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.

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 YEAR ENDED 31 DECEMBER 2015

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.

CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The board of directors (the "Directors") presents the consolidated results of Sage International Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015, together with the comparative figures for the year ended 31 December 2014 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

	Note	**2015** *HK$'000*	2014 *HK$'000*
Continuing operations			
Revenue	*2*	**14,608**	11,635
Cost of sales	*4*	**(6,261)**	(4,771)
Gross profit		**8,347**	6,864
Other income	*3(a)*	**1,124**	947
Other losses, net	*3(b)*	**(377)**	(520)
Sales and marketing expenses	*4*	**(4,001)**	(3,848)
Administrative expenses	*4*	**(28,558)**	(24,624)
Operating loss		**(23,465)**	(21,181)
Finance income	*5*	**4**	3
Finance costs	*5*	**(796)**	(6,220)
Loss before taxation	*4*	**(24,257)**	(27,398)
Income tax expense	*6*	**(100)**	(172)
Loss for the year from continuing operations		**(24,357)**	(27,570)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	*10*	**4,155**	(32,714)
Loss for the year		**(20,202)**	(60,284)
(Loss)/profit attributable to:			
Owners of the Company		**(21,336)**	(60,436)
Non-controlling interests		**1,134**	152
		(20,202)	(60,284)
(Loss)/profit attributable to owners of the Company arises from:			
Continuing operations		**(24,473)**	(27,737)
Discontinued operations		**3,137**	(32,699)
		(21,336)	(60,436)

	Note	**2015**	2014
(Loss)/earnings per share from continuing and discontinued operations attributable to owners of the Company for the year (expressed in HK$ per share)	*8*		
Basic (loss)/earnings per share			
From continuing operations		**(0.04)**	(0.16)
From discontinued operations		**0.01**	(0.18)
From loss for the year		**(0.03)**	(0.34)
Diluted (loss)/earnings per share			
From continuing operations		**(0.04)**	(0.16)
From discontinued operations		**0.01**	(0.18)
From loss for the year		**(0.03)**	(0.34)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015	2014
	HK$'000	*HK$'000*
Loss for the year	**(20,202)**	(60,284)
Other comprehensive loss:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(2,020)**	(2,835)
Release of exchange reserve upon disposal of subsidiaries	**(21,506)**	–
Total comprehensive loss for the year	**(43,728)**	(63,119)
Total comprehensive (loss)/profit for the year attributable to:		
Owners of the Company	**(44,144)**	(62,736)
Non-controlling interests	**416**	(383)
	(43,728)	(63,119)
Total comprehensive loss attributable to owners of the Company arises from:		
Continuing operations	**(23,791)**	(27,791)
Discontinued operations	**(20,353)**	(34,945)
	(44,144)	(62,736)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Assets			
Non-current assets			
Property, plant and equipment		**10,310**	12,440
Intangible assets		**12,307**	13,242
Deposits		**145**	210
		22,762	25,892
Current assets			
Inventories		**184**	201
Prepayments, deposits and other receivables	*9*	**2,489**	1,034
Restricted cash		**316**	306
Cash and cash equivalents		**34,657**	5,591
		37,646	7,132
Assets of disposal group classified as held-for-sale	*10*	**–**	444,746
		37,646	451,878
Total assets		**60,408**	477,770
Liabilities			
Current liabilities			
Trade payables		**133**	306
Other payables and accruals		**4,398**	14,454
Income tax payables		**6,458**	–
Deferred income		**212**	158
Other borrowings		**–**	10,000
Convertible bonds			
– classified as share-based payment transactions		**–**	19,617
		11,201	44,535
Liabilities of disposal group classified as held-for-sale	*10*	**–**	263,212
		11,201	307,747

	2015	2014
	HK$'000	*HK$'000*
Non-current liabilities		
Deferred income	**1,858**	1,452
Deferred income tax liabilities	**2,401**	2,550
Other borrowings	**–**	32,000
	4,259	36,002
Total liabilities	**15,460**	343,749
Net assets	**44,948**	134,021
Equity attributable to owners of the Company		
Capital and reserves		
Share capital	**17,265**	4,441
Other reserves	**286,777**	434,660
Accumulated losses	**(263,876)**	(457,548)
Equity attributable to owners of the Company	**40,166**	(18,447)
Non-controlling interests	**4,782**	152,468
	44,948	134,021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention except for derivative financial instruments and convertible bonds which are measured at fair value, as appropriate.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise is judgement in the process of applying the Group's accounting policies.

