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SAGE

Sage International Group Limited

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
Stock Code: 8082



First Quarterly
Report
2016

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors of Sage International Group Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Sage International Group Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this report misleading.

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Wai Man
Mr. Siu Hi Lam, Alick
Mr. Ting Kit Lun

COMPANY SECRETARY

Mr. Jip Ki Chi

COMPLIANCE OFFICER

Mr. Chui Bing Sun

AUDIT COMMITTEE

Mr. Chan Wai Man (*Chairman*)
Mr. Siu Hi Lam, Alick
Mr. Ting Kit Lun

NOMINATION COMMITTEE

Mr. Yao Kan Shan (*Chairman*)
Mr. Chan Wai Man
Mr. Siu Hi Lam, Alick
Mr. Ting Kit Lun

REMUNERATION COMMITTEE

Mr. Siu Hi Lam, Alick (*Chairman*)
Mr. Chan Wai Man
Mr. Ting Kit Lun

AUTHORISED REPRESENTATIVES

Mr. Chui Bing Sun
Mr. Jip Ki Chi

AUDITOR

PricewaterhouseCoopers

SOLICITOR

Michael Li & Co.

REGISTERED OFFICE

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Hamilton HM11 Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Shun Tak Centre
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PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08, Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Tricor Tengis Limited
Level 22, Hopewell Centre
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PRINCIPAL BANKERS

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

STOCK CODE

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UNAUDITED FINANCIAL RESULTS

The Board of Directors (the "Directors") of Sage International Group Limited (the "Company") announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months ended 31 March 2016 together with the comparative unaudited figures for the three months ended 31 March 2015 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2016

		Three months ended 31 March	
	Notes	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited and restated)
Continuing Operations			
Revenue	2	4,652	3,598
Cost of sales		(2,026)	(1,683)
Gross profit		2,626	1,915
Other income	3	172	316
Sales and marketing expenses		(1,056)	(731)
Administrative expenses		(5,493)	(4,930)
Finance costs	4	–	(796)
LOSS BEFORE TAXATION		(3,751)	(4,226)
Income tax expense	5	(113)	(30)
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(3,864)	(4,256)
Discontinued operations			
Profit for the period from discontinued operations	8	–	4,155
Loss for the period		(3,864)	(101)
(Loss)/profit attributable to:			
Owners of the Company		(3,966)	(1,121)
Non-controlling interests		102	1,020
		(3,864)	(101)

	<i>Notes</i>	Three months ended 31 March	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited and restated)
(Loss)/profit attributable to owners of the Company arises from:			
Continuing operations		(3,966)	(4,258)
Discontinued operations		–	3,137
		(3,966)	(1,121)
Dividend	<i>6</i>	–	–
(LOSS)/EARNINGS PER SHARE FROM CONTINUING AND DISCONTINUED OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY	<i>7</i>		
Basic (loss)/earnings per share <i>(HK\$ per share)</i>			
From continuing operations		(0.006)	(0.008)
From discontinued operations		–	0.006
– From loss for the period		(0.006)	(0.002)
Diluted (loss)/earnings per share <i>(HK\$ per share)</i>			
From continuing operations		(0.006)	(0.008)
From discontinued operations		–	0.006
– From loss for the period		(0.006)	(0.002)

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME*For the three months ended 31 March 2016*

	Three months ended 31 March	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited and restated)
Loss for the period	(3,864)	(101)
Other comprehensive loss:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	112	(1,182)
Release of exchange reserve upon disposal of subsidiaries	–	(21,506)
Total comprehensive loss for the period	(3,752)	(22,789)
Total comprehensive (loss)/profit for the period attributable to:		
Owners of the Company	(4,014)	(23,385)
Non-controlling interests	262	596
	(3,752)	(22,789)
Total comprehensive loss attributable to owners of the Company arises from:		
Continuing operations	(4,014)	(3,032)
Discontinued operations	–	(20,353)
	(4,014)	(23,385)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the three months ended 31 March 2016*

