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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** **2019**

## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized 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.**

**Given the companies listed on GEM are generally small and mid-sized companies, 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 GEM 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. Chong Cho Lam  
Mr. Dong Choi Chi, Alex

### 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. Dong Choi Chi, Alex

### AUDIT COMMITTEE

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

### NOMINATION COMMITTEE

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

### REMUNERATION COMMITTEE

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

### RISK MANAGEMENT COMMITTEE

Mr. Ting Kit Lun (*Chairman*)  
Mr. Chong Cho Lam  
Mr. Jip Ki Chi

### AUTHORISED REPRESENTATIVES

Mr. Dong Choi Chi, Alex  
Mr. Jip Ki Chi

### AUDITOR

Ernst & Young

### SOLICITOR

Michael Li & Co.

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM11 Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

10th Floor, Fun Tower  
35 Hung To Road  
Kwun Tong, Kowloon  
Hong Kong

### 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  
183 Queen's Road East  
Hong Kong

### PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited

### STOCK CODE

8082

### CONTACT INFORMATION

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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 2019 together with the comparative unaudited figures for the three months ended 31 March 2018 as follows:

### UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2019

	Notes	Three months ended 31 March	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
<b>Revenue</b>	2	<b>17,579</b>	13,481
<b>Cost of sales</b>		<b>(17,635)</b>	(9,002)
<b>Gross (loss)/profit</b>		<b>(56)</b>	4,479
<b>Other income and gains</b>		<b>1,129</b>	140
<b>Selling, marketing and distribution expenses</b>		<b>(1,373)</b>	(1,372)
<b>General and administrative expenses</b>		<b>(7,867)</b>	(6,099)
<b>Other expenses, net</b>		<b>835</b>	–
<b>Finance costs</b>		<b>(37)</b>	–
<b>LOSS BEFORE TAX</b>		<b>(7,369)</b>	(2,852)
<b>Income tax expense</b>	3	<b>(99)</b>	(93)
<b>LOSS FOR THE PERIOD</b>		<b>(7,468)</b>	(2,945)
<b>Attributable to:</b>			
Owners of the Company		<b>(6,506)</b>	(2,631)
Non-controlling interests		<b>(962)</b>	(314)
		<b>(7,468)</b>	(2,945)
<b>Dividend</b>	4	–	–
<b>LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (EXPRESSED IN HK\$ PER SHARE)</b>	5		
– Basic		<b>HK\$(0.005)</b>	HK\$(0.002)
– Diluted		<b>HK\$(0.005)</b>	HK\$(0.002)

**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME***For the three months ended 31 March 2019*

	Three months ended 31 March	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
<b>Loss for the period</b>	<b>(7,468)</b>	(2,945)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	<b>143</b>	1,028
<b>Total comprehensive loss for the period</b>	<b>(7,325)</b>	(1,917)
<b>Total comprehensive loss for the period attributable to:</b>		
Owners of the Company	<b>(6,460)</b>	(1,822)
Non-controlling interests	<b>(865)</b>	(95)
	<b>(7,325)</b>	(1,917)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***For the three months ended 31 March 2019*

	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Share premium	Contributed surplus	Exchange fluctuation reserve	Share-based payment reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2018 (audited)	28,945	311,509	31,713	719	15,354	(300,810)	87,430	6,861	94,291
Loss for the period	-	-	-	-	-	(2,631)	(2,631)	(314)	(2,945)
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	809	-	-	809	219	1,028
Total comprehensive income/(loss) for the period	-	-	-	809	-	(2,631)	(1,822)	(95)	(1,917)
Equity-settled share options arrangement	-	-	-	-	76	-	76	-	76
Cancellation of share options	-	-	-	-	(15,430)	14,835	(595)	-	(595)
At 31 March 2018 (unaudited)	28,945	311,509	31,713	1,528	-	(288,606)	85,089	6,766	91,855
At 1 January 2019 (audited)	30,445	329,188	31,713	(217)	7,270	(293,345)	105,054	4,115	109,169
Loss for the period	-	-	-	-	-	(6,506)	(6,506)	(962)	(7,468)
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	46	-	-	46	97	143
Total comprehensive income/(loss) for the period	-	-	-	46	-	(6,506)	(6,460)	(865)	(7,325)
Equity-settled share options arrangements	-	-	-	-	2,364	-	2,364	-	2,364
At 31 March 2019 (unaudited)	30,445	329,188	31,713	(171)	9,634	(299,851)	100,958	3,250	104,208

## 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 GEM 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 2018 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 2018.