(a) Amendments to standards adopted by the Group

The following amendments to standards are mandatory for financial year beginning on or after 1 January 2015. The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group.

HKAS 19 (2011) (Amendment)	Defined benefit plans: Employee contributions
Annual Improvements Project	Annual improvements 2010-2012 Cycle
Annual Improvements Project	Annual improvements 2011-2013 Cycle

The adoption of the improvements made in the 2010-2012 Cycle has required additional disclosures in the segment note. Other than that, the remaining amendments are not material to the Group.

(b) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(c) New standards and amendments to standards that have been issued but are not effective

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning on 1 January 2015, and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations	1 January 2016
HKAS 16 and HKAS 38 (Amendments)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendments)	Agriculture: bearer plants	1 January 2016
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
HKAS 27 (Amendment)	Equity method in separate financial statements	1 January 2016
Annual Improvements Project	Annual improvements 2012-2014 Cycle	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment entities: applying the consolidation exception	1 January 2016
HKAS 1 (Amendments)	Disclosure initiative	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 9	Financial instruments	1 January 2018

The Group has already commenced an assessment of the related impact of adopting other new standards and amendments to standards but it is not yet in a position to state whether they will have a significant impact on its results of operations and financial position. The Group plans to adopt these new standards and amendments to standards when they become mandatory.

2 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 location 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.

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, financial income and unallocated corporate income and expenses.

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, prepayments, deposits and other receivables and operating cash.

Segment liabilities comprise operating liabilities but exclude convertible bonds and certain other payables and accruals related to neither segments.

The segment results and other segment items for the year ended 31 December 2015 are as follows:

	Mainland China	Hong Kong	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue:			
Sales to external customers	**8,514**	**6,094**	**14,608**
Segment results	**483**	**(8,144)**	**(7,661)**
Unallocated corporate expenses, net			**(15,804)**
Finance income			**4**
Finance costs			**(796)**
Loss before taxation			**(24,257)**
Segment assets	**20,810**	**4,794**	**25,604**
Club membership			**2,700**
Prepayments, deposits and other receivables			**1,784**
Cash and cash equivalents			**30,320**
Total assets			**60,408**
Segment liabilities	**(5,557)**	**(1,531)**	**(7,088)**
Other payables and accruals			**(8,372)**
Total liabilities			**(15,460)**
Other segment information:			
Depreciation and amortisation	**636**	**1,162**	**1,798**
Impairment of property, plant & equipment	**–**	**980**	**980**
Impairment of goodwill	**–**	**396**	**396**
Impairment of other receivables	**–**	**9,860**	**9,860**
Capital expenditure	**1,087**	**272**	**1,359**

The segment results and other segment items for the year ended 31 December 2014 are as follows:

	Mainland China	Hong Kong	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue:			
Sales to external customers	8,192	3,443	11,635
Segment results	718	(5,975)	(5,257)
Unallocated corporate expenses, net			(15,924)
Finance income			3
Finance costs			(6,220)
Loss before taxation			(27,398)
Segment assets	20,621	5,211	25,832
Property, plant and equipment			4
Club membership			2,700
Prepayments, deposits and other receivables			62
Cash and cash equivalents			4,426
Assets of disposal group classified as held for sale			444,746
Total assets			477,770
Segment liabilities	(4,766)	(1,511)	(6,277)
Other payables and accruals			(12,643)
Other borrowings			(42,000)
Convertible bonds			
– classified as share-based payment transactions			(19,617)
Liabilities of disposal group classified as held for sale			(263,212)
Total liabilities			(343,749)
Other segment information:			
Depreciation and amortisation	883	1,348	2,231
Capital expenditure	3,295	829	4,124

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

	2015	2014
	HK$'000	*HK$'000*
Rendering of funeral, cremation and preneed services	**12,305**	11,071
Sales of Eternity Gem products	**1,256**	564
Management service fee	**1,047**	–
	14,608	11,635

The Group does not have any major customer which accounts for 10% or more of the total revenue of the Group for the year ended 31 December 2015 and 31 December 2014.

The Company is domiciled in Hong Kong. The Group's revenue from external customers in Hong Kong is HK$6,094,000 (2014: HK$3,443,000) and total revenue from external customers in Mainland China is HK$8,514,000 (2014: HK$8,192,000).