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	Option deed HK\$'000	Share-based payment reserve HK\$'000	Convertible bonds equity reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2015 (audited)	4,441	128,187	31,713	23,604	19	222,528	28,609	(457,548)	(18,447)	152,468	134,021
Loss for the period	-	-	-	-	-	-	-	(1,121)	(1,121)	1,020	(101)
Other comprehensive loss for the period	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	(758)	-	-	-	-	(758)	(424)	(1,182)
Release of exchange reserve upon disposal of subsidiaries	-	-	-	(21,506)	-	-	-	-	(21,506)	-	(21,506)
Total comprehensive loss for the period	-	-	-	(22,264)	-	-	-	(1,121)	(23,385)	596	(22,789)
Issue of shares upon placement	1,750	12,250	-	-	-	-	-	-	14,000	-	14,000
Share issuance costs	-	(530)	-	-	-	-	-	-	(530)	-	(530)
Issue of shares upon open offer	8,881	60,514	-	-	-	-	-	-	69,395	-	69,395
Issue of shares for conversion of convertible bonds	2,193	39,214	-	-	-	(21,789)	-	-	19,618	-	19,618
Disposal of subsidiaries	-	-	-	-	-	(186,399)	(28,609)	215,008	-	(148,102)	(148,102)
At 31 March 2015 (unaudited and restated)	17,265	239,635	31,713	1,340	19	14,340	-	(243,661)	60,651	4,962	65,613
At 1 January 2016 (audited)	17,265	239,909	31,713	796	19	14,340	-	(263,876)	40,166	4,782	44,948
Loss for the period	-	-	-	-	-	-	-	(3,966)	(3,966)	102	(3,864)
Other comprehensive loss for the period	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	(48)	-	-	-	-	(48)	160	112
At 31 March 2016 (unaudited)	17,265	239,909	31,713	748	19	14,340	-	(267,842)	36,152	5,044	41,196

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

These unaudited condensed consolidated financial statements should be read in conjunction with the Company's 2015 annual financial statements. The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the Company's annual financial statements for the year ended 31 December 2015.

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

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

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

2. OPERATING SEGMENT INFORMATION

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

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

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

The segment results and other segment items for the three months ended 31 March 2016 are as follows:

	Mainland China HK\$'000	Hong Kong HK\$'000	Total HK\$'000
Segment revenue:			
Sales to external customers	2,556	2,096	4,652
Segment results	443	(2,336)	(1,893)
Unallocated corporate expenses, net			(1,858)
Finance costs			-
Loss before taxation from continuing operations			(3,751)

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

	Mainland China HK\$'000	Hong Kong HK\$'000	Total HK\$'000
Segment revenue:			
Sales to external customers	2,168	1,430	3,598
Segment results	37	(1,935)	(1,898)
Unallocated corporate expenses, net			(1,532)
Finance costs			(796)
Loss before taxation from continuing operations			(4,226)



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

	Three months ended 31 March	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited and restated)
Rendering of funeral and cremation services	3,839	3,071
Sales of Eternity Gem products	513	227
Management service fee	300	300
	4,652	3,598

3. OTHER INCOME

An analysis of the other income is as follows:

	Three months ended 31 March	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited and restated)
Rental income	105	105
Sundry income	67	211
	172	316

4. FINANCE COSTS

An analysis of the finance costs is as follows:

	Three months ended 31 March	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited and restated)
Interests on:		
– Other borrowings wholly repayable within five years	–	721
– Convertible bonds	–	75
	–	796

5. INCOME TAX EXPENSE

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

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

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

6. DIVIDEND

The Directors do not recommend the payment of a dividend nor transfer of any amount to reserves for the three months ended 31 March 2016 (31 March 2015: Nil).

7. (LOSS)/EARNINGS PER SHARE

(a) *Basic*

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

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

On 31 March 2015, the Company issued 87,719,298 new ordinary shares upon the exercise of the conversion rights by the bondholder.

	Three months ended 31 March	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited and restated)
Loss from continuing operations attributable to owners of the Company	(3,966)	(4,258)
Profit from discontinued operations attributable to owners of the Company	–	3,137
	(3,966)	(1,121)
Weighted average number of ordinary shares in issue (in thousand)	690,606	535,274

(b) Diluted

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

The dilutive potential ordinary shares in respect of the Company's outstanding share options are anti-dilutive for the periods ended 31 March 2016 and 31 March 2015.

