,136)	(9,840)	(18,057)	(24,994)

Before March 2010, the principal business of the Group has been exhibition organisation, provision of promotion and marketing services and trade magazines publication. The core business of the Group has been the exhibition organisation business. Nevertheless, it has been the Company's strategic plan to explore business opportunities in industries outside the exhibition organisation business in face of its competitive business environment. In 2010, the Group made several strategic moves to expand into the cemetery, funeral and related deathcare business by acquisitions.

In October 2010, the Group completed the acquisition of 50% interest in a company which holds 75% interest of Suzhou Celebrities, a contractual joint venture established under the laws of the PRC, which is engaged in the business of cemetery and funeral services in Suzhou, Jiangsu Province, the PRC. The acquisition was agreed at a consideration of HK\$107,650,000.

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## LETTER FROM AMPLE CAPITAL

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On 2 December 2010, the Group also entered into another agreement to acquire the entire issued share capital of a company which holds a 70% interest in Huai Ji, a contractual joint venture established under the laws of the PRC which is carrying on the business of construction, management and operation of funeral facilities and related services in Guangdong Province, the PRC. The acquisition was agreed at a consideration of HK\$17,800,000. The acquisition has been completed in January 2011.

By virtue of these two agreements, the Group has acquired and expanded into businesses in the construction, management and operation of cemetery and funeral facilities and related services in the PRC.

Apart from exhibition organisation business and the newly acquired cemetery and funeral services business, the Group also commenced a new business in the trading of automobile and accessories in July 2010. Under this new segment, the Group sells automobile and accessories to customers in the Asia. In the six months ended 30 September 2010, the Group recorded turnover of approximately HK\$5,390,000 under this new segment, accounting for 35.5% of the Group's turnover in the period. The profit from operating activities arising from this segment amounted to approximately HK\$49,000 in the six months ended 30 September 2010.

Before these acquisitions and the commencement of automobile trading business, the turnover, operating expenses and net profit/(loss) for the two years ended 31 March 2009 and 2010 were wholly derived from the exhibition organisation, provision of promotion and marketing services and trade magazines publication business. It also contributed to approximately 64.5% of the Group's turnover for the six months ended 30 September 2010, along with the trading of automobile and accessories business which contributed to the remaining 35.5% of the Group's turnover.

In the 2010 Interim Report, the Group indicated its intention to scale down and streamline the exhibition business given the segment recorded losses in the current period.

***(b) Background on the Infosky Group***

Infosky is an investment holding company. As at 30 September 2010, the Group holds 99.5% voting power of Infosky, and Infosky is thus a non-wholly owned subsidiary of the Group. The remaining 0.5% interest in Infosky is held by an independent third party. The Infosky owns, directly or indirectly, the entire issued share capital of the Paper Communication Publications Limited, Global Challenge Limited, 廣東訊展會議展覽有限公司 (Guangdong Xunzhan Convention and Exhibition Limited) and 上海訊展會議展覽有限公司 (Shanghai Xunzhan Convention and Exhibition Limited), and 50.1% of the issued shares of Chan Chao International Co Ltd.

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## LETTER FROM AMPLE CAPITAL

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The Infosky Group is engaged in organising trade exhibition and provision of related services. The Infosky Group is a one-stop exhibition organiser which specialises in the industrial sector. In the year ended 31 March 2010, the Infosky Group organised 12 exhibitions in Hong Kong, Dongguan, Suzhou, Wuhan and other countries such as Malaysia and Vietnam. The Infosky Group also provides value-added promotion and marketing services and publishes various trade magazines for promoting the products of its clients. The Infosky Group was the core business of the Group, with the Group's turnover wholly derived from the Infosky Group in the two years ended 31 March 2009 and 2010, and the Infosky Group contributed to approximately 64.5% of the Group's turnover for the six months ended 30 September 2010.

The following are the unaudited consolidated turnover and profit/(loss) before and after tax of the Infosky Group for the two years ended 31 March 2010 and the six months ended 30 September 2009 and 2010, extracted from the management accounts of Infosky:

	<b>For the year ended</b>		<b>For the six months</b>	
	<b>31 March</b>		<b>ended 30 September</b>	
	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Turnover	68,869	47,796	8,353	9,799
Profit/(Loss) before tax	(2,181)	2,721	(10,796)	(11,285)
Profit/(Loss) after tax	(6,223)	2,451	(10,796)	(11,510)

According to the management accounts, the unaudited net asset value of the Infosky Group was approximately HK\$1,449,000 as at 30 September 2010, which mainly consisted of property, plant and equipment of approximately HK\$1,555,000, and current assets of trade and other receivables and bank balances and cash of approximately HK\$21,096,000, offset by current liabilities of mainly trade and other payables and sales deposits received in advance of approximately HK\$21,436,000. The property, plant and equipment of approximately HK\$1,555,000 mainly represented office equipment and leasehold improvements for offices in Hong Kong and the PRC.

## 2. Reasons for and benefits of the Disposal

The Infosky Group has been facing significant challenges in the competitive environment, such as industrial competition from other countries, costs pressures and drop in turnover and profitability since the financial tsunami in late 2008. These have adversely affected the financial performance of the Infosky Group. Since the year ended 31 March 2009, the profitability of the Infosky Group has deteriorated significantly and has become more volatile, with the turnover decreased sharply from approximately HK\$88,545,000 in the year ended 31 March 2008 to HK\$68,869,000 in the year ended 31 March 2009, due to drop in demands for exhibition services. Despite the gradual recovery of the economy in general, the turnover of the Infosky Group further dropped to approximately HK\$47,796,000 in the year ended 31 March 2010. In the year ended 31 March 2010, the Infosky Group has made endeavour to exercise

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stringent cost control, such as the reduction in expenditure on advertising expenses and exhibition rental costs, the result of which was the cutting of operating costs from approximately HK\$78,640,000 to HK\$45,997,000 in the two year ended 31 March 2009 and 2010. We understand from the management of the Group that the Infosky Group has to maintain substantial fixed operating costs, which mainly represents labour costs. Further cut in operating costs would be difficult, as further scaling down of operation would leave the Infosky Group with inadequate manpower for organising and supporting the major events during the year, thus adversely impact its normal operations and profitability.

The Infosky Group recorded a profit after tax of approximately HK\$2,451,000 in the year ended 31 March 2010 despite of the fact that the turnover shrank by 30.6% from approximately HK\$68,869,000 in the year ended 31 March 2009 to approximately HK\$47,796,000. According to the management of the Group, this was mainly attributable to the stringent cost control measures mentioned above and the voluntary forfeiture of a substantial amount of performance bonus of approximately HK\$2.5 million by certain management staff in the year ended 31 March 2010, in light of the drastic decrease in revenue of the Infosky Group, thereby enabling the Infosky Group to make a net profit during the year. According to past remuneration practices of the Infosky Group, the performance bonus is based on certain percentage of the gross profit of exhibition income after making some pre-determined adjustment. Had it not been for the voluntary forfeiture of the performance bonus, it is very likely that the Company would have recorded a loss in the year. It was agreed with the management personnel that this was only an exceptional arrangement given the exceptionally adverse economic environment. However, the Directors are of the view that the same saving in staff costs will not happen in the year ending 31 March 2011.

A substantial loss before tax of approximately HK\$11,285,000 was recorded for the six months ended 30 September 2010, as most major exhibition events take place in November of a year and most revenue is recognised in that period. However, according to the latest management accounts, the Infosky Group still recorded a loss of approximately HK\$4.1 million for the nine months ended 31 December 2010 despite significant turnover of approximately HK\$45.5 million has been recognised and substantially received for the nine months ended 31 December 2010. Having considered the anticipated exhibition events and the expected revenue for the six months ended 31 March 2011, the Directors consider that it is unlikely that the Infosky Group would make a profit in the year ending 31 March 2011. Considering the business prospects and cost structure of the Infosky Group, the Directors are of the opinion that the Infosky Group will continue to suffer from continuing loss and uncertainty in such business environment.

As stated in the Letter from the Board, the Disposal would enable the Group to realize the loss-making business, streamline the Group's operations and direct its focus and resources towards the cemetery and funeral business which is expected to have better growth potential.