3 OTHER INCOME AND OTHER LOSSES, NET

The Group's other income and other losses, net are analysed as follows:

(a) Other income

	2015	2014
	HK$'000	*HK$'000*
Rental income	**420**	315
Sundry income	**704**	632
	1,124	947

(b) Other losses, net

	2015	2014
	HK$'000	*HK$'000*
Gain on disposal of a subsidiary *(i)*	**6**	–
Fair value changes on convertible bonds measured as share-based payment transactions	**(383)**	(520)
	(377)	(520)

Note:

(i) During the year ended 31 December 2015, Solar Finance Limited, one of the Company's wholly owned subsidiaries, was disposed of at a consideration of HK$100,000 to Computech Online Limited, a company wholly owned by Mr. Chui Bing Sun ("Mr. Chui"), an executive Director and the Chairman of the Board. The share transfer was completed on 31 March 2015.

On the date of disposal, the net asset value of Solar Finance Limited was HK$94,000 which approximated its fair value. The transaction represents a related party transaction.

4 LOSS BEFORE TAXATION

Loss before taxation is stated after crediting and charging the following:

	2015	2014
	HK$'000	*HK$'000*
Cost of inventories recognised as expense	**483**	645
Employees benefits expenses	**8,604**	8,885
Depreciation of property, plant and equipment	**1,798**	2,231
Impairment of property, plant and equipment	**980**	–
Impairment of goodwill	**396**	–
Impairment of other receivable *(Note 9)*	**9,860**	–
Auditors' remuneration		
– Audit services	**1,000**	1,450
– Non-audit services	**250**	1,250
Minimum lease payments under operating leases in respect of buildings	**1,999**	1,843

5 FINANCE INCOME AND COSTS

The Group's finance income and costs are analysed as follows:

	2015	2014
	HK$'000	*HK$'000*
Interest on:		
– Other borrowings	**(721)**	(5,920)
– Convertible bonds	**(75)**	(300)
Total finance costs	**(796)**	(6,220)
Finance income:		
– Interest income on short-term bank deposits	**4**	3
Total finance income	**4**	3
Net finance costs	**(792)**	(6,217)

6 INCOME TAX EXPENSE

	2015	2014
	HK$'000	*HK$'000*
Income tax expense	**100**	172

Hong Kong profits tax is calculated at 16.5% (2014: 16.5%) on the estimated assessable profits for the year. No provision for Hong Kong profits tax has been made as the Group has no assessable profits arising in Hong Kong for the year (2014: Nil).

The subsidiaries in the People's Republic of China (the "PRC") are subject to the PRC corporate income tax at 25% (2014: 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 taxation at the statutory rates for the countries (or jurisdictions) in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates are as follows:

	2015	2014
	HK$'000	*HK$'000*
Loss before taxation	**(24,257)**	(27,398)
Tax calculated at domestic tax rates applicable to profits in the respective countries	**(2,867)**	(1,382)
Income not subject to taxation	**(59)**	(10)
Expenses not deductible for tax	**1,869**	597
Others	**51**	41
Tax losses for which no deferred income tax asset was recognised	**1,106**	926
Income tax expense	**100**	172

7 DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2015, nor has any dividend been proposed since the end of the reporting period (2014: Nil).

8 LOSS/EARNINGS PER SHARE

(a) Basic

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

On 17 February 2015, the Company issued 70,000,000 new ordinary shares through a share placement. The placing price was HK$0.20 per share and represented a discount to the market price of the then existing shares. The weighted average number of shares used for current year calculations of loss per share has been adjusted for the bonus element implicit in the discount.

On 17 February 2015, the Company issued 355,257,598 new ordinary shares through an open offer to all existing shareholders (the "Open Offer"). The subscription price was HK$0.20 per share and represented a discount to the market price of the then existing shares. The number of shares used for prior year calculations of loss per share shown below has been adjusted for the bonus element implicit in the discount in order to provide a comparable basis for the current year.

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

	2015	2014
	HK$'000	*HK$'000*
Loss from continuing operations attributable to owners of the Company	**(24,473)**	(27,737)
Profit/(loss) from discontinued operations attributable to owners of the Company	**3,137**	(32,699)
	(21,336)	(60,436)
Weighted average number of ordinary shares in issue (in thousands) (2014 restated)	**652,305**	177,070

(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 (2014: three) of dilutive potential ordinary shares: share options (2014: share options, convertible bonds and warrants). 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.

The dilutive potential ordinary shares in respect of the Company's outstanding share options for the year ended 31 December 2015 and in respect of the Company's outstanding share options, convertible bonds and warrants for the year ended 31 December 2014 are anti-dilutive.

