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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 GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") 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 2018

CHARACTERISTICS OF 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.

Given that 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.

CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018, together with the comparative figures for the year ended 31 December 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2018

		2018	2017
	Notes	***HK$'000***	*HK$'000*
REVENUE	*5*	**155,678**	94,497
Cost of sales		**(106,056)**	(62,643)
Gross profit		**49,622**	31,854
Other income and gains	*5*	**1,672**	5,277
Selling, marketing and distribution expenses		**(11,718)**	(7,168)
General and administrative expenses		**(31,527)**	(24,820)
Other expenses		**(16,632)**	(23,651)
Finance costs		**(170)**	–
LOSS BEFORE TAX	*6*	**(8,753)**	(18,508)
Income tax expense	*7*	**(1,961)**	(1,401)
LOSS FOR THE YEAR		**(10,714)**	(19,909)
Attributable to:			
Owners of the Company		**(8,260)**	(19,641)
Non-controlling interests		**(2,454)**	(268)
		(10,714)	(19,909)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*9*		
Basic and diluted *(HK cents)*		**(0.7)**	(1.9)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	2018	2017
	HK$'000	*HK$'000*
LOSS FOR THE YEAR	**(10,714)**	(19,909)
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(1,228)**	790
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(11,942)**	(19,119)
Attributable to:		
Owners of the Company	**(9,196)**	(19,108)
Non-controlling interests	**(2,746)**	(11)
	(11,942)	(19,119)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**15,549**	17,887
Intangible assets		**13,636**	11,413
Investment in a film right		**7,769**	7,769
Deposits		**447**	108
Total non-current assets		**37,401**	37,177
CURRENT ASSETS			
Inventories		**117**	57
Film and drama under production		**5,505**	4,759
Investments in concert and film production projects		**24,139**	34,386
Trade receivables	*10*	**19,862**	857
Prepayments, other receivables and other assets		**14,003**	8,946
Cash and cash equivalents		**37,972**	28,977
Total current assets		**101,598**	77,982
CURRENT LIABILITIES			
Trade payables, other payables and accruals	*11*	**11,585**	5,699
Deferred income		**501**	1,229
Other borrowing		**2,960**	–
Tax payable		**9,640**	7,916
Total current liabilities		**24,686**	14,844
NET CURRENT ASSETS		**76,912**	63,138
TOTAL ASSETS LESS CURRENT LIABILITIES		**114,313**	100,315

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2018

	2018	2017
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Deferred income	**2,853**	3,608
Deferred tax liabilities	**2,291**	2,416
Total non-current liabilities	**5,144**	6,024
Net assets	**109,169**	94,291
EQUITY		
Equity attributable to owners of the Company		
Issued capital	**30,445**	28,945
Reserves	**74,609**	58,485
	105,054	87,430
Non-controlling interests	**4,115**	6,861
Total equity	**109,169**	94,291

NOTES

1. CORPORATE INFORMATION

Sage International Group Limited (the "Company") was incorporated in the Cayman Islands on 12 July 2001 and continued in Bermuda as an exempted company with limited liability under the laws of Bermuda.

The Company's shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is located at 10th Floor, Fun Tower, 35 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

During the year, the Group was involved in the following principal activities:

- provision of funeral and cremation services and deathcare related business; and
- investment in and production/organisation of films and concerts and other media and entertainment related businesses.

Starting from the current year, the Group has expanded its ordinary activities to include the investments in film and concert production projects.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group 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 ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

They have been prepared under the historical cost convention, except for an investment in a film right and investments in concert and film production projects, which have been measured at fair value. The consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Other than as explained below regarding the impact of HKFRS 9 and HKFRS 15, the adoption of the above new and revised standards has had no significant financial effect on the consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The Group has recognised the transition adjustments against the applicable opening balances in equity at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

Classification and measurement

The following information sets out the impacts of adopting HKFRS 9 on the statement of financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("ECLs").