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The net proceeds from the Disposal are estimated to be HK\$2,500,000 and are intended to be used as general working capital of the Group. Based on the net asset of the Infosky Group as at 30 September 2010 of approximately HK\$1,449,000, the non-controlling interests of the Infosky Group as at 30 September 2010 of approximately HK\$17,000 and the Consideration, the Disposal is expected to result in a gain of approximately HK\$1,568,000 for the Group before expenses.

In view that (i) the business of the Infosky Group is on a deteriorating trend and has been generally loss making; (ii) the Disposal would enable the Group to direct its focus and resources towards its new business; and (iii) the Disposal will result in a gain and bring working capital to the Group, we are of the view that the Agreement is in the interests of the Company and the Shareholders as a whole.

### 3. Key terms of the Agreement

#### (a) Consideration

The Consideration is HK\$3,000,000, which was determined after arm's length negotiations between the Company and the Purchaser after taking into consideration of various factors, including but not limited to the business prospects for exhibition organisation business.

As the Infosky Group has generally been in loss making position in recent years (despite a profit of HK\$2.5 million for the year ended 31 March 2010 which was due to specific cost control measure as mentioned above) and it did not declare any dividend in each of the two year ended 31 March 2010, neither the price-earnings approach nor dividend approach can be used for assessing the reasonableness of the Consideration. In order to assess the fairness and reasonableness of the Consideration, we have referred to alternative valuation reference commonly used by the market and we are of the view that price-book multiple (the "**P/B ratio**") is a suitable valuation benchmark on which we have made comparison and conducted analysis with a comparable company, Pico Far East Holdings Limited, that is listed on the main board of the Stock Exchange ("**Comparable Company**"). Pico Far East Holdings Limited, the Comparable Company, and another company, Sino Resources Group Limited, are companies identified by us, which are principally engaged in exhibition organisation business and listed on the Stock Exchange. Sino Resources Group Limited, however, was not selected for our comparison purpose because of the fact that it has been suspended trading of its shares since 17 July 2009. The market information of Sino Resources Group Limited was neither relevant nor up-to-date for the purpose of our comparison, and thus, only Pico Far East Holdings Limited was selected as the Comparable Company and is the exhaustive list of comparable company after our best effort in identifying suitable comparable company.



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Accordingly, we set out in the following table the relevant P/B ratio calculated based on the share price of the Comparable Company as at 22 December 2010, being the date of the Agreement.

Company Name (Stock Code)	Year ended	Principal activities	Share price as at 22 December 2010 (HK\$)	Net asset value per share as at 31 October 2010 (HK\$)	P/B ratio  (times)
Pico Far East Holdings Ltd. (752)	31 October 2010	(i) Exhibition and event marketing services; (ii) Brand signage and visual communication; (iii) Museum, themed environment, interior and retail; and (iv) Conference and show management	1.62	1.00	1.62
<b>Infosky Group*</b>					<b>2.07</b>

*Source: www.hkex.com.hk*

\* The calculation of the P/B ratio of the Infosky Group is based on the Consideration of HK\$3 million and the respective unaudited net asset value of the Infosky Group as at 30 September 2010.

The P/B ratio of the Comparable Company was approximately 1.62, falling below the P/B ratio of the Infosky Group of approximately 2.07, suggesting that the Consideration represents a price more favourable to the Company than other similar investment opportunities in the same industry in the open market.

Furthermore, the financial performance of the Comparable Company was more stable and profitable than that of the Infosky Group, with the profit after tax of the Comparable Company remaining positive, of approximately HK\$187 million, HK\$132 million and HK\$203 million for the year ended 31 October 2008, 2009 and 2010, according its annual reports for the years ended 31 October 2008, 2009 and 2010. On the contrary, the Infosky Group not only suffered a significant aggregate net loss after tax of approximately HK\$15.1 million during the two years ended 31 March 2009 and 2010 and six months ended 30 September 2010, the results of operation also fluctuated significantly between profit after tax of approximately HK\$2,451,000 and loss after tax of approximately HK\$11,297,000, suggesting that the Infosky Group is inherently riskier than the Comparable Company.

Taking into account that the P/B ratio of the Infosky Group exceeds that of the Comparable Company by approximately 28.0%, the Disposal represents a favourable opportunity for the Group to dispose of the Infosky Group, which is inherently riskier and less profitable than the Comparable Company in the open market.

In addition, in view of the loss making record of the Infosky Group in recent years, we consider that it is fair and reasonable to use its net asset value as a basis to determine the Consideration.



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In view of the above, we are of the view that the Consideration is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole and the terms of the Agreement are normal commercial terms.

#### **4. Financial effects of the Disposal of the Infosky Group**

Infosky will cease to be a subsidiary of the Company after the Disposal, and hence, results of the Infosky Group will not be consolidated into the financial statement of the Group henceforth.

We have considered the potential financial effects of the Disposal on the Company based on the financial information of the Group as set out in Appendix I to the Circular and the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to the Circular. The Directors have prepared the unaudited pro forma financial information of the Remaining Group to illustrate the effects of the Disposal might have on the results of the operations, financial position and cash flows of the Group immediately after the completion of Disposal. The pro forma financial information is prepared based on a number of bases and assumptions set out in Appendix III, and solely for illustrative purposes. Independent Shareholders are advised to read the bases and assumptions carefully.

##### *Earnings*

As set out in the section headed “Background on the Infosky Group” above, the Infosky Group has recorded turnover and the loss after tax for the six months ended 30 September 2010 of approximately HK\$9,799,000 and HK\$11,510,000 respectively.

Based on the unaudited pro forma consolidated income statement of the Remaining Group as set out in Appendix III to the Circular, the unaudited pro forma net loss of the Remaining Group for the six months ended 30 September 2010 would amount to approximately HK\$12,454,000, assuming that completion of the Disposal had taken place on 1 April 2010, as compared to the actual net loss of the Group of approximately HK\$25,032,000.

##### *Cash flow and Net Current Assets*

The Consideration is HK\$3,000,000, out of which HK\$1,500,000 has been paid by the Purchaser in cash upon the signing of the Agreement, and the balance of HK\$1,500,000 shall be payable in cash on Completion. The proceeds from the Disposal, after deducting expenses incidental to the Disposal, are estimated to be HK\$2,500,000, thereby bringing a positive cash flow of HK\$2,500,000 to the Group. According to the 2010 Interim Report, the Group’s bank balances and cash as at 30 September 2010 amounted to approximately HK\$36,600,000. Based on the unaudited pro forma consolidated statement of financial position of the Remaining Group as set out in Appendix III to the Circular, the unaudited pro forma bank balances and cash of the Remaining Group as at 30 September 2010 would amount to approximately

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HK\$26,038,000, which represents a net decrease in bank balances and cash of approximately HK\$10,562,000. The balance decreased mainly because the Infosky Group held a significant amount of bank balances and cash of approximately HK\$13,062,000 as at 30 September 2010 according to its management account. Notwithstanding the significant bank balances and cash, the Infosky Group had current liabilities, mainly being trade and other payables and sales deposits received in advance, of approximately HK\$21,436,000 as at 30 September 2010. The Infosky Group had a net current liabilities position of approximately HK\$340,000 as at 30 September 2010. Based on the unaudited pro forma consolidated statement of financial position of the Remaining Group as set out in Appendix III to the Circular, had the Disposal been completed on 30 September 2010, the net current assets of the Remaining Group would have been approximately HK\$51,416,000, representing an increase over the actual net current assets of the Group of approximately HK\$48,576,000. Despite the decrease in balance of bank balances and cash, there would have been improvement on the net current assets and thereby improvement in liquidity assuming the Disposal had been completed on 30 September 2010.

