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 liability)

(Stock Code: 8082)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 31 DECEMBER 2011

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.

This announcement, 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this announcement misleading.

AUDITED CONSOLIDATED RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2011

The board of directors (the "Directors") are pleased to announce the audited consolidated financial statements of Sage International Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the nine months ended 31 December 2011, together with the audited comparative figures for the year ended 31 March 2011 as follows:

CONSOLIDATED INCOME STATEMENT

For the period from 1 April 2011 to 31 December 2011

	Notes	**1 April 2011 to 31 December 2011 HK$'000**	1 April 2010 to 31 March 2011 HK$'000
CONTINUING OPERATIONS			
Revenue	5	**10,101**	19,821
Cost of sales		**(4,146)**	(16,632)
Gross profit		**5,955**	3,189
Other income	5	**1,128**	744
Share-based payment		**(3,769)**	(9,312)
Administrative expenses		**(30,706)**	(25,353)
Finance costs	6	**(8,023)**	(4,184)
LOSS BEFORE TAX		**(35,415)**	(34,916)
Income tax expense	7	**–**	(2)
LOSS FOR THE PERIOD/YEAR FROM CONTINUING OPERATIONS		**(35,415)**	(34,918)
DISCONTINUED OPERATION			
Loss for the period/year from a discontinued operation		**–**	(6,428)
LOSS FOR THE PERIOD/YEAR		**(35,415)**	(41,346)
Attributable to:			
Owners of the Company		**(35,163)**	(41,617)
Non-controlling interests		**(252)**	271
		(35,415)	(41,346)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	9		
Basic			
– For loss for the period/year		**HK$(0.035)**	HK$(0.059)
– For loss from continuing operations		**HK$(0.035)**	HK$(0.050)
Diluted			
– For loss for the period/year		**N/A**	N/A
– For loss from continuing operations		**N/A**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 April 2011 to 31 December 2011

	1 April 2011 to 31 December 2011 *HK$'000*	1 April 2010 to 31 March 2011 *HK$'000*
Loss for the period/year	**(35,415)**	(41,346)
Other comprehensive income:		
Reclassification adjustments for loss on disposal of subsidiaries included in the consolidated income statement	**–**	(1,590)
Exchange differences on translation of foreign operations	**(476)**	(47)
Other comprehensive loss for the period/year, net of tax	**(476)**	(1,637)
Total comprehensive loss for the period/year	**(35,891)**	(42,983)
Attributable to:		
Owners of the Company	**(35,639)**	(43,254)
Non-controlling interests	**(252)**	271
	(35,891)	(42,983)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	Notes	31 December 2011 HK$'000	31 March 2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**16,557**	14,110
Prepaid land lease payments		**447**	2,064
Goodwill	*11*	**127,203**	126,807
Intangible assets		**37**	–
TOTAL NON-CURRENT ASSETS		**144,244**	142,981
CURRENT ASSETS			
Inventories		**4,612**	2,434
Prepayments, deposits and other receivables		**36,677**	7,311
Cash and cash equivalents		**33,949**	5,971
TOTAL CURRENT ASSETS		**75,238**	15,716
CURRENT LIABILITIES			
Trade payables	*12*	**502**	733
Other payables and accruals		**9,700**	12,471
Income tax payable		**5**	5
Other borrowings		**1,222**	25,593
Convertible bonds		**28,910**	–
TOTAL CURRENT LIABILITIES		**40,339**	38,802
NET CURRENT ASSETS/(LIABILITIES)		**34,899**	(23,086)
TOTAL ASSETS LESS CURRENT LIABILITIES		**179,143**	119,895
NON-CURRENT LIABILITIES			
Other borrowings		**14,715**	14,810
Convertible bonds		**73,922**	44,597
TOTAL NON-CURRENT LIABILITIES		**88,637**	59,407
NET ASSETS		**90,506**	60,488
CAPITAL AND RESERVES			
Share capital		**2,530**	2,522
Reserves		**78,703**	64,732
Equity attributable to owners of the Company		**81,233**	67,254
Non-controlling interests		**9,273**	(6,766)
TOTAL EQUITY		**90,506**	60,488