#### *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

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- (a) the funeral services segment primarily engages in the provision of funeral and cremation services and deathcare related business; and
- (b) the media and entertainment segment primarily engages in the investment in and production of films and concerts and entertainment related businesses.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's loss before tax except that head office and corporate expenses are excluded from such measurement.

Segment assets exclude certain property, plant and equipment, club membership, and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

The segment results and other segment items for the three months ended 31 March 2019 are as follows:

	Funeral services HK\$'000	Media and entertainment HK\$'000	Total HK\$'000
<b>Segment revenue:</b>			
Sales to external customers	3,176	14,403	17,579
<b>Segment results</b>	525	(3,114)	(2,589)
<i>Reconciliation:</i>			
Corporate and other unallocated expenses, net			(4,743)
Finance costs			(37)
<b>Loss before tax</b>			(7,369)
<b>Segment assets</b>	24,694	95,897	120,591
<i>Reconciliation:</i>			
Corporate and other unallocated assets			14,958
<b>Total assets</b>			135,549
<b>Segment liabilities</b>	(6,422)	(14,782)	(21,204)
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			(10,137)
<b>Total liabilities</b>			(31,341)
<b>Other segment information:</b>			
Depreciation and amortisation	454	83	537
Capital expenditure	16	10	26



The segment results and other segment items for the three months ended 31 March 2018 are as follows:

	Funeral services HK\$'000	Media and entertainment HK\$'000	Total HK\$'000
<b>Segment revenue:</b>			
Sales to external customers	3,208	10,273	13,481
<b>Segment results</b>			
<i>Reconciliation:</i>	145	267	412
Corporate and other unallocated expenses, net			(3,264)
<b>Loss before tax</b>			(2,852)
<b>Segment assets</b>			
<i>Reconciliation:</i>	27,601	97,443	125,044
Corporate and other unallocated assets			9,629
<b>Total assets</b>			134,673
<b>Segment liabilities</b>			
<i>Reconciliation:</i>	(8,209)	(24,520)	(32,729)
Corporate and other unallocated liabilities			(10,089)
<b>Total liabilities</b>			(42,818)
<b>Other segment information:</b>			
Depreciation and amortisation	342	21	363
Capital expenditure	154	172	326

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

	Three months ended 31 March	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
<i>Revenue from contracts with customers</i>		
Sale of goods and provision of cremation and funeral services	1,597	1,658
Entertainment event income	13,493	10,268
Artiste management and performance services income	233	5
	<b>15,323</b>	11,931
<i>Revenue from other sources</i>		
Rendering of cremation services	1,579*	1,550*
Gain on investments in concert projects	677	–
	<b>2,256</b>	1,550
	<b>17,579</b>	13,481

\* *Being government subsidies received for the rendering of cremation services in certain location. There are no unfulfilled conditions or contingencies relating to these subsidies.*

### 3. 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.

### 4. 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 2019 (31 March 2018: Nil).

## 5. LOSS PER SHARE

### (a) *Basic*

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

	Three months ended	
	31 March	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company	(6,506)	(2,631)
Weighted average number of ordinary shares in issued (in thousands)	1,217,798	1,157,798

### (b) *Diluted*

For the period ended 31 March 2019 and 31 March 2018, no adjustment has been made to the basic loss per shares amounts presented for the period in respect of a dilution as the impact of the share options outstanding had an anti-diluted effect on the basic loss per share amounts presented.

## 6. EVENTS AFTER THE REPORTING PERIOD

On 9 April 2019, Mr. Chau Cheek Wa (the "Offeror") and the Company jointly announced that the Offeror would make mandatory unconditional cash offers (i) to acquire all the issued shares; and (ii) to cancel all the outstanding options of the Company (other than those already owned by the Offeror and the parties acting in concert with him). For details of the cash offers, please refer to the announcements of the Company dated 9 April 2019, 10 April 2019 and 30 April 2019.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial review

#### ***Revenue***

For the three months ended 31 March 2019, the total revenue (which mainly consists of (i) the media and entertainment business; and (ii) funeral services business) was approximately HK\$17,579,000 which was 30.40% higher than that of last year corresponding period of approximately HK\$13,481,000. The increase was mainly due to more concerts were organised and invested by the Group in the current period under review.