### *Debt ratio and Gearing ratio*

Based on the unaudited pro forma consolidated statement of financial position of the Remaining Group as set out in Appendix III to the Circular, had the Disposal been completed on 30 September 2010, the total liabilities of the Remaining Group would have been approximately HK\$19,064,000 as compared to the actual total liabilities of the Group of approximately HK\$40,500,000. Based on the 2010 Interim Report, the Group had a debt ratio (calculated by dividing the total liabilities by total assets) of 53.2%. The debt ratio would be reduced to 34.2% as a result of the Disposal based on the unaudited pro forma consolidated statement of financial position of the Remaining Group. On the other hand, the total interest bearing convertible bonds would remain the same after the Disposal, at a carrying amount of HK\$17,117,000 based on the 2010 Interim Report. Based on the unaudited pro forma consolidated statement of financial position of the Remaining Group, had the Disposal been completed on 30 September 2010, the gearing ratio (calculated by dividing the total interest bearing convertible bonds by total assets) would have been increased from approximately 22.5% to 30.7%, a level considered by the Directors to be comfortable, merely because of the reduction of total assets and thus the denominator in the formula after the Disposal.

### *Net assets value*

Based on the unaudited pro forma consolidated statement of financial position of the Remaining Group as set out in Appendix III to the Circular, the unaudited pro forma adjusted net assets of the Remaining Group would have been approximately HK\$36,700,000 had the completion of the Disposal been taken place on 30 September 2010, representing an increase of approximately HK\$1,051,000 as compared to the net assets of approximately HK\$35,649,000 of the Group as at 30 September 2010. The increase in net asset value is resulted from the net proceeds received from the Disposal.

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## LETTER FROM AMPLE CAPITAL

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### 5. Other potential offer

We understand from the management of the Company that, since May 2010, the Company has been approached by a financial institution which expressed that its client (the “Third Party”) was interested in acquiring or cooperating with the exhibition organisation business of the Group. The financial institution indicated that the Third Party is a sizeable corporation engaged in sourcing and trade show organisation which is a direct competitor of the Infosky Group. Since May 2010, there was no mention of any price, structure, payment or other terms brought up in communications between the financial institution and the Company, until 7 February 2011, on which date the Company received a letter from the financial institution on behalf of the Third Party stating certain indicative terms of proposal and conditions. After considering the various factors as set out in the paragraph headed “Reasons for the Disposal” in the Letter from the Board, the Company did not engage in further discussions with the financial institution about the exhibition organisation business. Up to the Latest Practicable Date, we understand that the Company has not been approached by or commenced any discussion with any other parties in relation to the disposal of the Infosky Group save for this financial institution. The Directors are of the view that there was no binding offer with regards the Infosky Group apart from the Disposal contemplated in this letter. We have reviewed various letters from the financial institution to the Company and have discussed with the Directors on the reasons they have considered for not engaging in further discussion with the financial institution. Taking into account the various factors considered by the Board, we concur with the Directors that the Board’s decision of not to engage in further discussions with the financial institution is reasonable and in the interest of the Company and the Shareholders as a whole.

### RECOMMENDATION

Having taken into account the principal factors and reasons referred to the above, we are of the opinion that the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned, and are normal commercial terms and the Agreement is in the interest of the Company and the Shareholders as a whole. We therefore advise the Independent Shareholders, and also advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Ample Capital Limited**  
**H. W. Tang**  
*President*

## 1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for the three financial years ended 31 March 2008, 2009 and 2010 and for the six months ended 30 September 2010 are disclosed in the Company's annual reports for the financial years ended 31 March 2008, 2009 and 2010 respectively and the Company's interim report for the six months ended 30 September 2010. All of these financial statements have been published on the website of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and the Company's website at [www.sig.hk](http://www.sig.hk).

## 2. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

### Business review

The Remaining Group is principally engaged in the trading of automobiles and accessories for the six months ended 30 September 2010. The Group also signed a sale and purchase agreement for the acquisition of equity interest in Suzhou Celebrities and paid a deposit in the period. Following completion of the acquisition of Suzhou Celebrities in October 2010 and the acquisition of a 70% effective interest in Huai Ji in January 2011, the Remaining Group also engages in the development of cemetery and funeral operation and related services businesses in the PRC.

For the six months ended 30 September 2010, revenue of the Remaining Group was approximately HK\$5,390,000. Such revenue was attributable to the trading of automobile and accessories to customers in Asia. The Directors consider that the cemetery and funeral operation and related services businesses of the Remaining Group will generate stable revenue to the Remaining Group and are optimistic about the future development of the Remaining Group.

The Remaining Group recorded loss attributable to the owners of the Company of approximately HK\$12,454,000 for the six months ended 30 September 2010. Such loss mainly comprised costs on share-based payments of approximately HK\$5,203,000 for granting of options under the Company's share option scheme and other general operating expenses of approximately HK\$5,294,000.

### Prospects

The Remaining Group will put its resources into the new death-care operation (including cemetery operation, funeral and other services) and trading business. The Board is optimistic about the future development of the death-care industry in the Greater China region in light of the continuing increase in demand of such services and the rising living standard of citizens in the PRC. The Remaining Group will continue to identify and invest into any potential investments that will bring returns to the Remaining Group and its shareholders in such sector. Regarding the automobile and accessories trading business, the Remaining Group intends to expand gradually the product range to be traded and explore customers in other markets in Asia and elsewhere with a view to gradually enlarging the scale of such business if the result is satisfactory.

**Liquidity, financial resources and capital structure**

The Remaining Group generally finances its daily operations and investing activities from internally generated cash flows and fund raised in capital markets. Through a series of capital fund raising exercises, the financial position and the asset base of the Remaining Group were significantly improved. As at 30 September 2010, the Remaining Group had total assets of approximately HK\$53,264,000 and had equity attributable to equity holders of approximately HK\$34,200,000. The Remaining Group's cash and bank balances as at 30 September 2010 amounted to approximately HK\$23,538,000. For the six months ended 30 September 2010, the Company has raised new funds of approximately HK\$62,967,000 through a top-up placing of shares and issue of two convertible bonds. One of the two convertible bonds with principal value of HK\$30,870,000 was fully converted into new shares while the remaining one, which is a long term debt with liability amount of approximately HK\$17,117,000, has not yet been redeemed or converted and will mature in 2015. There is no bank and other borrowings as at 30 September 2010. The gearing ratio of the Remaining Group as at 30 September 2010, calculated on the basis of total borrowings over total equity holders' funds, is 47%.

Taking into account the cash on hand and debt equity ratio of the Remaining Group, the Directors consider that the Remaining Group's financial position is healthy and sustainable. Since the functional currencies of the Remaining Group's operations are Hong Kong dollars and Renminbi, the Directors consider that the potential foreign exchange exposure of the Remaining Group is limited.

**Investment held and material acquisitions and disposals**

During the six months ended 30 September 2010, the Remaining Group entered into an agreement to acquire an equity interest in Suzhou Celebrities, details of which are set out in the announcement and the circular of the Company dated 5 September 2010 and 28 September 2010 respectively. The acquisition was completed in October 2010. Save for the aforesaid, the Remaining Group had not made any material acquisition or disposal during the six months ended 30 September 2010. The Remaining Group had also acquired a 70% effective interest in Huai Ji in January 2011, details of which are disclosed in the announcement of the Company dated 2 December 2010.

**Employees and remuneration policies**

As at 30 September 2010, the Remaining Group had 15 employees, including Directors. Total staff costs for the six months ended 30 September 2010, including Directors' remuneration, amounted to approximately HK\$8,001,000. The Remaining Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of the performance and experience of individual employees. The Remaining Group also provides provident fund schemes and medical insurance scheme for its employees.

**Charges on Remaining Group's assets and contingent liabilities**

There were no charges on the Remaining Group's assets or any significant contingent liabilities as at 30 September 2010.

**3. INDEBTEDNESS STATEMENT**

As at the close of business on 31 December 2010, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the outstanding indebtedness of the Group are as follows:

	<i>HK\$'000</i>
<b>Current portion</b>	
Due to the Purchaser	1,000
Due to shareholders of the Company	480
Loan from a Director	6,780
Accrued interest on convertible bonds	156
Accrued interest on loan from a Director	28
Outstanding convertible bonds	<u>36,900</u>
	45,344
<b>Non-current portion</b>	
Accrued interest on convertible bonds	169
Outstanding convertible bonds	<u>50,750</u>
	<u>50,919</u>
Total outstanding indebtedness	<u><u>96,263</u></u>

The amounts due to the Purchaser and shareholders of the Company are interest free, unsecured and have no fixed terms of repayment.