8. DISCONTINUED OPERATIONS

On 2 April 2014, the Group entered into a sale and purchase agreement to dispose of its 100% equity interests in Reliance Death Care Services Inc. and its subsidiaries (collectively "Reliance Group"), which mainly operates cemetery business in Mainland China, to Great World Investors Limited by setting off against two convertible bonds with face values of HK\$30,750,000 (and the interest accrued thereon) and US\$12,500,000 (equivalent to approximately HK\$97,175,000) respectively, and loan from a director of HK\$10,000,000. The disposal was completed on 17 February 2015.

An analysis of the result of discontinued operations, and the result recognised on the remeasurement of assets of disposal group, is as follows:

	Three months ended 31 March	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited and restated)
Revenue	-	5,396
Expenses	-	(6,443)
Loss before tax of discontinued operations	-	(1,047)
Tax	-	273
Loss after tax of discontinued operations	-	(774)
Gain on disposal of subsidiaries	-	11,725
Income tax from the disposal of PRC subsidiaries	-	(6,796)
Gain on disposal of subsidiaries after tax	-	4,929
Profit for the period from discontinued operations	-	4,155

The carrying amounts of assets and liabilities as of the disposal date were as follows:

	HK\$'000
Property, plant and equipment	37,412
Intangible assets	15,743
Cemetery assets use rights	239,448
Inventories:	
– Cemetery assets use rights	103,328
– Construction cost and cemetery related merchandises	14,031
Prepayments, deposits and other receivables	27,806
Cash and cash equivalents	3,264
Trade payables	(614)
Other payables and accruals	(13,828)
Deferred income	(1,494)
Deferred income tax liabilities	(77,754)
Other borrowings	(40,124)
Net assets disposed of	307,218
Non-controlling interests	(148,102)
Net assets disposed of attributable to the owners of the Company	159,116
Less: Debt assignment to Forrex (Note)	(11,360)
Less: Consideration	(137,975)
	9,781
Release of exchange reserve upon disposal of subsidiaries	(21,506)
Gain on disposal of subsidiaries	(11,725)

Note: The Company advanced a shareholder's loan of HK\$22,720,000 to Era Investment (Holding) Inc. ("EIHI"), and EIHI, in turn, injected such amount into Suzhou Celebrities Cemetery Industry Co. Limited ("Suzhou Celebrities") for the construction and renovation works of Suzhou Celebrities in years 2011 and 2012. Forrex (Holding) Inc. ("Forrex"), the remaining 50% shareholder of EIHI, did not make any advance to EIHI. Since Suzhou Celebrities was disposed of by the Company and the advance would be assigned to Great World Investors Limited after the disposal. After arm's length negotiation with Forrex, the Company and Forrex agreed that 50% of such amount would be taken up by Forrex as its obligation to such advance. As such, HK\$11,360,000 of such advance which was due by EIHI to the Company as at the completion date was assigned to Forrex as the amount due to the Group according to the deed of assignment entered into among the Company, Forrex and EIHI and such amount will be repayable by Forrex to the Company within 12 months from the completion date.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

Revenue and gross profits – Continuing operations

For the three months ended 31 March 2016, the total revenue of continuing operations (which mainly consists of the funeral services and crematorium) was approximately HK\$4,652,000 which was 29.29% higher than that of last year corresponding period of approximately HK\$3,598,000. The overall gross profit margin of the continuing operations for the three months ended 31 March 2016 was approximately 56.45% and increased slightly as compared with that of last year corresponding period of approximately 53.22%.

Sales and marketing expenses – Continuing operations

Sales and marketing expenses of continuing operation for the three months ended 31 March 2016 was approximately HK\$1,056,000, which was 44.46% higher than last corresponding period of approximately HK\$731,000. The increase was mainly due to the increase in sales volume and corresponding commission expenses. Percentage to turnover was approximately 22.70% (three months ended 31 March 2015: 20.32%).