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from 1 April 2011 to 31 December 2011

1. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

They have been prepared under the historical cost convention, except for convertible bonds and share-based payment. These consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The board of directors of the Company announced on 10 November 2011 the change of financial year end date of the Company from 31 March to 31 December with effect from 31 March 2011 to align the financial year end date of the Company with that of subsidiaries. The consolidated financial statements presented therefore covered a nine-month period from 1 April 2011 to 31 December 2011. The corresponding comparative amounts shown for the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows and related notes cover a twelve-month period from 1 April 2010 to 31 March 2011 and therefore may not be comparable to those amounts shown for the current period.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the period from 1 April 2011 to 31 December 2011. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

2. ADOPTION OF NEW AND REVISED HKFRSs

In the current period, the Group has adopted all of the new and revised HKFRSs which are relevant to its operations and effective for accounting periods beginning on or after 1 April 2011.

The adoption of the new and revised HKFRSs has had no significant financial effect on these consolidated financial statements.

3. ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective in these consolidated financial statements.

		Effective for annual periods beginning on or after
HKFRS 1 (Amendment)	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*	1 July 2011
HKFRS 7 (Amendments)	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*	1 July 2011
HKFRS 7 (Amendments)	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
HKFRS 9	*Financial Instruments*	1 January 2015
HKFRS 10	*Consolidated Financial Statements*	1 January 2013
HKFRS 11	*Join Arrangements*	1 January 2013
HKFRS 12	*Disclosure of Interests in Other Entities*	1 January 2013
HKFRS 13	*Fair Value Measurement*	1 January 2013
HKAS 1 (Amendments)	*Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*	1 July 2012
HKAS 12 (Amendments)	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*	1 January 2012
HKAS 19 (2011)	*Employee Benefits*	1 January 2013
HKAS 27 (2011)	*Separate Financial Statements*	1 January 2013
HKAS 28 (2011)	*Investments in Associates and Join Ventures*	1 January 2013
HKAS 32 (Amendments)	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*	1 January 2014
HK(IFRIC) Int – 20	*Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013

HKFRS 1 Amendments introduce a new deemed cost exemption for entities that have been subject to severe hyperinflation, whereby these entities can elect fair value as the deemed cost for assets and liabilities affected by severe hyperinflation in their first HKFRS financial statements. The amendments also remove the legacy fixed dates in HKFRS 1 relating to derecognition and day one gain or loss transactions. The amendments will not have any financial impact on the Group.

HKFRS 7 Amendments require an entity to disclose both quantitative and qualitative information for the derecognition of financial assets where the entity has a continuing involvement in the derecognised assets. The Group expects to adopt HKFRS 7 Amendments from 1 January 2012. As the Group does not have continuing involvement in the derecognised assets, the amendments will not have any financial impact on the Group.

HKFRS 7 Amendments issue new disclosure requirements in relation to the offsetting models of financial assets and financial liabilities. The amendments also improve the transparency in the reporting of how companies mitigate credit risk, including disclosure of related collateral pledged or received. The Group expects to adopt the amendments from 1 January 2013. The application of the amendments is unlikely to have any material financial impact on the Group.

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 Financial Instruments: Recognition and Measurement. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions"). The changes only affect the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in other comprehensive income will create or enlarge an accounting mismatch in profit or loss. All other requirements in HKAS 39 in respect of liabilities are carried forward into HKFRS 9. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting, derecognition and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 January 2015.

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 Consolidated and Separate Financial Statements and HK(SIC)-Int 12 Consolidation – Special Purpose Entities. HKFRS 10 replaces the portion of HKAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in HK(SIC)-Int 12. The application of this new standard is unlikely to have any material financial impact on the Group.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e. joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The application of this new standard is unlikely to have any material financial impact on the Group.

HKFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities that are previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group expects to adopt HKFRS 10, HKFRS 11, HKFRS 12, and the consequential amendments to HKAS 27 and HKAS 28 from 1 January 2013.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use has already been required or permitted under other HKFRSs. The Group expects to adopt the standard from 1 January 2013. The application of this new standard is unlikely to have any material financial impact on the Group.

HKAS 1 Amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items which will never be reclassified. The Group expects to adopt the amendments from 1 January 2013. The amendments affect presentation only and have no impact on the Group's financial position or performance.

HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value. The amendments introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC) – Int 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis. The Group expects to adopt HKAS 12 Amendments from 1 January 2012. The application of the amendments is unlikely to have any material financial impact on the Group.

HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. The Group expects to adopt HKAS 19 (2011) from 1 January 2013. The application of this new standard is unlikely to have any material financial impact on the Group.

HKAS 32 Amendments clarify the requirements for offsetting financial instruments. The amendments address inconsistencies in current practice when applying the offsetting criteria and clarify the meaning of "currently has a legally enforceable right of set-off" and some gross settlement systems may be considered equivalent to net settlements. The Group expects to adopt the amendments from 1 January 2014. The application of these amendments is unlikely to have any material financial impact on the Group.

HK(IFRIC) – Int 20 addresses the recognition of waste removal costs that are incurred in surface mining activity during the production phase of a mine as an asset, as well as the initial measurement and subsequent measurement of the stripping activity asset. To the extent that the benefit from the stripping activity is realized in the form of inventory produced, the costs incurred are accounted for in accordance with HKAS 2 Inventories. To the extent that the benefit is improved access to ore and when criteria set out in the interpretation are met, the waste removal costs are recognised as a stripping activity asset under non-current assets. The interpretation has no financial impact on the Group.

4. OPERATING SEGMENT INFORMATION

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

(a) cemetery operation and funeral services; and

(b) trading of automobile and accessories.

The exhibition organisation operation was discontinued in previous reporting period. The segment information reported on the followings does not include any amounts for the discontinued operation, which are described in more details in note 8.

The following is an analysis of the Group's revenue and results by reportable segment for the period from 1 April 2011 to 31 December 2011:

Revenue from continuing operations

	Cemetery operation and funeral services *HK$'000*	Trading of automobile and accessories *HK$'000*	Total *HK$'000*
Segment revenue:			
Sales to external customers	**7,132**	**2,969**	**10,101**
Segment results	**(1,562)**	**(7)**	**(1,569)**
Reconciliation:			
Other income			**488**
Corporate and other unallocated expenses			**(26,998)**
Finance costs			**(7,336)**
Loss before tax from continuing operations			**(35,415)**
Segment assets	**188,831**	**21**	**188,852**
Reconciliation:			
Corporate and unallocated assets			**30,630**
Total assets			**219,482**
Other segment information:			
Depreciation and amortisation	**433**	**–**	**433**
Capital expenditure	**1,150**	**–**	**1,150**

The following is an analysis of the Group's revenue and results by reportable segment for the year ended 31 March 2011:

Revenue from continuing operations

	Cemetery operation and funeral services *HK$'000*	**Trading of automobile and accessories** *HK$'000*	**Total** *HK$'000*
Segment revenue:			
Sales to external customers	3,589	16,232	19,821
Segment results	865	(17)	848
Reconciliation:			
Other income			744
Corporate and other unallocated expenses			(32,324)
Finance costs			(4,184)
Loss before tax from continuing operations			(34,916)
Segment assets	147,568	1,584	149,152
Reconciliation:			
Corporate and unallocated assets			9,545
Total assets			158,697
Other segment information:			
Depreciation and amortisation	183	–	183
Capital expenditure	9	–	9

Geographical information

(a) Revenue from external customers

	1 April 2011 to 31 December 2011	1 April 2010 to 31 March 2011
	HK$'000	*HK$'000*
Japan	**2,969**	16,232
The People's Republic of China (the "PRC")	**7,132**	3,589
	10,101	19,821

The revenue information from continuing operations above is based on the location of the customers.