9 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Prepayments and other receivables *(i)*	**12,138**	740
Rental and other deposits	**111**	259
Amount due from a director *(ii)*	**245**	245
	12,494	1,244
Impairment of other receivables *(i)*	**(9,860)**	–
	2,634	1,244
Less non-current portion:		
Others	**(145)**	(210)
Current portion	**2,489**	1,034

Note:

(i) The amount mainly represents debt assignment amounting to HK$11,360,000 (Note 10(a)), of which HK$9,860,000 has been impaired as the balance has been past due and unsecured and the debtor is not able to provide the relevant financial information to support its financial viability.

(ii) Amount due from a director is unsecured, non-interest bearing and repayable on demand.

10 NON-CURRENT ASSETS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

On 2 April 2014, the Group entered into a sale and purchase agreement to dispose of its 100% equity interest in Reliance Death Care Services Inc. and its subsidiaries (collectively "Reliance Group"), which mainly operate cemetery business in Mainland China, to Great World Investors Limited (a company wholly-owned by Mr. Chui) 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 Transaction").

Accordingly, the assets and liabilities of Reliance Group were reclassified as held for sale at 31 December 2014.

As the operation of the Reliance Group is considered as a separate major line of business which was previously classified as part of the Mainland China operating segment, it is accounted for as a discontinued operation. The disposal was completed on 17 February 2015.

(a) 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.

(b) Assets and liabilities of the disposal group classified as held for sale as at 31 December 2014.

	2014
	HK$'000
Property, plant and equipment	37,820
Intangible assets	15,777
Cemetery assets use rights	240,190
Inventories	
– Cemetery assets use rights	111,795
– Construction cost and cemetery related merchandises	7,278
Prepayments, deposits and other receivables	25,958
Derivative financial instrument	58
Cash and cash equivalents	5,870
Assets of the disposal group classified as held for sale	444,746

	HK$'000
Trade payables	959
Other payables and accruals	19,870
Deferred income	1,454
Deferred income tax liabilities	77,995
Other borrowings	40,062
Convertible bonds	
– classified as share-based payment transactions	96,402
– not classified as share-based payment transactions	26,470
Liabilities of the disposal group classified as held for sale	263,212

(c) Cumulative income or expense recognised in other comprehensive income relating to the disposal group classified as held for sale

	2015	2014
	HK$'000	*HK$'000*
Exchange differences on translation of foreign operations	**21,506**	22,686
Total	**21,506**	22,686

(d) In accordance with HKFRS 5 as at 31 December 2014, the assets and liabilities held for sale were written down to their fair value less costs to sell. This is a non-recurring level 3 fair value measurement based on discounted cash flow approach for the cemetery businesses located in Huaiji County and Suzhou Celebrities respectively and asset approach for the cemetery business in Bijie City.

On a discounted cash flow basis, fair value less costs to sell has been determined by using post-tax cash flow projections based on financial budgets approved by management for covering a five-year period or longer. The post-tax discount rate used reflects market assessments of the time value and the specific risks relating to the industry. The terminal growth rate was determined by the management based on past performance and its expectation for market development.

Discount rate:	
– Huaiji County	16.63%
– Suzhou Celebrities	17.78%
Growth rate for first five years:	
– Huaiji County	30% – 47%
– Suzhou Celebrities	12% – 35%
Terminal growth rate	3%

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

	2015	2014
	HK$'000	*HK$'000*
Revenue	**5,396**	31,445
Expenses	**(6,443)**	(64,790)
Loss before tax of discontinued operations	**(1,047)**	(33,345)
Tax	**273**	2,642
Loss after tax of discontinued operations	**(774)**	(30,703)
Pre-tax loss recognised on the re-measurement of assets of the disposal group	**–**	(2,681)
Tax	**–**	670
After tax loss recognised on the re-measurement of assets of the disposal group	**–**	(2,011)
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/(loss) for the year from discontinued operations	**4,155**	(32,714)

(f) An analysis of the expenses of discontinued operations is as follows:

	2015	2014
	HK$'000	*HK$'000*
Cost of inventories recognised as expense		
– cemetery assets use rights	**1,090**	7,563
– cemetery merchandises	**809**	1,532
– impairment loss on cemetery assets use rights	**–**	3,102
Employees benefits expenses	**937**	9,913
Fair value changes on derivative component of convertible bonds	**58**	525
Fair value changes on convertible bonds – classified as share-based payment transactions	**811**	19,351
Depreciation of property, plant and equipment	**274**	2,167
Minimum lease payments under operating leases in respect of buildings	**193**	1,531