Administrative expenses – Continuing operations

Administration expenses of the continuing operations for the current period amounted to approximately HK\$5,493,000 which was higher as compared with last year corresponding period of approximately HK\$4,930,000. The increase was mainly due to increase in office rental and consultancy fee.

Finance costs – Continuing operations

Finance costs of the continuing operations for the current period was nil, which was 100% less than that of last corresponding period of approximately HK\$796,000. The decrease in the finance costs was a result of the pay off of all interest bearing debts by funding raised from the open offer and the placing.

Loss for the period from continuing operations

Loss for the three months ended 31 March 2016 from continuing operations amounted to approximately HK\$3,864,000 (three months ended 31 March 2015: loss of approximately HK\$4,256,000).



Profit for the period from discontinued operations

No contribution had been derived from discontinued operations (which mainly consists of cemetery business) for the current period (three months ended 31 March 2015: gain of HK\$4,155,000). The Group had disposed of the cemetery business in year 2015.

Loss for the period

The Group's loss for the period was approximately HK\$3,864,000 (three months ended 31 March 2015: loss of approximately HK\$101,000).

Operation Review – Hong Kong***Funeral services, Eternity Gem and pre-planning funeral arrangement***

During the three months ended 31 March 2016, the Group's Hong Kong funeral services recorded a revenue of approximately HK\$1,583,000 and was 31.59% higher than that of the corresponding period in 2015. During the period, revenues were mainly generated from sales of funeral packages and also the newly developed product, EGEM, the transformation of cremated ash into durable memorial gem stone. EGEM gained popularity during the period and sales of EGEM increased to approximately HK\$513,000 (three months ended 31 March 2015: HK\$227,000) during the period as a result of exhibition, promotion programmes, cooperation with major local and overseas funeral service providers and pet shops. Following the recent government's new proposed policy on regulating columbarium in Hong Kong, preserving human ashes into gemstones will become more and more popular. Therefore, the Group believes that green burial will be a popular alternative to traditional burial for memorial of beloved one.

Operation Review – China***Funeral services and crematorium****Huaiji funeral parlour*

Cremation business operation in Huaiji was performing steadily in the three months ended 31 March 2016 and revenue during the period was approximately HK\$2,556,000, representing an increase of 17.90% as compared with last year corresponding period of approximately HK\$2,168,000. In order to maintain a high quality of service, the Group will put forward plans to improve the repair and maintenance works in the foreseeable future.

Prospects

The Group is currently principally engaged in the provision of funeral and deathcare related services in both Hong Kong and the PRC.

As set out in the annual report of the Company for the year ended 31 December 2015, the Group reported an increase of approximately 25.55% in revenue for the year ended 31 December 2015 as compared with the year ended 31 December 2014. Although the management of the Company is still optimistic about the deathcare related business in the region, the business grows at a slower pace than expected and the Group's continuing business still suffered operating losses of approximately HK\$23,465,000 for the year ended 31 December 2015.

Given the slower than expected performance of the Group's deathcare related businesses, the Directors have been exploring other business opportunities in order to diversify the existing business of the Group. As set out in the annual report of the Company for the year ended 31 December 2015, among other things, the Group plans to develop business in the media and entertainment industry. During the three months ended 31 March 2016, the Group had set up a new business unit to target on certain concert related projects. The Directors expect that the new development in the media and entertainment industry would provide diversification and broadening the Group's income source and possibly enhance its financial performance. The new segment represents a first step forward in the implementation of the Group's development plan. The Board will continue to explore other business opportunities in order to diversify the existing business of the Group and to explore new markets with significant growth potential.

Employees and remuneration policies

As at 31 March 2016, the Group had 61 (three months ended 31 March 2015: 63) employees, including Directors. Total staff costs for the three months ended 31 March 2016, including Directors' remuneration, amounted to approximately HK\$2,569,000 (three months ended 31 March 2015: HK\$2,854,000). The Group's employment and remuneration policies remained the same as detailed in the year ended 31 December 2015 Annual Report.

Charges on Group's assets and contingent liabilities

There were no charges on the Group's assets or any significant contingent liabilities as at 31 March 2016.