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 January 2018 is as follows:

	Notes	HKAS 39 measurement Category	Amount	Re-classification	ECL	HKFRS 9 measurement Amount	Category
			HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	
Financial assets							
Available-for-sale investment included in investment in a film right	*(i)*	AFS[1]	7,769	(7,769)	–	–	N/A
Financial assets at fair value through profit or loss included in investment in a film right	*(i)*	N/A	–	7,769	–	7,769	FVPL[2]
Trade receivables		L&R[3]	857	–	–	857	AC[4]
Financial assets included in prepayments, other receivables and other assets		L&R	1,632	–	(152)	1,480	AC
Investments in concert and film production projects		FVPL	34,386	–	–	34,386	FVPL
Cash and cash equivalents		L&R	28,977	–	–	28,977	AC
			73,621	–	(152)	73,469	
Financial liabilities							
Trade payables		AC	339	–	–	339	AC
Financial liabilities included in other payables and accruals	*(ii)*	AC	1,495	–	–	1,495	AC
			1,834	–	–	1,834	

[1] *AFS: Available-for-sale investments*

[2] *FVPL: Financial assets at fair value through profit or loss*

[3] *L&R: Loans and receivables*

[4] *AC: Financial assets or financial liabilities at amortised cost*

Notes:

(i) The Group has classified its investment in a film right previously classified as an available-for-sale investment as a financial asset measured at fair value through profit or loss as this investment did not pass the contractual cash flow characteristics test in HKFRS 9.

(ii) The gross carrying amount of financial liabilities included in other payables and accruals under the column "HKAS 39 measurement – Amount" represents the amount after adjustments for the adoption of HKFRS 15. Further details of the adjustments for the adoption of HKFRS 15 are included below.

Impairment

The following table reconciles the aggregate opening impairment allowances under HKAS 39 to the ECL allowances under HKFRS 9.

	Impairment allowances under HKAS 39 at 31 December 2017	Re-measurement	ECL allowances under HKFRS 9 at 1 January 2018
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	–	–	–
Financial assets included in prepayments, other receivables and other assets	5,796	152	5,948
	5,796	152	5,948

Impact on accumulated losses

The impact of transition to HKFRS 9 on accumulated losses is as follows:

	Accumulated losses
	HK$'000
Accumulated losses	
Balance as at 31 December 2017 under HKAS 39	(300,810)
Recognition of expected credit losses for other receivables under HKFRS 9	(152)
Balance as at 1 January 2018 under HKFRS 9	(300,962)

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at that date. The Group has elected to apply the standard to contracts that are not completed as at 1 January 2018.

No adjustment to the opening balance of accumulated losses of the Group as at 1 January 2018 is required for the cumulative effect of the initial application of HKFRS 15. The comparative information was not restated and continues to be reported under HKAS 18 and related interpretations.

Set out below are the amounts by which each financial statement line item was affected as at 1 January 2018 as a result of the adoption of HKFRS 15:

	Note	**Increase/ (decrease)** *HK$'000*
Liabilities		
Receipts in advance included in trade payables, other payables and accruals	*(i)*	(357)
Contract liabilities included in trade payables, other payables and accruals	*(i)*	357

The adoption of HKFRS 15 has had no impact on the Group's loss for the year and other comprehensive loss for the year or on the Group's operating, investing and financing cash flows for the year. Set out below are the amounts by which each consolidated statement of financial position line item was affected as at 31 December 2018 as a result of the adoption of HKFRS 15. The first column shows the amounts recorded under HKFRS 15 and the second column shows what the amounts would have been had HKFRS 15 not been adopted:

Consolidated statement of financial position as at 31 December 2018:

		Amounts prepared under		
	Note	**HKFRS 15** *HK$'000*	**Previous HKFRS** *HK$'000*	**Increase/ (decrease)** *HK$'000*
Receipts in advance included in trade payables, other payables and accruals	*(i)*	–	2,856	(2,856)
Contract liabilities included in trade payables, other payables and accruals	*(i)*	2,856	–	2,856

The nature of the adjustments as at 1 January 2018 and the reason for the changes in the consolidated statement of financial position as at 31 December 2018 is described below:

Note:

(i) Consideration received from customers in advance

Before the adoption of HKFRS 15, the Group recognised consideration received from customers in advance as other payables which is included in trade payables, other payables and accruals. Under HKFRS 15, the amount is classified as contract liabilities which is included in trade payables, other payables and accruals.

Therefore, upon adoption of HKFRS 15, the Group reclassified HK$357,000 from receipts in advance to contract liabilities as at 1 January 2018 in relation to the consideration received from customers in advance as at 1 January 2018.