The loan from a director is interest bearing at 5% per annum, unsecured and have no fixed terms of repayment.

Save as aforesaid and apart from intra-group liabilities and normal trade and other payables, as at the close of business on 31 December 2010, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

**4. WORKING CAPITAL**

The Directors, after due and careful consideration, are in the opinion that in the absence of unforeseen circumstances and taking into account of the present available financial resources, including the internally generated funds and the expected cash flows and the available facilities, the Group has sufficient working capital for its present requirements and for at least the next twelve months from the date of this circular.

**5. MATERIAL ADVERSE CHANGES**

The Directors confirmed that there was no material adverse changes in the financial or trading position or prospects of the Group since 31 March 2010, the date to which the latest published audited consolidated financial statements of the Group have been made up, up to the Latest Practicable Date.

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**APPENDIX II            FINANCIAL INFORMATION OF THE INFOSKY GROUP**

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Set out below are the unaudited consolidated statements of financial position of the Infosky Group as of 31 March 2008, 2009 and 2010 and 30 September 2010, and the unaudited consolidated statements of comprehensive income, unaudited consolidated statements of changes in equity and unaudited consolidated statements of cash flows for each of the years ended 31 March 2008, 2009 and 2010 and for the six months ended 30 September 2010, which were reviewed by the Group's auditors, Parker Randall CF (H.K.) CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2400 "Engagements to Review Financial Statements" issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited financial information of the Infosky Group has been prepared in accordance with paragraph 19.68(2)(a)(i) of the GEM Listing Rules, solely for the purpose of inclusion in this circular.

The amounts included in the unaudited financial information for each of the years ended 31 March 2008, 2009 and 2010 and for the six months ended 30 September 2010 have been recognised and measured in accordance with the relevant accounting policies of the Group adopted in the preparation of its consolidated financial statements, which conform to Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.



**APPENDIX II FINANCIAL INFORMATION OF THE INFOSKY GROUP**

**Unaudited Consolidated Statements of Comprehensive Income of the Infosky Group**

	For the year ended 31 March			For the six months ended	
	2008	2009	2010	30 September	
	HK\$'000	HK\$'000	HK\$'000	2009 HK\$'000	2010 HK\$'000
Revenue	88,545	68,869	47,796	8,353	9,799
Other income	378	7,616	870	1,120	1,006
Exhibition costs	(23,603)	(32,600)	(13,729)	(6,167)	(7,094)
Printing, postage and paper costs	(5,185)	(5,065)	(2,314)	(747)	(740)
Promotion expenses	(9,958)	(8,373)	(3,984)	(1,724)	(1,567)
Employee benefits expense	(17,256)	(18,723)	(15,967)	(7,499)	(7,434)
Finance costs	(4)	(5)	(2)	(1)	–
Share of result of a jointly- controlled entity	–	(21)	54	(166)	13
Other operating expenses	(16,386)	(13,879)	(10,003)	(3,965)	(5,268)
<b>Profit/(loss) before tax</b>	16,531	(2,181)	2,721	(10,796)	(11,285)
Income tax expense	(1,175)	(4,042)	(270)	–	(225)
<b>Profit/(loss) for the year/period</b>	15,356	(6,223)	2,451	(10,796)	(11,510)
<b>Other comprehensive income:</b>					
Exchange difference on translation of foreign operations	1,163	224	10	–	(54)
<b>Total comprehensive income/(loss) for the year/period</b>	<u>16,519</u>	<u>(5,999)</u>	<u>2,461</u>	<u>(10,796)</u>	<u>(11,564)</u>
<b>Attributable to:</b>					
Equity holders of the Company	16,519	(5,957)	2,461	(10,796)	(11,564)
Non-controlling interests	–	(42)	–	–	–
	<u>16,519</u>	<u>(5,999)</u>	<u>2,461</u>	<u>(10,796)</u>	<u>(11,564)</u>

**APPENDIX II FINANCIAL INFORMATION OF THE INFOSKY GROUP**

**Unaudited Consolidated Statements of Financial Position of the Infosky Group**

	As at 31 March			As at 30 September	
	2008	2009	2010	2009	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Non-current assets</b>					
Investment in a jointly-controlled entity	–	166	220	–	234
Property, plant and equipment	2,227	1,782	1,347	1,537	1,555
	<u>2,227</u>	<u>1,948</u>	<u>1,567</u>	<u>1,537</u>	<u>1,789</u>
<b>Current assets</b>					
Trade and other receivables	6,623	3,768	4,248	7,709	8,034
Bank balances and cash	22,403	12,925	17,258	6,753	13,062
	<u>29,026</u>	<u>16,693</u>	<u>21,506</u>	<u>14,462</u>	<u>21,096</u>
<b>Current liabilities</b>					
Trade and other payables	6,283	3,725	4,907	3,721	5,839
Sales deposits received in advance	6,620	2,290	3,395	9,912	13,895
Obligation under finance lease	32	35	12	30	–
Tax liabilities	1,717	2,027	1,746	2,580	1,702
	<u>14,652</u>	<u>8,077</u>	<u>10,060</u>	<u>16,243</u>	<u>21,436</u>
<b>Net current assets/(liabilities)</b>	<u>14,374</u>	<u>8,616</u>	<u>11,446</u>	<u>(1,781)</u>	<u>(340)</u>
<b>Total assets less current liabilities</b>	<u>16,601</u>	<u>10,564</u>	<u>13,013</u>	<u>(244)</u>	<u>1,449</u>
<b>Non-current liabilities</b>					
Obligation under finance lease	47	12	–	–	–
<b>Net assets/(liabilities)</b>	<u>16,554</u>	<u>10,552</u>	<u>13,013</u>	<u>(244)</u>	<u>1,449</u>
<b>Capital and reserves</b>					
Share capital	9	2	2	2	2
Reserves	16,545	10,588	13,049	(208)	1,485
Equity attributable to equity holders of the Company	16,554	10,590	13,051	(206)	1,487
Non-controlling interests	–	(38)	(38)	(38)	(38)
<b>Total equity</b>	<u>16,554</u>	<u>10,552</u>	<u>13,013</u>	<u>(244)</u>	<u>1,449</u>

## APPENDIX II FINANCIAL INFORMATION OF THE INFOSKY GROUP

### Unaudited Consolidated Statements of Changes in Equity of the Infosky Group

	Attributable to owners of the Infosky Group									
	Share Capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	PRC statutory reserve <i>HK\$'000</i>	Retained profits/ (accumulated losses) <i>HK\$'000</i>	Proposed dividend <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
<b>Unaudited for the year ended 31 March</b>										
<b>At 1 April 2007</b>	9	299	–	600	–	(1,023)	16,889	16,774	–	16,774
Total comprehensive income for the year	–	–	1,163	–	–	15,356	–	16,519	–	16,519
Issue of ordinary share	–	150	–	–	–	–	–	150	–	150
Allocation to statutory reserve	–	–	–	–	741	(741)	–	–	–	–
Dividends paid	–	–	–	–	–	–	(16,889)	(16,889)	–	(16,889)
<b>At 31 March 2008 and 1 April 2008</b>	9	449	1,163	600	741	13,592	–	16,554	–	16,554
Total comprehensive loss for the year	–	–	224	–	–	(6,181)	–	(5,957)	(42)	(5,999)
Change in share capital due to reorganisation	(7)	–	–	–	–	–	–	(7)	4	(3)
<b>At 31 March 2009 and 1 April 2009</b>	2	449	1,387	600	741	7,411	–	10,590	(38)	10,552
Total comprehensive income for the year	–	–	10	–	–	2,451	–	2,461	–	2,461
<b>At 31 March 2010 and 1 April 2010</b>	2	449	1,397	600	741	9,862	–	13,051	(38)	13,013
Total comprehensive loss for the period	–	–	(54)	–	–	(11,510)	–	(11,564)	–	(11,564)
<b>At 30 September 2010</b>	2	449	1,343	600	741	(1,648)	–	1,487	(38)	1,449
<b>Unaudited for the six months ended 30 September</b>										
<b>At 1 April 2009</b>	2	449	1,387	600	741	7,411	–	10,590	(38)	10,552
Total comprehensive loss for the period	–	–	–	–	–	(10,796)	–	(10,796)	–	(10,796)
<b>At 30 September 2009</b>	2	449	1,387	600	741	(3,385)	–	(206)	(38)	(244)