(b) Non-current assets

	31 December 2011	31 March 2011
	HK$'000	*HK$'000*
The PRC	**139,483**	138,588
Hong Kong	**4,761**	4,393
	144,244	142,981

The non-current assets information from continuing operations above is based on the location of assets.

Information about a major customer

Revenue from continuing operations of approximately HK$2,969,000 (31 March 2011: HK$16,232,000) was derived from sales by the trading of automobile and accessories segment to a single customer.

5. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold and the value of services rendered during the period/year.

An analysis of revenue and other income from continuing operations is as follows:

	1 April 2011 to 31 December 2011	1 April 2010 to 31 March 2011
	HK$'000	*HK$'000*
Revenue		
Cemetery operation and funeral services income	**7,132**	3,589
Sales of automobile and accessories	**2,969**	16,232
	10,101	19,821
Other income		
Foreign exchange gain, net	**117**	4
Other interest income	**295**	–
Sundry income	**716**	183
Gain on initial recognition of other borrowings at fair value	**–**	557
	1,128	744
	11,229	20,565

6. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	1 April 2011 to 31 December 2011	1 April 2010 to 31 March 2011
	HK$'000	*HK$'000*
Interest on:		
– Other borrowings wholly repayable within five years	**182**	327
– Other borrowings wholly repayable after five years	**667**	444
– Convertible bonds	**7,154**	3,410
Bank overdraft	**–**	3
Others	**20**	–
	8,023	4,184

7. INCOME TAX EXPENSE

	1 April 2011 to 31 December 2011	1 April 2010 to 31 March 2011
	HK$'000	*HK$'000*
Current:		
PRC Enterprise Income Tax ("EIT")	**–**	2

Hong Kong profits tax is calculated at 16.5% (31 March 2011: 16.5%) on the estimated assessable profits for the period/year. No provision for Hong Kong profits tax has been made as the Group has no assessable profits arising in Hong Kong for the period/year (31 March 2011: nil).

The PRC subsidiaries are subject to the PRC EIT at 25% (31 March 2011: 25%). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

A reconciliation of the tax expense applicable to loss before tax at the statutory rates for the countries (or jurisdictions) in which the Company, its subsidiaries and jointly-controlled entities are domiciled to the tax expense at the effective tax rates are as follows:

	1 April 2011 to 31 December 2011	1 April 2010 to 31 March 2011
	HK$'000	*HK$'000*
Loss before tax from continuing operations	**(35,415)**	(34,916)
Tax at statutory tax rates	**(1,926)**	(958)
Expenses not deductible for tax	**96**	199
Others	**(87)**	(232)
Utilise of tax losses	**1**	–
Tax losses not recognised	**1,916**	993
Tax charge at the Group's effective rate	**–**	2

The Group has tax losses arising in Hong Kong of approximately HK$23,751,000 (31 March 2011: HK$14,402,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

The Group also has tax losses arising in the PRC of approximately HK$26,203,000 (31 March 2011: HK$14,793,000) that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised in the near future.

8. DISCONTINUED OPERATION

On 5 January 2011, the Company announced the decision of its board of directors to dispose of its subsidiary, Infosky Group Limited. Infosky Group Limited and its subsidiaries (collectively "Infosky Group") engage in the provisions of exhibition organisation, promotion and marketing and publication services. The Group has decided to dispose of Infosky Group Limited because the Company plans to focus its resources on its core businesses. The disposal of Infosky Group Limited was completed on 4 March 2011.