(g) Cash flows

	2015	2014
	HK$'000	*HK$'000*
Operating cash flows	**(2,585)**	6,916
Investing cash flows	**–**	(2,952)
Financing cash flows	**–**	(3,865)
Total cash flows	**(2,585)**	99

11 EVENTS AFTER THE REPORTING PERIOD

One of the subsidiaries of the Group entered into an agreement with an independent third party to co-invest in an event where the Group is committed to invest in an amount of HK$3,874,000.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and gross profits – Continuing operations

For the year ended 31 December 2015, the total revenue of continuing operations (which mainly consists of the funeral services and crematorium) was approximately HK$14,608,000 which was 25.55% higher than the corresponding period of last year of approximately HK$11,635,000. The increase was mainly due to the increase in Eternity Gem ("EGEM") sales and management fee income received from Checkmate Capital Limited (a company wholly-owned by Mr. Chui Bing Sun) after completion of very substantial disposal (the "VSD") at the beginning of year 2015 (please refer to the circular dated 31 December 2014 for detail of the VSD).

Gross profits increased from approximately HK$6,864,000 to approximately HK$8,347,000. The overall gross profit margin of the continuing operations for the year ended 31 December 2015 was approximately 57.14% and decrease slightly as compared with the corresponding period of last year of approximately 58.99%.

Other Income

Other income increased from approximately HK$947,000 to approximately HK$1,124,000.

Sales and marketing expenses – Continuing operations

Sales and marketing expenses of continuing operations for the year ended 31 December 2015 was approximately HK$4,001,000, being 27.39% of turnover and was decreased as compared with the corresponding period of last year of approximately HK$3,848,000, being 33.07% of turnover.

Administrative expenses – Continuing operations

Administration expenses of the continuing operations for the year ended 31 December 2015 amounted to approximately HK$28,558,000 which included HK$9,860,000 in respect of the impairment of other receivable. If the impairment is excluded, the administrative expenses are approximately HK$18,698,000 which was lower than the corresponding period of last year of approximately HK$24,624,000. The difference was mainly due to significant reduction in the amount of legal and professional fees incurred for the VSD transaction which was completed in February 2015.

Finance costs – Continuing operations

Finance costs of the continuing operations for year ended 31 December 2015 amounted to approximately HK$796,000, which was 87.20% less than the corresponding period of last year of approximately HK$6,220,000. 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 year ended 31 December 2015 from continuing operations amounted to approximately HK$24,357,000 (31 December 2014: loss of approximately HK$27,570,000).

Profit/(loss) for the year from discontinued operations

The revenue from discontinued operations (which mainly consists of cemetery business) amounted to approximately HK$5,396,000 for the year ended 31 December 2015 which was 82.84% lower than the corresponding period of last year of approximately HK$31,445,000. The decrease was mainly due to the disposal of the cemetery business on 17 February 2015 such that a comparatively smaller portion of sales generated in year 2015 was counted. Expenses amounted to approximately HK$6,443,000 for the year ended 31 December 2015. Profit for the current year from discontinued operation was approximately HK$4,155,000 (31 December 2014: loss of approximately HK$32,714,000), which was mainly attributable to the gain of approximately HK$11,725,000 upon the disposal of the cemetery business which was partially offset by the income tax payable from the disposal of PRC subsidiaries during the year.

Loss for the year

The Group's loss for the year was approximately HK$20,202,000 (31 December 2014: loss of approximately HK$60,284,000). The main reasons for such reduction in loss were mainly due to the gain on disposal of the cemetery business from discontinued operations, as well as less operating cost and finance cost as compared to the corresponding period of last year after the disposal of the discontinued operations in early 2015.

OPERATION REVIEW

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

(1) improving revenue by expanding its market and product line in local and international deathcare business through its existing network in the industry;

(2) improving profit margin by providing more high-end products and services like EGEM and customized funeral services; and

(3) reducing operating costs.

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

OPERATION REVIEW – HONG KONG

Funeral services, Eternity Gem and pre-planning funeral arrangement

During the year ended 31 December 2015, the Group's Hong Kong funeral services recorded a revenue of approximately HK$6,094,000 which was 77.00% higher than that of the corresponding period of approximately HK$3,443,000 in 2014. During the year, revenues were mainly generated from sales of funeral packages, provision of management service income and sales of the newly developed product, EGEM, the transformation of cremated ash into durable memorial gem stone. EGEM gained popularity during the year and sales of EGEM increased to approximately HK$1,256,000 (31 December 2014: HK$564,000) 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 during the year ended 31 December 2015 and revenue during the year was approximately HK$8,514,000, almost in line with last year corresponding period of approximately HK$8,192,000. In order to maintain a high quality of service, the Group had improved the repair and maintenance works during the year.