**APPENDIX II FINANCIAL INFORMATION OF THE INFOSKY GROUP**

**Unaudited Consolidated Statements of Cash Flows of the Infosky Group**

	Year ended 31 March			Six months ended 30 September	
	2008	2009	2010	2009	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Cash flow from operating activities</b>					
Profit/(loss) for the year/period	15,356	(6,223)	2,451	(10,796)	(11,510)
Adjustments for:					
Income tax expense	1,175	4,042	270	–	225
Depreciation and amortisation	449	647	550	298	280
Finance costs	4	4	2	2	–
Interest income	(160)	(68)	(24)	(5)	(30)
Bad debt recovered	–	–	(46)	–	–
Impairment loss recognised in respect of trade and other receivables	700	1,203	171	–	–
Impairment loss recognised in respect of intangible assets	1,800	–	–	–	–
Share of result of a jointly-controlled entity	–	21	(54)	166	(14)
	<u>19,324</u>	<u>(374)</u>	<u>3,320</u>	<u>(10,335)</u>	<u>(11,049)</u>
Decrease/(increase) in trade and other receivables	262	1,652	(605)	(3,007)	(3,786)
Increase/(decrease) in trade and other payables	740	(2,558)	1,182	(4)	932
(Decrease)/increase in sales deposits received in advance	<u>(910)</u>	<u>(4,330)</u>	<u>1,105</u>	<u>7,622</u>	<u>10,500</u>
Cash generated from/(used in) operations	19,416	(5,610)	5,002	(5,724)	(3,403)
Bank interest received	160	68	24	5	30
Interest paid	(4)	(4)	(2)	(2)	–
Income taxes paid	<u>(7,079)</u>	<u>(3,732)</u>	<u>(551)</u>	<u>(381)</u>	<u>(269)</u>
<b>Net cash from/(used in) operating activities</b>	<u>12,493</u>	<u>(9,278)</u>	<u>4,473</u>	<u>(6,102)</u>	<u>(3,642)</u>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	(2,000)	(193)	(100)	(52)	(483)
Investment in a jointly-controlled entity	–	(187)	–	–	–
<b>Net cash used in investing activities</b>	<u>(2,000)</u>	<u>(380)</u>	<u>(100)</u>	<u>(52)</u>	<u>(483)</u>

**APPENDIX II FINANCIAL INFORMATION OF THE INFOSKY GROUP**

	Year ended 31 March			Six months ended 30 September	
	2008	2009	2010	2009	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Cash flows from financing activities</b>					
Change in share capital due to reorganisation	-	(7)	-	-	-
Repayment of obligation under finance lease	(21)	(32)	(35)	(17)	(12)
Dividend paid	(16,889)	-	-	-	-
<b>Net cash used in financing activities</b>	<u>(16,910)</u>	<u>(39)</u>	<u>(35)</u>	<u>(17)</u>	<u>(12)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(6,417)	(9,697)	4,338	(6,171)	(4,137)
<b>Cash and cash equivalents at the beginning of the year/period</b>	27,515	22,403	12,925	12,925	17,258
<b>Effect of exchange rate changes</b>	<u>1,305</u>	<u>219</u>	<u>(5)</u>	<u>(1)</u>	<u>(59)</u>
<b>Cash and cash equivalents at the end of the year/period</b>	<u><u>22,403</u></u>	<u><u>12,925</u></u>	<u><u>17,258</u></u>	<u><u>6,753</u></u>	<u><u>13,062</u></u>

**A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE  
REMAINING GROUP****Introduction**

The following are the unaudited pro forma consolidated statement of comprehensive income, the unaudited pro forma consolidated statement of financial position and the unaudited pro forma consolidated statement of cash flows of the Remaining Group prepared by the Directors in accordance with Chapter 7 of the GEM Listing Rules for the purpose of illustrating the effect of the Disposal which may have on the consolidated statement of comprehensive income, the consolidated statement of financial position and the consolidated statement of cash flows of the Remaining Group.

The preparation of the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group is based on the unaudited consolidated statement of comprehensive income and unaudited consolidated statement of cash flows of the Group for the six months ended 30 September 2010 which has been extracted from the published interim report of the Group for the six months ended 30 September 2010 and adjusted only to reflect the pro forma adjustments described in the notes thereto as if the Disposal had been completed on 1 April 2010.

The preparation of the unaudited pro forma consolidated statement of financial position of the Remaining Group is based on the unaudited consolidated statement of financial position of the Group as at 30 September 2010 which has been extracted from the published interim report of the Group for the six months ended 30 September 2010 and adjusted only to reflect the pro forma adjustments described in the notes thereto as if the Disposal had been completed on 30 September 2010.

The unaudited pro forma consolidated statement of comprehensive income, the unaudited pro forma consolidated statement of financial position and the unaudited pro forma consolidated statement of cash flows of the Remaining Group have been prepared based on a number of assumptions, estimates and uncertainties and are provided for illustrative purpose only. Because of their hypothetical nature, the unaudited pro forma consolidated statement of financial position may not purport to describe the actual financial position of the Remaining Group that would have been attained had the Disposal been completed on 30 September 2010. Further, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows does not purport to predict the Remaining Group's future results of operations and cash flows for the six months ended 30 September 2010 had the Disposal been completed on 1 April 2010.

## Unaudited Pro Forma Consolidated Statement of Financial Position of the Remaining Group

	The Group as at 30 September 2010 HK\$'000	Pro forma adjustments		Unaudited pro forma of the Remaining Group HK\$'000
		HK\$'000 (Note 1)	HK\$'000 (Note 2)	
<b>Non-current assets</b>				
Investment in a jointly-controlled entity	234	(234)		–
Property, plant and equipment	3,956	(1,555)		2,401
	<u>4,190</u>			<u>2,401</u>
<b>Current assets</b>				
Trade and other receivables	10,359	(8,034)		2,325
Deposit for acquisition	25,000			25,000
Bank balances and cash	36,600	(13,062)	2,500	26,038
	<u>71,959</u>			<u>53,363</u>
<b>Current liabilities</b>				
Trade and other payables	7,786	(5,839)		1,947
Sales deposits received in advance	13,895	(13,895)		–
Tax liabilities	1,702	(1,702)		–
	<u>23,383</u>			<u>1,947</u>
<b>Net current assets</b>	<u>48,576</u>			<u>51,416</u>
<b>Total assets less current liabilities</b>	52,766			53,817
<b>Non-current liabilities</b>				
Convertible bonds	17,117			17,117
<b>Net assets</b>	<u>35,649</u>			<u>36,700</u>
<b>Capital and reserves</b>				
Share capital	22,023			22,023
Reserves	13,609		1,068	14,677
Equity attributable to equity holders of the Company	35,632			36,700
Non-controlling interests	17		(17)	–
<b>Total equity</b>	<u>35,649</u>			<u>36,700</u>

Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the  
Remaining Group

	The Group for the six months ended 30 September 2010 HK\$'000	Pro forma adjustments		Unaudited pro forma of the Remaining Group HK\$'000
		HK\$'000 (Note 3)	HK\$'000 (Note 4)	
Revenue	15,189	(9,799)		5,390
Other revenue	1,006	(1,006)		–
Gain on disposal of subsidiaries	–		1,068	1,068
Exhibition costs	(7,094)	7,094		–
Printing, postage and paper costs	(740)	740		–
Promotion expenses	(1,567)	1,567		–
Cost of goods sold	(5,336)			(5,336)
Employee benefits expenses	(15,435)	7,434		(8,001)
Finance costs	(281)			(281)
Share of result of a jointly-controlled entity	13	(13)		–
Other operating expenses	(10,562)	5,268		(5,294)
<b>Loss before tax</b>	(24,807)			(12,454)
Income tax expense	(225)	225		–
<b>Loss for the period</b>	(25,032)			(12,454)
<b>Other comprehensive income:</b>				
Exchange difference on translating foreign operations	(55)	54		(1)
<b>Total comprehensive loss for the period</b>	(25,087)			(12,455)