The results of Infosky Group for the year ended 31 March 2011 are presented below:

	1 April 2010 to 31 March 2011 *HK$'000*
Revenue	**46,278**
Other income	**409**
Expenses	**(51,960)**
Finance costs	**–**
Loss before tax	**(5,273)**
Income tax expense	**(1,155)**
Loss for the year from the discontinued operation	**(6,428)**

The net cash flows incurred by Infosky Group are as follows:

	1 April 2010 to 31 March 2011 *HK$'000*
Operating activities	**810**
Investing activities	**(608)**
Financing activities	**–**
Net cash inflow	**202**

	1 April 2010 to 31 March 2011 *HK$*
Loss per share:	
From the discontinued operation	
– Basic	**(0.009)**
– Diluted	**N/A**

The calculations of basic and diluted loss per share from the discontinued operation are based on the loss for the year from a discontinued operation of HK$6,428,000 and the denominators detailed in note 9 for both basic and diluted loss per share.

9. LOSS PER SHARE

The calculation of basic loss per share amounts is based on the loss for the period/year attributable to owners of the Company, and the weighted average number of ordinary shares of 1,011,632,218 (31 March 2011: 701,428,493) in issue during the period/year, as adjusted to reflect the share consolidation during the reporting period.

No adjustment has been made to the basic loss per share amounts presented for the ended of reporting period as at 31 December 2011 and 31 March 2011 in respect of a dilution as the impact of the share options, convertible bonds and warrants outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculation of the basic and diluted loss per share attributable to the owners of the Company are based on:

	1 April 2011 to 31 December 2011 *HK$'000*	1 April 2010 to 31 March 2011 *HK$'000*
Loss		
Loss attributable to owners of the Company used in the basic loss per share calculation:		
– From continuing operations	**(35,163)**	(35,215)
– From a discontinued operation	**–**	(6,402)
	(35,163)	(41,617)
Interest on convertible bonds	**7,154**	3,410
Loss attributable to owners of the Company before interest on convertible bonds	**(28,009)**	(38,207)
Attributable to:		
Continuing operations	**(28,009)**	(31,805)
Discontinued operation	**–**	(6,402)
	(28,009)	(38,207)

	1 April 2011 to 31 December 2011	1 April 2010 to 31 March 2011
Shares		
Weighted average number of ordinary shares in issue during the period/year used in the basic loss per share calculation	**1,011,632,218**	701,428,493
Effect of dilution – weighted average number of ordinary shares:		
Share options	**6,141,256**	6,036,502
Convertible bonds	**946,963,738**	377,963,199
Warrants	**–**	–
Weighted average number of ordinary shares used in the diluted loss per share calculation	**1,964,737,212**	1,085,428,194

The weighted average number of ordinary shares for the purpose of basis loss per share for the period/year have been adjusted as a result of the share subdivision.

10. DIVIDEND

No dividend was paid or proposed during the period ended 31 December 2011, nor has any dividend been proposed since the end of the reporting period (31 March 2011: nil).

11. GOODWILL

	31 December 2011 *HK$'000*	31 March 2011 *HK$'000*
Cost:		
At beginning of the period/year	**126,807**	7,790
Disposal of a subsidiary	**–**	(7,790)
Acquisition of a subsidiary	**396**	9,125
Purchase of shareholding in a jointly-controlled entity	**–**	117,682
At end of the reporting period/year	**127,203**	126,807
Accumulated impairment:		
At beginning of the period/year	**–**	7,790
Attributable to disposal of a subsidiary	**–**	(7,790)
At end of the reporting period/year	**–**	–
Net carrying amount:		
At end of the reporting period/year	**127,203**	126,807

For the purposes of impairment testing, goodwill has been allocated to individual cash generating unit ("CGU"), that represent subsidiaries and a jointly-controlled entity, respectively, in the cemetery operation and funeral service segment.

During the reporting period, the management of the Group determines that there is no impairment of the above CGU containing goodwill.

The recoverable amount of the above CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on the financial budgets approved by the management covering a 25-year period, and discount rate of 10% (31 March 2011: 20%). Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the CGU's past performance and management's expectation for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of this CGU to exceed its aggregate recoverable amount.