As at 31 December 2018, under HKFRS 15, HK$2,856,000 was reclassified from receipts in advance to contract liabilities in relation to the consideration received from customers in advance for the provision of services.

4. 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/organisation of films and concerts and other media 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 finance costs as well as 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.

Year ended 31 December 2018/At 31 December 2018

	Funeral services *HK$'000*	Media and entertainment *HK$'000*	Total *HK$'000*
Segment revenue *(note 5)*			
Sales to external customers	**10,710**	**144,968**	**155,678**
Segment results	**(368)**	**8,032**	**7,664**
Reconciliation:			
Corporate and other unallocated expenses, net			**(16,247)**
Finance costs			**(170)**
Loss before tax			**(8,753)**
Segment assets	**24,580**	**86,079**	**110,659**
Reconciliation:			
Corporate and other unallocated assets			**28,340**
Total assets			**138,999**
Segment liabilities	**(7,226)**	**(12,537)**	**(19,763)**
Reconciliation:			
Corporate and other unallocated liabilities			**(10,067)**
Total liabilities			**(29,830)**
Other segment information			
Depreciation and amortisation	**1,631**	**393**	**2,024**
Impairment of trade receivables	**35**	**34**	**69**
Impairment of other receivables	**179**	**–**	**179**
Gain on disposal of items of property, plant and equipment	**30**	**–**	**30**
Capital expenditure*	**1,140**	**2,805**	**3,945**

* *Capital expenditure consists of additions to property, plant and equipment and intangible assets.*

Year ended 31 December 2017/At 31 December 2017

	Funeral services *HK$'000*	Media and entertainment *HK$'000*	Total *HK$'000*
Segment revenue			
Sales to external customers	15,191	79,306	94,497
Segment results	3,358	1,513	4,871
Reconciliation:			
Corporate and other unallocated expenses, net			(23,379)
Loss before tax			(18,508)
Segment assets	26,815	67,391	94,206
Reconciliation:			
Corporate and other unallocated assets			20,953
Total assets			115,159
Segment liabilities	(8,346)	(2,267)	(10,613)
Reconciliation:			
Corporate and other unallocated liabilities			(10,255)
Total liabilities			(20,868)
Other segment information			
Depreciation	1,622	66	1,688
Gain on disposal of a subsidiary	2,659	–	2,659
Impairment of other receivables	145	–	145
Capital expenditure*	1,616	42	1,658

* *Capital expenditure consists of additions to property, plant and equipment.*

Geographical information

(a) Revenue from external customers

	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**15,788**	7,043
Macau	**127,032**	77,858
Mainland China	**12,858**	9,596
	155,678	94,497

The revenue information above is based on the locations where the relevant sales took place/underlying services were rendered.

(b) Non-current assets

	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**8,757**	7,819
Mainland China	**20,428**	21,481
	29,185	29,300

The non-current assets information above is based on the locations of the assets and excludes financial instruments.

Information about major customers

The Group did not have revenues from any single customer, which accounted for 10% or more of the total revenue of the Group for the year ended 31 December 2018 (2017: Nil).

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2018 HK$'000 (under HKFRS 15)	2017 HK$'000 (under previous HKFRS)
Revenue from contracts with customers/Revenue		
Sale of goods and provision of cremation and funeral services	**5,295**	11,240**
Sale of eternity gem products	**–**	1,251
Rendering of management services	**–**	2,700
Entertainment event income	**142,019**	77,858
Artiste management and performance services income	**924**	698
Others	**–**	750
	148,238	94,497
Revenue from other sources		
Rendering of cremation services	**5,415***	
Gain on investments in concert projects	**2,025**	
	7,440	
	155,678	

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

** *Including government subsidies of HK$4,774,000 received for the rendering of cremation services in certain location. There are no unfulfilled conditions or contingencies relation to these subsidies.*

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2018

Segments	**Funeral services**	**Media and entertainment**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Type of goods or services			
Sale of goods	573	–	573
Cremation and funeral services	4,722	–	4,722
Concert and musical organisation	–	135,527	135,527
Sponsorship	–	6,492	6,492
Artiste management and performance	–	924	924
Total revenue from contracts with customers	5,295	142,943	148,238
Geographical markets			
Hong Kong	260	13,957	14,217
Macau	–	126,578	126,578
Mainland China	5,035	2,408	7,443
Total revenue from contracts with customers	5,295	142,943	148,238