#### ***Selling, marketing and distribution expenses***

Selling, marketing and distribution expenses for the three months ended 31 March 2019 was approximately HK\$1,373,000, which was in line with the amount of last year corresponding period of approximately HK\$1,372,000. Percentage to turnover was approximately 7.81% (three months ended 31 March 2018: 10.18%).

#### ***General and administrative expenses***

General and administrative expenses for the three months ended 31 March 2019 amounted to approximately HK\$7,867,000 which was 28.99% higher than the amount for the last year corresponding period of approximately HK\$6,099,000. The increase was mainly attributable to the increase in the amount of share-based payment expense recorded in the current period under review.

#### ***Other expenses, net***

Other expenses mainly consist of co-investors' share of net loss/profit from concerts organised by the Group.

***Loss for the period***

The Group's loss for the period was approximately HK\$7,468,000 (three months ended 31 March 2018: loss of approximately HK\$2,945,000). The increase in loss was mainly attributable to (i) the increase in the non-cash item of share-based payment expense for the current period which amounted to approximately HK\$2,364,000; and (ii) net loss of approximately HK\$2,922,000 for the musical namely 《愛在星光裏》 was recorded in the current period under review.

**Operation Review*****Media and entertainment***

During the three months ended 31 March 2019, the media and entertainment segment recorded a revenue of approximately HK\$14,403,000, representing an increase of 40.20% as compared with last year corresponding period of approximately of HK\$10,273,000. The revenue of media and entertainment was mainly comprised of concert organisation income, musical organisation income, artiste management income, sponsorship income and gain on investments in concert projects. The increase in revenue is mainly due to the Group has organised and invested in more concerts for the current period under review.

***Funeral services and crematorium***

During the three months ended 31 March 2019, the revenue from funeral services and cremation business operation was approximately HK\$3,176,000, which was in line with last year corresponding period of approximately HK\$3,208,000. 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 growing momentum of the media and entertainment industry in Mainland China is robust in recent years. Mainland China's movie box office revenue rose 9.06% in 2018 to more than 60.9 billion yuan (8.9 billion U.S. dollars), according to the China Film Administration ("國家電影局"). The Group is optimistic about the industry, particularly the film, musical, drama, online TV drama/movie, live shows and related intellectual property ("IP") trading sectors/sub-sectors.

The Greater Bay Area, consists of nine contiguous cities in the Pearl River Delta region of the Guangdong Province-Guangzhou, Shenzhen, Dongguan, Foshan, Huizhou, Jiangmen, Zhaoqing, Zhongshan and Zhuhai, and the Hong Kong and Macao Special Administrative Regions. With the completion of the Hong Kong-Zhuhai-Macao Bridge, there will be significantly increased connectivity amongst these eleven cities, providing an engine of accelerated growth for the entire Greater Bay Area. The Group will expand its live entertainment businesses further in the Greater Bay Area, as the economic prosperity of the region continues to increase, the disposable income of its inhabitants likewise increases, creating a demand for experiences, travel and entertainment. We will also continue to explore strategic alliance as well as investment opportunities to enrich our portfolio, broaden our income streams and bring attractive value for our shareholders.

## Employees and remuneration policies

As at 31 March 2019, the Group had approximately 63 (three months ended 31 March 2018: 60) employees, including Directors. Total staff costs for the three months ended 31 March 2019, including Directors' remuneration, amounted to approximately HK\$2,665,000 (three months ended 31 March 2018: HK\$3,098,000). The Group's employment and remuneration policies remained the same as detailed in the year ended 31 December 2018 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 2019.