12. TRADE PAYABLES

An aged analysis of trade payables which are non-interest bearing at the end of the reporting period, based on the invoice date, is as follows:

	31 December 2011 *HK$'000*	31 March 2011 *HK$'000*
Within 30 days	**37**	–
31 – 60 days	**–**	–
61 – 90 days	**–**	28
91 days – 1 year	**209**	351
Over 1 year	**256**	354
	502	733

The average credit period on purchases of certain goods is 30 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

13. EVENTS AFTER THE REPORTING PERIOD

The Group has entered into an employment agreement with an employee pursuant to which the employee is appointed as the director of sales and marketing of the Group. The Group would issue 30,000,000 warrants shares to the employee with a subscription price of HK$0.275 per warrant share for a subscription periods of 5 years after the date of the warrants issued, subject to the fulfillment of conditions. Details of the issue of warrants is set out in the Company's announcement dated 21 December 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and operation review

For the nine months ended 31 December 2011, the revenue of Group and its jointly-controlled entity have decreased by 49.0% to approximately HK$10,101,000 (twelve months ended 31 March 2011: HK$19,821,000). The revenue was generated from the death care business and automobile trading business, with the amount of approximately HK$7,132,000 (twelve months ended 31 March 2011: HK$3,589,000) and HK$2,969,000 (twelve months ended 31 March 2011: HK$16,232,000) respectively. The significant decrease in overall revenue is due to the scaling down of the Group's automobile trading during the period. Revenue generated from the Group's current core business, death care segment, was almost doubled.

For the nine months ended 31 December 2011, the gross profit of the Group was approximately HK$5,955,000 (twelve months ended 31 March 2011: HK$3,189,000) and the overall gross profit margin for the Group was 58.95% (twelve months ended 31 March 2011: 16.09%). The significant increase of gross profit and gross profit margin was contributed by the death care business during the period. Death care business has a high profit margin due to a relatively lower competition. The Group's loss for the nine months ended 31 December 2011 was approximately HK$35,415,000 while there was approximately HK$41,346,000 of loss incurred for the twelve months ended 31 March 2011. Higher loss in last year is a result of including a discontinued business of exhibition business. The loss for the current nine months period was mainly composed of administrative expenses and finance costs.

Administrative expenses for the nine months ended 31 December 2011 rose by 21.11% to approximately HK$30,706,000 as compared with the twelve months ended 31 March 2011. The increase was mainly attributable to the active rollout of business development plan for the new cemetery and funeral business. During the period, extra work force and office space were deployed in the head quarter in Hong Kong and joint ventures in China.

Finance costs for the nine months ended 31 December 2011 increased by approximately 91.75% to approximately HK$8,023,000 as a result of the interests incurred in convertible bonds, with the amount of approximately HK$7,154,000.

Death care business

Death care business is currently the core business of the Group. Due to the highly fragmented ownership of the industry in both Hong Kong and China, the quality of service and image are inconsistent in the traditional business. The Group is committed to revolutionize this industry through professional management and set benchmarks for industry's best practice by offering affordable quality services, changing people's perception on funeral sector and professionals.

The Group currently held cemetery in (i) Suzhou, Jiangsu Province; (ii) Huaiji, Guangdong Province; and (iii) Bijie, Guizhou Province; with land holding for operating cemetery business of approximately 66,000 square meters, 117,000 square meters and 133,200 square meters, respectively. In additions, Huai Ji Luck Mountain Funeral Tarlour Limited ("Huaiji Crematory"), a subsidiary of the Group, also provides funeral facilities and related crematory services.

The Group's revenues from death care business are mainly derived from cemetery operation and provision of funeral services respectively.

(1) For cemetery operation, revenue was primarily derived from sales of interment rights (cremation ground burial, mausoleum spaces, columbarium) and other cremation products.

(2) For funeral services, the Group provides a wide range of services in China that includes the use of funeral home facilities for visitation, memorial services and funeral receptions, transportation services, cremation and the sales of caskets, urns and other related merchandise.