Set out below is the reconciliation of the revenue from contracts with customers with amounts disclosed in the segment information:

For the year ended 31 December 2018

Segments	**Funeral services**	**Media and entertainment**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Revenue from contracts with customers			
External customers	5,295	142,943	148,238

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2018
	HK$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	
Cremation and funeral services	50

	2018	2017
	HK$'000	*HK$'000*
Other income and gains		
Gain on disposal of a subsidiary	**–**	2,659
Gross rental income	**458**	31
Gain on investments in media and entertainment related projects	**–**	2,099
Gain on disposal of items of property, plant and equipment	**30**	–
Others	**1,184**	488
	1,672	5,277

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2018	2017
	HK$'000	*HK$'000*
Cost of inventories sold	**1,032**	850
Depreciation	**3,423**	3,232
Amortisation of intangible assets	**174**	–
(Gain)/loss on disposal of items of property, plant and equipment	**(30)**	11
Reversal of impairment of intangible assets *(i)*	**(670)**	(250)
Impairment of trade receivables	**69**	–
Impairment of other receivables	**179**	145
Other share-based payment expense *(ii)*	**–**	12,202
Foreign exchange differences, net	**43**	109

Notes:

(i) Included in "General and administrative expenses" in the consolidated statement of profit or loss.

(ii) Included in "Other expenses" in the consolidated statement of profit or loss.

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2018	2017
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**1,881**	1,009
Overprovision in prior years	**(69)**	–
Current – Elsewhere		
Charge for the year	**106**	109
Underprovision in prior years	**43**	283
Total tax charge for the year	**1,961**	1,401

8. DIVIDEND

The board of directors of the Company does not recommend the payment of any dividend in respect of the year (2017: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of approximately 1,161,250,000 (2017: 1,028,512,000) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2018 and 2017 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.

10. TRADE RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**19,931**	857
Impairment	**(69)**	–
	19,862	857

The Group's trading terms with its credit sales customers are generally 30 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the billed trade receivables as at the end of the reporting period, based on the invoice date or equivalent and net of loss allowance, is as follows:

	2018	2017
	HK$'000	*HK$'000*
Within 1 month	**586**	822
1 to 2 months	**–**	–
2 to 3 months	**–**	–
Over 3 months	**–**	35
	586	857

The remaining trade receivables were not yet due as at the end of the reporting period.

11. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

An ageing analysis of the trade payables included in "Trade payables, other payables and accruals" in the consolidated statement of financial position as at the end of the reporting period, based on the invoice date, is as follows:

	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**102**	204
31-60 days	**–**	22
61-90 days	**–**	15
Over 90 days	**4**	98
	106	339

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2018, the total revenue of the Group (which mainly arising from media and entertainment and funeral services businesses) was approximately HK$155,678,000 which was 64.74% higher than the corresponding period of last year of approximately HK$94,497,000. The increase was mainly due to more concerts were organised by the Group during the year under review.

Other income and gains

Other income and gains decreased from approximately HK$5,277,000 to approximately HK$1,672,000. The decrease was mainly attributable to the gain on disposal of a subsidiary of approximately HK$2,659,000 recorded in the corresponding period of last year but nil for current year under review.

Selling, marketing and distribution expenses

Selling, marketing and distribution expenses for the year ended 31 December 2018 was approximately HK$11,718,000, being 7.53% of total revenue, as compared with the amount for the corresponding period of last year of approximately HK$7,168,000, being 7.59% of total revenue, the increase in selling, marketing and distribution expenses is in line with the increase in revenue.

General and administrative expenses

General and administrative expenses for the year ended 31 December 2018 amounted to approximately HK$31,527,000 which was 27.02% higher than the amount for the corresponding period of last year of approximately HK$24,820,000. The increase was primarily attributable to the non-cash item of share-based payment expense of approximately HK$7,793,000 in relation to share options granted to several grantees during the year while the share-based payment expense was approximately HK$579,000 in the corresponding period of last year.

Other expenses

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

Loss for the year

The Group's loss for the year was approximately HK$10,714,000 (year ended 2017: HK$19,909,000).