## Unaudited Pro Forma Consolidated Statement of Cash Flows of the Remaining Group

	The Group for the six months ended 30 September 2010 HK\$'000	Pro forma adjustments			Unaudited pro forma of the Remaining Group HK\$'000
		HK\$'000 (Note 5)	HK\$'000 (Note 4)	HK\$'000 (Note 2)	
<b>Cash flows from operating activities</b>					
Loss for the period	(25,032)	11,510	1,068		(12,454)
Adjustments for:					
Income tax expenses	225	(225)			-
Depreciation and amortisation	560	(280)			280
Share-based payment expenses	5,416				5,416
Imputed interest on convertible bonds	228				228
Bank interest income	(30)	30			-
Share of result of a jointly-controlled entity	(14)	14			-
Gain on disposal of subsidiaries	-		(1,068)		(1,068)
	(18,647)				(7,598)
Increase in trade and other receivables	(5,509)	3,786			(1,723)
Decrease in trade and other payables	(1,179)	(932)			(2,111)
Increase in sales deposits received in advance	10,500	(10,500)			-
Cash used in operations	(14,835)				(11,432)
Interest received	30	(30)			-
Income taxes paid	(269)	269			-
<b>Net cash used in operating activities</b>	<b>(15,074)</b>				<b>(11,432)</b>
<b>Cash flows from investing activities</b>					
Net proceed from disposal of subsidiaries	-			2,500	2,500
Purchase of property, plant and equipment	(1,022)	483			(539)
Deposit for acquisition	(25,000)				(25,000)
<b>Net cash used in investing activities</b>	<b>(26,022)</b>				<b>(23,039)</b>

	The Group for the six months ended 30 September 2010 HK\$'000	Pro forma adjustments			Unaudited pro forma of the Remaining Group HK\$'000
		HK\$'000 (Note 5)	HK\$'000 (Note 4)	HK\$'000 (Note 2)	
<b>Cash flows from financing activities</b>					
Proceeds from issue of ordinary shares	12,606				12,606
Payment for share issue expenses	(406)				(406)
Repayment of obligation under finance lease	(12)	12			-
Issue of shares upon convertible bonds holders exercise the conversion right on convertible bonds	50,870				50,870
Repayment of borrowings	(4,000)				(4,000)
<b>Net cash from financing activities</b>	<u>59,058</u>				<u>59,070</u>
<b>Net increase in cash and cash equivalents</b>	17,962				24,599
<b>Cash and cash equivalents at the beginning of the period</b>	18,698	(17,258)			1,440
<b>Effect of exchange rate changes</b>	<u>(60)</u>	<u>59</u>			<u>(1)</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>36,600</u></u>	<u><u>13,062</u></u>			<u><u>26,038</u></u>

**Notes to the unaudited pro forma financial information of the Remaining Group**

1 The adjustment represents the exclusion of assets and liabilities of the Infosky Group as at 30 September 2010, as extracted from the unaudited consolidated statement of financial position of the Infosky Group as set out in Appendix II to this circular, as if the Disposal had been completed on 30 September 2010.

2 The adjustment represents the estimated total net consideration to be received from the Disposal, which is calculated as follows:

	<i>HK\$'000</i>
Sales consideration	3,000
Less: Expenses in relation to the Disposal	<u>(500)</u>
Estimated net cash proceeds	<u><u>2,500</u></u>

The adjustment to the Group's reserves represents the estimated unaudited gain on disposal of the Infosky Group as if the Disposal had been completed on 30 September 2010 which is calculated as follows:

	<i>HK\$'000</i>
Sales consideration	3,000
Less:	
Net assets of the Infosky Group as at 30 September 2010	(1,449)
Derecognition of non-controlling interests of the Infosky Group	17
Expenses in relation to the Disposal	<u>(500)</u>
	<u><u>1,068</u></u>

3 The adjustment represents the exclusion of the results of the Infosky Group for the six months ended 30 September 2010, as extracted from the unaudited consolidated statement of comprehensive income of the Infosky Group as set out in Appendix II to this circular, as if the Disposal had taken place on 1 April 2010.

4 The adjustment represents the gain on disposal of the Infosky Group of approximately HK\$1,068,000 which was calculated based on the assumption that the Disposal had been completed on 30 September 2010. For details, please refer to Note 2 above.

5 The adjustment represents the exclusion of the cash flows of the Infosky Group for the six months ended 30 September 2010, as extracted from the unaudited consolidated statement of cash flows of the Infosky Group as set out in Appendix II to this circular, as if the Disposal had completed on 1 April 2010.

**B. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE REMAINING GROUP**

暉誼(香港)會計師事務所有限公司

*PARKER RANDALL CF (H.K.) CPA LIMITED*

The Directors  
Sage International Group Limited  
18th Floor, Kam Sang Building  
257 Des Voeux Road Central  
Hong Kong

14 February 2011

Dear Sirs,

We report on the unaudited pro forma financial information of Sage International Group Ltd. (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the very substantial disposal in relation to the disposal of the entire interest of the Group in Infosky Group Limited (“**Infosky**”) might have affected the financial information presented, for inclusion in Appendix III to the circular of the Company dated 14 February 2011 (the “**Circular**”). The basis of preparation of the unaudited pro forma financial information is set out on pages 35 to 40 to the Circular.

**Respective responsibilities of directors of the Company and reporting accountants**

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 7.31 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**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

It is our responsibility to form an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

**Basis of opinion**

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group at 30 September 2010 or any future date; or
- the results and cash flows of the Group for the six months ended 30 September 2010 or any future periods.

**Opinion**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,  
**Parker Randall CF (H.K.) CPA Limited**  
*Certified Public Accountants*  
Hong Kong

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 circular 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 circular misleading.

## 2. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO) or which were recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange were as follows:

### Long position in the Shares and underlying Shares

Name of Director	Capacity	Number of Shares held	Number of underlying Shares held	Total number of Shares and underlying Shares held	Percentage of issued Shares
Mr. Chui Bing Sun	Interest of a controlled corporation (Note 1)	25,099,000	80,000,000	105,099,000	47.59%
Mr. Chui Bing Sun	Beneficial owner	1,000	–	1,000	0%
				105,100,000	47.59%
Mr. Siu Hi Lam, Alick	Beneficial owner	95,000	–	95,000	0.04%

Note:

- These Shares and underlying Shares are held by New Brilliant Investments Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. Chui Bing Sun.

**Long position in underlying Shares derived from share option**

Pursuant to the share option scheme adopted by the Company on 22 October 2001, certain Directors were granted share options to subscribe for the Shares. Details of the share options outstanding and exercisable as at the Latest Practicable Date were as follows:

Name of Directors	Date of Grant	Exercise period	Number of share option outstanding and exercisable as at the Latest Practicable Date	Exercise price per Share
Mr. Kwok Kwan Hung	15 February 2008	15 February 2008 – 14 February 2018	80,000	HK\$3.3
	7 July 2010	7 July 2010 – 6 July 2020	850,000	HK\$0.85
	12 August 2010	12 August 2010 – 11 August 2020	320,000	HK\$2.35
	3 December 2010	3 December 2010 – 2 December 2020	950,000	HK\$2.13
Mr. Chan Wai Man	15 February 2008	15 February 2008 – 14 February 2018	50,000	HK\$3.3
	7 July 2010	7 July 2010 – 6 July 2020	45,000	HK\$0.85
Mr. Leung Chi Kong	15 February 2008	15 February 2008 – 14 February 2018	50,000	HK\$3.3
	7 July 2010	7 July 2010 – 6 July 2020	45,000	HK\$0.85

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO) or which were recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

### 3. DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the following Shareholders (including Directors) had interests or short position in the Shares, underlying Shares or debentures 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 were as follows:

#### Long position in the Shares and underlying Shares

Name	Capacity	Number of Shares held	Number of underlying Shares held	Total number of Shares and underlying Shares held	Percentage of issued Shares
Mr. Chui Bing Sun	Interest of a controlled corporation (Note 1)	25,099,000	80,000,000	105,099,000	47.59%
	Beneficial owner	1,000	–	1,000	0.00%
				105,100,000	47.59%
New Brilliant Investments Limited (Note 1)	Beneficial owner	250,990,000	80,000,000	105,099,000	47.59%
Capital VC Limited	Beneficial owner	18,749,000	–	18,749,000	8.49%
Mr. Fung Pak Chuen	Beneficial owner	16,523,333	–	16,523,333	7.48%
Mr. Li Siu Kim	Beneficial owner	22,666,666	–	22,666,666	10.26%
Mr. Wang Zhen Ze	Beneficial owner	20,000,000	–	20,000,000	9.06%
Forrex (Holding) Inc.	Beneficial owner	–	55,000,000	55,000,000	24.91%

Note:

- These Shares and underlying Shares are held by New Brilliant Investments Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. Chui Bing Sun.



Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person who had an interest or short position in the Shares, underlying Shares or debentures 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 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.

#### 4. INTERESTS IN CONTRACT OR ARRANGEMENT

The Company's wholly-owned subsidiary, Glory Prospect Limited ("**Glory Prospect**"), as tenant, has on 20 November 2009 entered into a tenancy agreement with Checkmate Capital Limited ("**Checkmate**"), as the landlord, a company wholly owned by Mr. Chui Bing Sun, a Director, in relation to the leasing of the property situate at 18/F, Kam Sang Building, 257 Des Voeux Road Central, Hong Kong for a term of two years commencing from 1 December 2009 at a monthly rent of HK\$34,000.

Glory Prospect, as tenant, has on 4 August 2010 entered into a tenancy agreement with Checkmate, as the landlord, in relation to the leasing of the property situate at 3/F., Block A, Monticello 48 Kennedy Road, Hong Kong together with a carparking space for a term of two years commencing from 9 August 2010 at a monthly rent of HK\$45,000.

Global Challenge Limited ("**Global Challenge**"), a wholly-owned subsidiary of Infosky, as tenant, has on 1 June 2009 entered into a tenancy agreement with the Purchaser, as landlord, in relation to the leasing of the property situate at room 14, 5/F., Wah Shing Centre, 11 Shing Yip Street, Kwun Tong, Kowloon for a term of two years commencing from 1 June 2009 at a monthly rent of HK\$10,000.

Global Challenge, as tenant, has on 10 January 2011 entered into a tenancy agreement with the Purchaser, as landlord, in relation to the leasing of the property situate at rooms 15 and 16, 5/F., Wah Shing Centre, 11 Shing Yip Street, Kwun Tong, Kowloon for a term of two years commencing from 11 January 2011 at a monthly rent of HK\$20,000.

Save as disclosed above and the Agreement, none of the directors of the members of the Group was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group, nor had any director of the members of the Group had any direct or indirect interests in any assets which have been acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to, any member of the Group since 31 March 2010, being the date to which the latest published audited consolidated financial statements of the Group were made up.

## 5. LITIGATION

Neither the Company nor any other member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any other member of the Group as at the Latest Practicable Date.

## 6. DIRECTOR'S SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

## 7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business of the Group) have been entered into by members of the Group within two years immediately preceding the Latest Practicable Date which are or may be material:

- (i) the loan extension agreement dated 17 February 2009 entered into between Billion Station Limited, a wholly-owned subsidiary of the Company, as borrower, Linden Ventures III (BVI) Ltd as lender and the Company as guarantor in relation to an extension of repayment date for a loan in a principal amount of US\$12,500,000;
- (ii) the loan extension agreement dated 17 March 2009 entered into between Billion Station Limited, a wholly-owned subsidiary of the Company, as borrower, Linden Ventures III (BVI) Ltd as lender and the Company as guarantor in relation to an extension of repayment date for a loan in a principal amount of US\$12,500,000;
- (iii) the memorandum of understanding dated 26 June 2009 entered into between Billion Station Limited, a wholly-owned subsidiary of the Company, and Zhao Ming, Triumph Fund A Limited, Shanxi Hengchuang Industrial Co., Ltd. and Shanxi Puhua Deqin Metallurgy Technology Co., Ltd. in relation to the potential acquisition of the entire issued share capital of and subscription of new shares to be issued to Billion Station Limited by Triumph Fund A Limited for a consideration not exceeding RMB588,000,000;
- (iv) the subscription agreement dated 22 April 2010 entered into between the Company as issuer and New Brilliant Investments Limited as subscriber in relation to the subscription of 1.5% coupon convertible bonds up to a principal amount of HK\$20,000,000;
- (v) the supplemental agreement dated 18 May 2010 entered into between the Company as issuer and New Brilliant Investments Limited as subscriber in relation to item (iv) above;

- (vi) the subscription agreement dated 3 June 2010 entered into between the Company as issuer and Fung Pak Chuen, Alphonso as subscriber in respect of the subscription of 1.00% coupon convertible bonds for a principal amount of HK\$10,000,000;
- (vii) the subscription agreement dated 3 June 2010 entered into between the Company as issuer and Ho Sin Cheung as subscriber in respect of the subscription of 1.00% coupon convertible bonds for a principal amount of HK\$90,000;
- (viii) the subscription agreement dated 3 June 2010 entered into between the Company as issuer and Lam Shu Chung as subscriber in respect of the subscription of 1.00% coupon convertible bonds for a principal amount of HK\$900,000;
- (ix) the subscription agreement dated 3 June 2010 entered into between the Company as issuer and Law Yee Man as subscriber in respect of the subscription of 1.00% coupon convertible bonds for a principal amount of HK\$3,000,000;
- (x) the subscription agreement dated 3 June 2010 entered into between the Company as issuer and Li Siu Kim as subscriber in respect of the subscription of 1.00% coupon convertible bonds for a principal amount of HK\$8,000,000;
- (xi) the subscription agreement dated 3 June 2010 entered into between the Company as issuer and Wang Zhen Ze as subscriber in respect of the subscription of 1.00% coupon convertible bonds for a principal amount of HK\$6,000,000;
- (xii) the subscription agreement dated 3 June 2010 entered into between the Company as issuer and Wong Kwan Lok as subscriber in respect of the subscription of 1.00% coupon convertible bonds for a principal amount of HK\$1,440,000;
- (xiii) the subscription agreement dated 3 June 2010 entered into between the Company as issuer and Fung Yuk Chun, Emily as subscriber in respect of the subscription of 1.00% coupon convertible bonds for a principal amount of HK\$1,440,000;
- (xiv) the placing and subscription agreement dated 25 June 2010 entered into between TLX Holdings Limited, the Company, Dynasty Securities Limited and Athens Capital Limited in relation to the placing of a maximum of 195,120,000 existing shares of the Company, on a best effort basis, by Dynasty Securities Limited and Athens Capital Limited at the price of HK\$0.062 per share and the subscription of a maximum of 195,120,000 new shares by TLX Holdings Limited;
- (xv) the termination agreement dated 6 July 2010 entered into between TLX Holdings Limited, the Company, Dynasty Securities Limited and Athens Capital Limited in relation to item (xiv) above;