Suzhou Cemetery

The Group has utilised part of the proceed from the fund raised to Suzhou Celebrities Cemetery Industries Co. Limited ("Suzhou Cemetery"), a jointly-controlled entity in the PRC, for the site remodeling, planting and infrastructure purpose. The Group under progress for redevelopment aged facilities like establishment of a new reception complex with advanced transportation and car park facilities. A number of new decorative features will install in the existing facilities so that a more modern and friendly environment will be displaced for high-end customers. The construction is expected to complete in mid 2012. With the newly decorated landscape together with the high-ended site facilities, Suzhou Cemetery aims to become one of the most prominent high-end cemeteries in China.

The revenue of Suzhou Cemetery is keep increasing and anticipate further growth in coming future upon the completion of the site remodeling. In additions, the Group started to strengthen and broaden its sales channels by networking new agents, partners and have the first sales unit opened in Shanghai. New customers from Suzhou and Shanghai are expected to be covered by these new channels in the coming years.

Huaiji Crematory

Apart from the current funeral and crematory services, Huaiji Crematory also apply for cemetery license in the period under review. Huaiji Crematory will commence the cemetery landscape and design work plan subject to obtaining all necessary licenses and approval. The Group expects this will provide further revenue sources on the sales of burial units with stable growth in the future years supplementing the current revenue stream from services.

Bijie Cemetery

In July 2011, the Group established a joint venture, 畢節敬信陵園管理有限公司(Bijie Reliance Cemetery Management Company Limited) ("Bijie Cemetery"). Bijie Cemetery is engaged in sales, management and operation of cemeteries services in Guizhou. The statutory procedures with local government is anticipated to be completed and receive the cemetery license in 2012. Bijie Cemetery is currently under a progress of land acquisition and expected to obtain the land use right in later 2012 and its operation will commence by the end of 2012 accordingly.

Automobile trading business

A significant drop of the revenue for automobile trading business was recorded during the period due to the fact that the economics in Japan was seriously affected unexpectedly by the earthquake in March 2011, and the volatile market fluctuation in the world which affect the profitability of the Group's automobile trading business. For these reasons, it is expected the automobile trading business will not be optimistic. Thus, the Group will scale down this operation during the year 2012.

Prospects

In the view of global trend of ageing population and with the potential growth in business of cemetery and funeral services, in particular, in China where the population size is vast with growing economy, the Group will continue to explore opportunities through both merger and acquisition opportunities and organic growth in cemetery, funeral and other related business in the Greater China region. Building on its extensive experience of the management team, solid financial position and strong professional management team that will accelerate the Group's pace to expand its scale of operation and its market share. The Group also committed to build up a professional team of experts in funeral services and cemetery management.

Following the completion of the issue of a five years zero coupon convertible bonds of US$12,500,000 (equivalent to approximately HK$97,175,000) in May 2011 to AXA Direct Asia II, L.P. ("AXA"), the Group established a stronger financial back up to invest and operate in its death care business and for the future investment opportunities in the same industry.

Funeral service

The Group has acquired a licensed funeral undertaking business in Hong Kong during the period and will continue to develop products in provision of funeral service and sales of related funeral products. In this regards, the Group will corporate with other leading service provider for establishing transparent and affordable funeral products to the public.

Pre-need contract

The Group will develop and sale its pre-need products in 2012 which will provide a stable future revenue stream. Pre-need products are in the form of a contract between the service provider and customers so as to enable the customers to plan in advance their own funeral event.

In the long run, the Group aspires to be a pioneer revolutionizing the funeral industry and act of remembrances by providing innovative and comprehensive solutions to the market and intends to become a market leader in the PRC death care industry.

Liquidity and Financial Resources

The Group maintains a healthy financial position. As at 31 December 2011, the Group had bank balances and cash of approximately HK$33,949,000 (31 March 2011: HK$5,971,000). This mainly attributable to net cash inflows from financing activities amounted to HK$72,236,000, mainly representing the proceeds from issue of US$12,500,000 (equivalent to approximately HK$97,175,000) five years zero coupon convertible bonds to AXA, a reputed private equity group and repayment of other borrowings amount approximately HK$25,611,000 during the period.