PROSPECTS

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

After the completion of the VSD and the related fund raising exercise which raised approximately HK$83 million cash, the Group has sufficient working capital and funding for further development in deathcare related business. With the available surplus cash, the Group has been seeking other suitable investment opportunities in other business sectors, for instance, the media and entertainment industry to bring in more attractive shareholder's value.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, the Group has cash, cash equivalents and restricted cash of approximately HK$34,973,000 (as at 31 December 2014: HK$11,767,000) and the total assets of the Group were HK$60,408,000 (as at 31 December 2014: HK$477,770,000). The net current assets of the Group were approximately HK$26,445,000 (as at 31 December 2014: HK$144,131,000) and the Group's current ratio, which represents the current assets over its current liabilities, was approximately 3.36 times (as at 31 December 2014: 1.47 times). The gearing ratio of the Group as at 31 December 2015 (calculated by the total liabilities of HK$15,460,000 over equity attributable to the owners of the Company of HK$40,166,000) is 38.49% (2014: -1,863.44%).

The financial position of the Group improves during the year ended 31 December 2015 due to completion of disposal of cemetery business and the placing and open offer which were completed on 17 February 2015.

INVESTMENT POSITION AND PLANNING

The Group will continuously undertake research and identify potential deathcare related and other business investment opportunities to enhance its investment portfolio.

INVESTMENT HELD AND MATERIAL ACQUISITIONS AND DISPOSALS

On 2 April 2014, the Company entered into a sale and purchase agreement to dispose of its 100% equity interests in Reliance Death Care Services Inc. and its subsidiaries, which mainly operate 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 the loan from the Company's chairman of HK$10,000,000. The disposal was completed on 17 February 2015. Details of the disposal are disclosed in the announcements and the circular of the Company dated 13 June 2014, 31 December 2014 and 17 February 2015.

CURRENCY RISK EXPOSURE

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group currently does not have a foreign currency policy to hedge its currency exposure arising from the net assets of the Group's foreign operations. Otherwise, the Group had no material exposure to foreign exchange risk as majority of the Group's assets were denominated in its functional currently of either Hong Kong Dollars or Renminbi.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Group had 61 employees and including Directors (31 December 2014: 130). Total staff costs for the year ended 31 December 2015, including Directors' remuneration, amounted to approximately HK$10,133,000 (31 December 2014: approximately HK$18,798,000). The Group's employees remuneration packages are mainly on the basis of individual performance and experience and also having industry practice, which include basic wages and performance related bonuses. The Group also provides provident fund schemes and medical insurance scheme for its employees. The Company also grants share options to the Directors and eligible employees.

CHARGES ON GROUP'S ASSETS AND CONTINGENT LIABILITIES

There were no charges on the Group's assets and the Group did not have any significant contingent liabilities for the year ended 31 December 2015.

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 year ended 31 December 2015.

DIRECTORS' SECURITIES TRANSACTIONS

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.

CORPORATE GOVERNANCE

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving a high standard of corporate governance that can properly protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company.

Save as the deviation from the code provision A.2.1 as described below, the Company has complied with the Corporate Governance Code (the "CG Code") during the year ended 31 December 2015.

Non-compliance code provision 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 year ended 31 December 2015, Mr. Chui Bing Sun currently holds the offices of Chairman and Chief Executive Officer 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 AND REVIEW OF ANNUAL RESULTS

The audit committee of the Company reviewed the annual results announcement and the audited consolidated annual financial statements of the Group for the year ended 31 December 2015.

The figures in respect of the preliminary announcement of the Group for the year ended 31 December 2015 have been agreed by the Company's auditor, PricewaterhouseCoopers ("PwC Hong Kong"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PwC Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC Hong Kong on the preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement of the Group for the year ended 31 December 2015 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 2015 Annual Report of the Company will be despatched to the shareholders of the Company and made available on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my gratitude to all the staff and management team for their contribution during the period. I would also like to express my appreciation to the continuous support of our shareholders and investors.

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

Hong Kong, 23 March 2016

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Chui Bing Sun (Chairman), Mr. Dong Choi Chi, Alex and Mr. Yao Kan Shan, and three independent non-executive Directors, namely, Mr. Chan Wai Man, Mr. Siu Hi Lam, Alick and Mr. Ting Kit Lun.

This announcement 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.