- (xvi) the placing and subscription agreement dated 6 July 2010 entered into between TLX Holdings Limited, the Company, Dynasty Securities Limited and Athens Capital Limited in relation to the placing of a maximum of 195,120,000 existing shares of the Company, on a best effort basis, by Dynasty Securities Limited and Athens Capital Limited at the price of HK\$0.062 per share and subscription of a maximum of 195,120,000 new shares by TLX Holdings Limited;
- (xvii) the memorandum of understanding dated 11 August 2010 entered into by Billion Station Limited, a wholly-owned subsidiary of the Company, as purchaser and Luwen Kevin Duan as vendor in relation to the proposed acquisition of 50% of the entire issued share capital of Era Investment (Holding) Inc.;
- (xviii) the conditional sale and purchase agreement dated 3 September 2010 entered into between Grand Creation Investments Ltd., a wholly-owned subsidiary of the Company, as purchaser, Forrex (Holding) Inc., as vendor, and Luwen Kevin Duan, as guarantor, in relation to the acquisition of the 25,000 ordinary shares of US\$1.00 each in the capital of Era Investment (Holding) Inc., representing 50% of the entire issued share capital of Era Investment (Holding) Inc. and the shareholders loan due by Era Investment (Holding) Inc. in the amount of HK\$10,126,548.5 for a total consideration of HK\$107,650,000;
- (xix) the conditional sale and purchase agreement dated 2 December 2010 entered into between Grand Creation Investments Ltd., a wholly-owned subsidiary of the Company, as purchaser, Mr. Wong Lap Kwong, Capital Insights Investments Limited, Chief Success Management Limited and Global Region Limited, as vendors, in relation to the acquisition of entire issued share capital of Luck Point Investments Limited and the shareholders' loans due by Luck Point Investments Limited for a total consideration of HK\$17,800,000;
- (xx) the Agreement and the supplemental agreement dated 11 February 2011 in relation thereto;
- (xxi) the conditional subscription agreement dated 21 January 2011 entered into between the Company and AXA Direct Asia II, L.P. (the "**Subscriber**") in relation to the subscription of convertible bonds for the principal amount of US\$12,500,000 by the Subscriber; and
- (xxii) the letter of undertaking dated 21 January 2011 executed by the Company in favour of the Subscriber whereby the Company has undertaken to the Subscriber not to exercise certain corporate actions while the Subscriber holds the convertible bonds to be issued pursuant to the conditional subscription agreement enumerated as item (xxi) above.

## 8. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors nor their respective associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

## 9. EXPERTS AND CONSENTS

The following are the qualification of the experts who have given opinion or advice which are included in this circular:

<b>Name</b>	<b>Qualification</b>
Parker Randall CF (H.K.) CPA Limited (“ <b>Parker</b> ”)	Chartered Accountants Certified Public Accountants
Ample Capital	A licensed corporation to carry out business in Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

Each of Parker and Ample Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letters or opinions or reports or references to its name in the form and context in which they appear.

As at the Latest Practicable Date, neither Parker nor Ample Capital had any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, neither Parker nor Ample Capital had any direct or indirect interests in any assets which have been, since 31 March 2010 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

## 10. AUDIT COMMITTEE

The Company has established an audit committee with specific terms of reference explaining its role and authorities delegated by the Directors. The principal function of the audit committee is to review the Group’s financial reporting system and internal control procedures, review of the Group’s financial information and review of the relationship with the auditors of the Company. The audit committee chaired by Mr. Chan Wai Man (“Mr. Chan”), comprises two other members Mr. Leung Chi Kong (“Mr. Leung”) and Mr. Siu Hi Lam, Alick (“Mr. Siu”), who are independent non-executive Directors and their biographies are as follows:

Mr. Chan Wai Man, aged 45, is an associate member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales and also a fellow member of the Association of Chartered Certified Accountants. Mr. Chan has extensive experience in auditing, tax planning and finance.

Mr. Leung Chi Kong, aged 41, obtained his Bachelor's Degree in Economics and Social Studies from the Victoria University of Manchester and Master's Degree in Business Administration with merit from the University of Birmingham in the United Kingdom. Mr. Leung is a qualified Chartered Financial Analyst and he was admitted as a member of the American Institute of Certified Public Accountants and a member of the Hong Kong Institute of Certified Public Accountants. He is currently manager of a securities company in Hong Kong.

Mr. Siu Hi Lam, Alick, aged 56, is the managing director of Fortune Take International Limited, a company engaging in providing financial consultancy services. Mr. Siu has worked in the finance and banking field for more than 25 years. He had been the senior vice president of AIG Finance (Hong Kong) Limited and the vice president of Bank of America. He was responsible for business development and credit risk management. Mr. Siu obtained a Master degree in Business Administration from the University of Hull in 1995. Mr. Siu is currently an independent non-executive director of BEP International Holdings Limited and China Investment Fund Company Limited, the shares of which are listed on the main board of the Stock Exchange, and he was an independent non-executive director of Sun International Group Limited, the shares of which are listed on the GEM, from August 2006 to January 2009.

## **11. GENERAL**

- (i) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (ii) The head office and principal place of business of the Company in Hong Kong is at 18/F., Kam Sang Building, 257 Des Voeux Road Central, Hong Kong.
- (iii) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (iv) The company secretary of the Company is Mr. Kwok Kwan Hung who is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Hong Kong Institute of Directors.
- (v) The compliance officer of the Company is Mr. Chui Bing Sun, an executive Director.
- (vi) In the event of inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over the Chinese text thereof.

**12. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) from 10:00 a.m. to 1:00 p.m. and from 2:00 p.m. to 5:00 p.m. at the office of Michael Li & Co., solicitors at 14/F., Printing House, 6 Duddell Street, Central, Hong Kong from the date of this circular up to and including the date of the SGM:

- (i) the memorandum of association and the bye-laws of the Company;
- (ii) the annual reports of the Company for the two financial years ended 31 March 2009 and 2010 respectively;
- (iii) the interim report of the Company for the six months ended 30 September 2010;
- (iv) the letter from the Independent Board Committee, the text of which is set out on page 13 of this circular;
- (v) the letter of advice from Ample Capital, the text of which is set out on pages 14 to 24 of this circular;
- (vi) the report from Parker Randall CF (H.K.) CPA Limited on the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix III to this circular;
- (vii) the written consents referred to in the section headed “Experts and consents” in this appendix;
- (viii) the material contracts referred to in the section headed “Material contracts” in this appendix; and
- (ix) this circular.

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## NOTICE OF SGM

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### SAGE INTERNATIONAL GROUP LIMITED

### 仁智國際集團有限公司

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

**(Stock Code: 8082)**

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**SGM**”) of the shareholders of Sage International Group Limited (the “**Company**”) will be held at Room 502, 5th Floor, Wah Shing Centre, 11 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong on Tuesday, 1 March 2011 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company:

#### **ORDINARY RESOLUTION**

1. “**THAT**

- (a) the agreement (the “**Agreement**”) (a copy of which has been produced to the SGM marked “A” and signed by the chairman of the SGM for the purpose of identification) dated 22 December 2010 (as supplemented by a supplemental agreement dated 11 February 2011) entered between the Company as vendor and Mr. Leung Tin Fu as purchaser in relation to the sale and purchase of 200 shares of US\$1.00 each in the capital of Infosky Group Limited for a consideration of HK\$3,000,000 payable in cash and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company (the “**Director**”) or, if the affixation of the common seal of the Company is necessary, any one Director and the company secretary of the Company or any two Directors or such other person (including a Director) or persons as the board of Directors of the Company (the “**Board**”) may appoint be and is/are hereby authorised for and on behalf of the Company to approve and execute all documents, instruments and agreements and to do all such acts or things deemed by him/her/them to be incidental to, ancillary to or in connection with the matters contemplated in or related to the Agreement and transactions contemplated thereunder and completion thereof as he/she/they may consider necessary, desirable or expedient.”

By order of the Board  
**Sage International Group Limited**  
**Chui Bing Sun**  
*Chairman*

Hong Kong, 14 February 2011



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## NOTICE OF SGM

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As at the date of this notice, the Directors are as follows:

***Executive Directors:***

Mr. Chui Bing Sun (*Chairman*)

Mr. Kwok Kwan Hung

***Independent non-executive Directors:***

Mr. Leung Chi Kong

Mr. Chan Wai Man

Mr Siu Hi Lam, Alick

***Registered office:***

Clarendon House, 2 Church Street

Hamilton HM 11, Bermuda

***Head office and principal place of  
business in Hong Kong:***

18th Floor

Kam Sang Building

257 Des Voeux Road Central

Hong Kong

*Notes:*

- (1) Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.
- (2) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof, it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.
- (3) The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Hong Kong branch share registrar of the Company, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting.
- (4) Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.
- (5) The voting on the resolution in the SGM will be conducted by way of poll.