There is net cash inflows from investing activities amounted to approximately HK$11,366,000, comprising mainly acquisition of subsidiary, approximately HK$928,000 and the injection of capital from non-controlling interests, approximately HK$16,291,000.

As at 31 December 2011, the net current assets and current ratio of the Group were approximately HK$34,899,000 (31 March 2011: net current liabilities HK$23,086,000) and 1.87 (twelve months ended 31 March 2011: 0.41) respectively, which are much improved as compared with that of last year.

The equity attributable to the owner of the Company for the nine ended 31 December 2011 was approximately HK$81,233,000 (twelve months ended 31 March 2011: HK$67,254,000) which shows an increase of 20.79%.

As at 31 December 2011, the total liabilities of the Group was approximately HK$128,976,000 (31 March 2011: HK$98,209,000) which mainly consist of convertible bonds of HK$102,832,000 (31 March 2011: HK$44,597,000) and are capable of conversion into equity.

The gearing ratio (based on the total liabilities over the equity attributable to the owner of the Company) of the Group was maintained satisfactorily from the ratio of 1.46 as at 31 March 2011 to the ratio of 1.59 as at 31 December 2011.

The Board has reviewed the capital structure of the Group and to cope with the future business growth and expansion, potential fund raising exercise may execute in 2012 for potential new investment opportunity and business operation use.

Investment Position and Planning

On 6 July 2011, the Group entered into the joint venture agreement with Bijie, an independent third party, in relation to the establishment of the Joint Venture Company ("JV Company") for the business in relation to sales, management and operation of cemeteries. The Group will indirectly own 60% of the interests in the JV Company. The Group contributed RMB20,000,000 as registered capital of the JV Company in September 2011.

Investment Held and Material Acquisitions and Disposals

Except for the formation of JV Company as disclosed in above section "Investment position and planning", the Group had not made any material acquisition or disposal during the period.

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 during the nine months ended 31 December 2011.

Model Code for 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.

Compliance with Corporate Governance Practices

Save as the deviation from the Code provision A.2.1 as described below, the Company has complied with the Code on Corporate Governance Practices (the "CG Code") throughout the nine months ended 31 December 2011.

Non-compliance with paragraph A.2.1

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. During the nine months ended 31 December 2011, Mr. Chui Bing Sun currently holds the offices of Chairman and Chief Executive Officer ("CEO") of the Company. The Board believes that vesting the roles of both Chairman and CEO 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.

The Company will, from time to time, review the effectiveness of the Group's corporate governance structure and consider whether any changes, including the separation of the roles of Chairman and CEO, are necessary.

Audit Committee

The Company has established an Audit Committee ("AC") with specific terms of reference explaining its role and authorities delegated by the Board. The AC consists of three independent non-executive Directors, namely Mr. Chan Wai Man (Chairman of AC), Mr. Law Yee Man, Thomas and Mr. Siu Hi Lam, Alick, who together have sufficient accounting and financial management expertise, legal and business experience to discharge their duties and none of them is a former partner of the external auditors of the Company. The AC has reviewed the Group's annual result for the nine months ended 31 December 2011.

Publication of the Annual Results Announcement and Annual Report

The results announcement of the Group for the nine months ended 31 December 2011 is published on the website of GEM of the Stock Exchange at www.hkgem.com and the website of the Company at www.sig.hk. The 2011 Annual Report of the Company will be despatched to the shareholders of the Company and made available on the above websites in due course.

On behalf of the board of
Sage International Group Limited
Chui Bing Sun
Chairman and executive Director

Hong Kong, 21 March 2012

As at the date of this announcement, the executive Directors of the Company are Mr. Chui Bing Sun and Mr. Kwok Kwan Hung; and the independent non-executive Directors of the Company are Mr. Chan Wai Man, Mr. Law Yee Man, Thomas and Mr. Siu Hi Lam, Alick.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its publication and on the website of the Company at www.sig.hk.