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

As at 31 March 2016, the interests or short positions of the Directors and chief executives in the shares, underlying shares and convertible bonds of the Company and its associated corporation, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the model code for Securities Transactions by Directors of the Company, were as follows:



Interests in shares and underlying shares of the Company

Number of ordinary shares and underlying shares beneficially held:

(A) Long positions

Name of Directors	Capacity	Notes	Number of issued ordinary shares held	Number of underlying shares held	Total number of shares and underlying shares held	Percentage of the issued share capital of the Company
Mr. Chui Bing Sun ("Mr. Chui")	Interest of a controlled corporation	1	149,472,498	–	149,472,498	21.65%
	Personal	2	1,800	1,052,820	1,054,620	0.15%
			149,474,298	1,052,820	150,527,118	21.80%
Mr. Dong Choi Chi, Alex ("Mr. Dong")	Interest of a controlled corporation	3	120,300,000	–	120,300,000	17.42%
	Personal		1,000,000	–	1,000,000	0.14%
			121,300,000	–	121,300,000	17.56%
Mr. Chan Wai Man	Personal	4	27,000	143,565	170,565	0.02%
Mr. Siu Hi Lam, Alick	Personal	4	–	119,638	119,638	0.02%

Notes:

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

(B) Share options

Pursuant to the new share options scheme adopted by the Company on 31 August 2011, certain Directors and participants were granted share options to subscribe for the Company's shares, details of share options outstanding and exercisable as at 31 March 2016 were as follow:

	Number of share options				Outstanding and exercisable as at 31 March 2016	Date of grant	Exercise period	Exercise price per share
	Outstanding as at 1 January 2016	Granted during the period	Exercised during the period	Lapsed during the period				
<i>Category 1: Directors</i>								
Mr. Chui	1,052,820	-	-	-	1,052,820	22 March 2011	22 March 2011 – 21 March 2021	HK\$4.175
Mr. Chan Wai Man	23,927	-	-	-	23,927	15 February 2008	15 February 2008 – 14 February 2018	HK\$6.892
	119,638	-	-	-	119,638	5 December 2011	5 December 2011 – 4 December 2021	HK\$2.372
Mr. Siu Hi Lam, Alick	119,638	-	-	-	119,638	5 December 2011	5 December 2011 – 4 December 2021	HK\$2.372
Sub total	1,316,023	-	-	-	1,316,023			

	Number of share options				Outstanding and exercisable as at 31 March 2016	Date of grant	Exercise period	Exercise price per share
	Outstanding as at 1 January 2016	Granted during the period	Exercised during the period	Lapsed during the period				
<i>Category 2: Employees/consultants</i>								
Employee	38,284	-	-	-	38,284	15 February 2008	15 February 2008 – 14 February 2018	HK\$6.892
Employees	981,034	-	-	-	981,034	7 July 2010	7 July 2010 – 6 July 2020	HK\$1.784
Employee	153,137	-	-	-	153,137	12 August 2010	12 August 2010 – 11 August 2020	HK\$4.912
Employees	430,698	-	-	-	430,698	9 September 2010	9 September 2010 – 8 September 2020	HK\$4.791
Employees	765,686	-	-	-	765,686	13 September 2010	13 September 2010 – 12 September 2020	HK\$4.474
Employees	693,903	-	-	-	693,903	3 December 2010	3 December 2010 – 2 December 2020	HK\$4.455
Employee	1,196,386	-	-	-	1,196,386	5 December 2011	5 December 2011 – 4 December 2021	HK\$2.372
Employee	1,624,311	-	-	-	1,624,311	18 January 2013	18 January 2013 – 17 January 2023	HK\$1.102
Consultant	382,843	-	-	-	382,843	14 December 2007	14 December 2007 – 13 December 2017	HK\$5.846
Consultant	555,122	-	-	-	555,122	12 August 2010	12 August 2010 – 11 August 2020	HK\$4.912
Consultant	135,430	-	-	-	135,430	6 September 2010	6 September 2010 – 5 September 2020	HK\$4.137
Consultant	1,052,820	-	-	-	1,052,820	22 March 2011	22 March 2011 – 21 March 2021	HK\$4.175
Sub total	8,009,654	-	-	-	8,009,654			
Total of all categories	9,325,677	-	-	-	9,325,677			

There were no share options cancelled, lapsed or forfeited during the three months ended 31 March 2016.