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

As at 31 March 2019, 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	Capacity	Notes	Number of shares held	Number of underlying shares held	Total number of shares and underlying shares held	Percentage of issued share capital
Mr. Chong Cho Lam	Beneficial owner	1	–	10,000,000	10,000,000	0.82%
Mr. Dong Choi Chi, Alex ("Mr. Dong")	Beneficial owner		287,549,682	–	287,549,682	23.61%
	A concert party to an agreement to buy shares described in S.317 (1)(a) of the SFO	2	431,324,523	–	431,324,523	35.42%
			718,874,205	–	718,874,205	59.03%

#### Notes:

- The underlying shares represent the share options granted by the Company to Mr. Chong Cho Lam to subscribe for 6,500,000 and 3,500,000 shares at exercise price of HK\$0.576 and HK\$0.484 respectively.
- Mr. Dong, Mr. Cheng Ting Kong and Mr. Chau Cheok Wa are parties acting in concert in respect of the Company pursuant to a deed in relation to parties acting in concert dated 23 January 2018.

*(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 2019 were as follow:

	Number of share options				Outstanding and exercisable as at 31 March 2019	Date of grant	Exercise period	Exercise price per share
	Outstanding as at 1 January 2019	Granted during the period	Exercised during the period	Forfeited/ lapsed during the period				
<b>Category 1: Directors</b>								
Mr. Chong Cho Lam	6,500,000	-	-	-	6,500,000	16 May 2018	16 May 2019 – 15 May 2028	HK\$0.576
	3,500,000	-	-	-	3,500,000	6 July 2018	6 July 2019 – 5 July 2028	HK\$0.484
Sub total	10,000,000	-	-	-	10,000,000			
<b>Category 2: Employees/consultants</b>								
Employees	6,000,000	-	-	-	6,000,000	16 May 2018	16 May 2021 – 15 May 2028	HK\$0.576
Employee	8,500,000	-	-	-	8,500,000	6 July 2018	6 July 2019 – 5 July 2028	HK\$0.484
Consultants	10,500,000	-	-	-	10,500,000	16 May 2018	16 May 2019 – 15 May 2028	HK\$0.576
Consultant	1,500,000	-	-	-	1,500,000	16 May 2018	16 May 2021 – 15 May 2028	HK\$0.576
Consultant	5,500,000	-	-	-	5,500,000	6 July 2018	6 July 2019 – 5 July 2028	HK\$0.484
Sub total	32,000,000	-	-	-	32,000,000			
Total of all categories	42,000,000	-	-	-	42,000,000			

There were no share options cancelled, lapsed or forfeited during the three months ended 31 March 2019.



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

As at three months ended 31 March 2019, 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	Long/short position	Percentage of issued share capital
Mr. Dong	Beneficial owner		287,549,682	Long	23.61%
	A concert party to an agreement to buy shares described in S.317 (1)(a) of the SFO	1	431,324,523	Long	35.42%
			718,874,205		59.03%
Mr. Chau Cheuk Wa ("Mr. Chau")	Beneficial owner		143,774,841	Long	11.81%
	A concert party to an agreement to buy shares described in S.317 (1)(a) of the SFO	1	575,099,364	Long	47.22%
			718,874,205		59.03%
Mr. Cheng Ting Kong ("Mr. Cheng")	Interest of controlled corporation	2	287,549,682	Long	23.61%
	A concert party to an agreement to buy shares described in S.317 (1)(a) of the SFO	1	431,324,523	Long	35.42%
			718,874,205		59.03%
Simple Cheer Limited	Beneficial owner	2	287,549,682	Long	23.61%
New Brilliant Investments Limited	Beneficial owner	3	149,472,498	Long	12.27%
Mr. Chui Bing Sun ("Mr. Chui")	Beneficial owner	3	1,800	Long	0.00%
	Interest of controlled corporation	3	149,472,498	Long	12.27%
			149,474,298		12.27%
Mr. Chan Ping Che	Beneficial owner		97,390,000	Long	8.00%

*Notes:*

1. Mr. Dong, Mr. Cheng and Mr. Chau are parties acting in concert in respect of the Company pursuant to a deed in relation to parties acting in concert dated 23 January 2018.
2. Simple Cheer Limited is incorporated in the British Virgin Islands and is wholly and beneficially owned by Mr. Cheng.
3. New Brilliant Investments Limited is incorporated in the British Virgin Islands. It is wholly and beneficially owned by Mr. Chui. He is also holding 1,800 shares as beneficial owner. He was a former executive Director, the former chairman and the former chief executive officer of the Company who resigned with effect from 19 March 2018.