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

As at three months ended 31 March 2016, the following shareholders (including Directors) had interests or short position in the shares, underlying shares or convertible bonds of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO") and Section 336 of the SFO, were as follows:

Number of ordinary shares and underlying shares beneficially held:

Name	Capacity	Notes	Number of shares	Number of underlying shares	Total number of shares and underlying shares	Long/short position	Percentage of interests
New Brilliant	Beneficial owner	1	149,472,498	-	149,472,498	Long	21.65%
Mr. Chui	Interest of controlled corporations	1	149,472,498	-	149,472,498	Long	21.65%
	Personal	2	1,800	1,052,820	1,054,620	Long	0.15%
			149,474,298	1,052,820	150,527,118		21.80%
Heading Champion Limited	Beneficial owner	3	120,300,000	-	120,300,000	Long	17.42%
Mr. Dong	Interest of controlled corporations	3	120,300,000	-	120,300,000	Long	17.42%
	Personal		1,000,000	-	1,000,000	Long	0.14%
			121,300,000	-	121,300,000		17.56%
Mr. Chan Ping Che	Beneficial owner		97,390,000	-	97,390,000	Long	14.10%

Notes:

1. These shares are held by New Brilliant, a company incorporated in the British Virgin Islands. It is wholly and beneficially owned by Mr. Chui.
2. Mr. Chui had a personal interest in 1,800 shares and 1,052,820 underlying shares. The underlying shares represent the share options granted by the Company to Mr. Chui to subscribe for 1,052,820 shares at adjusted exercise price of HK\$4.175 per share.
3. These shares are held by Heading Champion Limited, a company incorporated in the British Virgin Islands. It is wholly owned by Mr. Dong.

Save as disclosed above, as at three months ended 31 March 2016, the Directors were not aware of any other person who had an interest or short position in the shares, underlying shares or convertible bonds of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO, or who had interests of 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group.

Securities transactions by directors

The Company has established written guidelines for the required standard of dealings in securities by directors of the Company on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of Directors of the Company and the Directors confirmed that they have fully complied with the required standard with respect to the securities dealings of the Company and there was no event of non-compliance for the three months ended 31 March 2016.

Director's interests in competing business

As at 31 March 2016, the Directors are not aware of any business or interest of each of the Directors, management shareholders (as defined in the GEM Listing Rules) and their respective associates that competes or may compete with business of the Group or any other conflicts of interest which any such person has or may have with the Group.

Arrangements to purchase shares or convertible bonds

Other than the options holdings disclosed above, at no time during the three months ended 31 March 2016 was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or convertible bonds of, the Company or any other body corporate.

Purchase, sale or redemption of the Company's listed securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the three months ended 31 March 2016.

Compliance with corporate governance practices

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

Non-compliance with paragraph A2.1

Code provision A2.1 stipulates that the roles of Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. During the three months ended 31 March 2016, Mr. Chui held the offices of Chairman and CEO of the Company.

The Board believes that vesting the roles of both Chairman and Chief Executive Office in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

Save as the deviation from the code provision A2.1, separation of roles of Chairman and Chief Executive Officer pursuant to code provision A2.1 as disclosed in the section “Chairman and Chief Executive Officer”, the Company has met all the code provisions in the CG Code during the three months ended 31 March 2016.

Audit committee

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

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

The AC has reviewed the Group’s unaudited result for the three months ended 31 March 2016.

By order of the Board
SAGE INTERNATIONAL GROUP LIMITED
Chui Bing Sun
Chairman and executive Director

Hong Kong, 13 May 2016

As at the date of this report, the executive Directors are Mr. Chui Bing Sun, Mr. Dong Choi Chi, Alex and Mr. Yao Kan Shan; and the independent non-executive Directors are Mr. Chan Wai Man, Mr. Siu Hi Lam, Alick and Mr. Ting Kit Lun.