Save as disclosed above, as at three months ended 31 March 2019, 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 2019.

**Director's interests in competing business**

Mr. Dong Choi Chi, Alex ("Mr. Dong"), an executive Director of the Company, is the sole owner and director of Sun Entertainment Holdings Limited, which together with its subsidiaries, including Sun Entertainment Culture Limited, are principally engaged in investment holding, artiste and model management, entertainment, sports, publishing and film and concert production and coordination. He is also an ultimate beneficial owner and a director of Sun Motion (Hong Kong) Limited, which is also engaged in investment holding, artiste and model management, entertainment, sports, publishing and film and concert production and coordination. He is also a substantial shareholder and director of Sun Entertainment Concert Group Holdings Limited, which together with its subsidiaries are principally engaged in concert investment, production and coordination. He is also a substantial shareholder and a director of Sun Entertainment Film Group Holdings Limited, which together with its subsidiaries are principally engaged in film investment and production. Mr. Dong is also one of the ultimate beneficial owners and a director of Sun Asia Group Limited, which together with its subsidiaries are principally engaged in the media and entertainment related investment and production in Macau. Therefore, he is considered to have interest in the business which competes or is likely to compete, either directly or indirectly, with the new businesses of the Group in the media and entertainment industry (as would be required to be disclosed under Rule 11.04 of the GEM Listing Rules).

Mr. Chong Cho Lam, an executive Director of the Company, is a substantial shareholder and the managing director of Chessman Entertainment Production Company Limited, which is principally engaged in concert co-ordination and production, advertising design and market planning, original music, record production and distribution, public relations and artiste management in Macau. He is a substantial shareholder and director of Chessman Entertainment Production (HK) Limited, which is engaged in advertising production, project planning consultation, design, publishing, entertainment production and promotion. He is also a substantial shareholder and director of Chessman Management and Investment Company Limited, which is engaged in entertainment related investments and management in Macau. He is also a substantial shareholder of Good Media Production Company Limited which is engaged in film production and filming, music production, advertising production, original music, web design, publication publishing and media in Macau. He is also a substantial shareholder of Easy Music Production Company Limited which is engaged in record distribution, artiste management, music producer management, band management, musician management, concert production and music production in Macau. Therefore, he is considered to have interest in the business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group in the media and entertainment industry (as would be required to be disclosed under Rule 11.04 of the GEM Listing Rules).

Save as disclosed above, 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 during the period ended 31 March 2019.

### **Arrangements to purchase shares or convertible bonds**

Other than the options holdings disclosed above, at no time during the three months ended 31 March 2019 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 2019.

### **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 GEM of the Stock Exchange of Hong Kong Limited.

### ***Non-compliance with paragraph A.2.1***

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. Following the resignation of Mr. Chui Bing Sun as an executive Director, the chairman of the Board, CEO, a member of the risk management committee, a compliance officer and authorized representative of the Company on 19 March 2018, decisions of the Company are made by the executive Director, Mr. Dong Choi Chi, Alex who are focused on evaluating new potential business and investment opportunities and formulating and implementing business strategies to enhance the revenue and growth potential of the Company. Hence, a new chairman and CEO will not be appointed until suitable candidates have been identified for such purpose.

Save as the deviation from the code provision A.2.1, separation of roles of Chairman and Chief Executive Officer pursuant to code provision A.2.1 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 2019.

**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 2019.

By order of the Board  
**SAGE INTERNATIONAL GROUP LIMITED**  
**Dong Choi Chi, Alex**  
*Executive Director*

Hong Kong, 15 May 2019

*As at the date of this report, the Board comprises two executive Directors, namely Mr. Chong Cho Lam and Mr. Dong Choi Chi, Alex, and three independent non-executive Directors, namely, Mr. Chan Wai Man, Mr. Siu Hi Lam, Alick and Mr. Ting Kit Lun.*

*This report will remain on the “Latest Company Announcement” page of the GEM Website for at least 7 days from the day of its publication and on the website of the Company at [www.sig.hk](http://www.sig.hk).*