Net assets

Net assets of the Group as of 31 December 2018 amounted to approximately HK$109,169,000 as compared to approximately HK$94,291,000 as of 31 December 2017. The increase was mainly attributable to net proceeds arising from placing of 60,000,000 new ordinary shares of the Company at a placing price of HK$0.330 amounted to approximately HK$19.2 million net of expenses.

OPERATION REVIEW

OPERATION REVIEW – HONG KONG

Media and entertainment business

During the year ended 31 December 2018, the total revenue from media and entertainment business was approximately HK$144,968,000, which was 82.80% higher than that of the corresponding period of approximately HK$79,306,000. This included gain on investments in concert projects for the year of HK$2,025,000. During the year, revenues were mainly comprised of concert organisation income, musical organisation income, artiste management and performance income, and sponsorship income, as well as gain on investments in concert projects. The substantial increase in revenue was mainly due to the Group has organised more concerts during the current year as compared to the corresponding period of last year and also the revenue contributed by a musical namely 《愛在星光裏》which organised by the Group and screened in Shanghai in late of 2018. During the year, the Group has organised a number of concerts namely《A CLASSIC TOUR 學友•經典世界巡迴演唱會2018 – 澳門站》,《五月天「LIFE 人生無限公司」巡迴演唱會2018 – 澳門站》, 《楊丞琳<青春住了誰 Youth Lies Within>世界巡迴演唱會 – 香港場 2018》,《絕色莫文蔚世界巡迴演唱會 2018》, co-organised a concert namely《周杰倫 地表最強2 世界巡迴演唱會 – 澳門站》and invested in several concerts including《Leon Lai Concert 2018 – 澳門站》,《周杰倫 地表最強2 世界巡迴演唱會 – 香港》,《Namie Amuro Final Tour 2018 ~Finally~ in Asia》,《王力宏龍的傳人2060世界巡迴演唱會澳門站》and《Wanna One: The World》, etc.

Funeral services

During the year ended 31 December 2018, the Group's Hong Kong funeral services recorded a total revenue of approximately HK$260,000 which was 95.55% lower than that of the corresponding period of approximately HK$5,841,000 in 2017. During the year, revenues were mainly generated from sales of funeral packages, while there were (i) sales of funeral packages of approximately HK$1,890,000, (ii) provision of management services of approximately HK$2,700,000; and (iii) sales of the eternity gem products of approximately HK$1,251,000 in the corresponding period of last year. The management service agreement was expired in late 2017 and the Company did not renew the management service agreement. Also, there is no revenue generated from sales of eternity gem products for the current year since the business of eternity gem was disposed of in mid of 2017. Hence, the revenue recorded in the current year decreased substantially.

OPERATION REVIEW – MAINLAND CHINA

Funeral services and crematorium

Huaiji funeral parlour

Cremation business operation in Huaiji was performing steadily during the year ended 31 December 2018 and its total revenue for the year (including relevant government subsidies received) was approximately HK$10,450,000, which was 11.76% higher than that of the corresponding period of last year of approximately HK$9,350,000. The reason for the increase in revenue was mainly due to an increase in selling price of funeral services.

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 Group had organised and invested in a total of 12 concerts during the year, of which 8 concerts were held in Macau and 4 concerts in Hong Kong.

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.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2018, the Group had cash and cash equivalents of approximately HK$37,972,000 (as at 31 December 2017: HK$28,977,000) and the total assets of the Group were approximately HK$138,999,000 (as at 31 December 2017: HK$115,159,000). As at 31 December 2018, the net current assets of the Group were approximately HK$76,912,000 (as at 31 December 2017: HK$63,138,000) and the Group's current ratio, which represents current assets over its current liabilities, was approximately 4.12 times (as at 31 December 2017: 5.25 times). The gearing ratio of the Group as at 31 December 2018 (calculated as total liabilities of HK$29,830,000 over equity attributable to owners of the Company of HK$105,054,000) was 28.39% (as at 31 December 2017: 23.87%).

As at 31 December 2018, the Group borrowed a loan of RMB2.6 million at interest rate of 5% per annum from a company beneficially owned by a Director. Subsequent to the year ended 31 December 2018, the repayment date of the loan has been extended to 31 March 2019.

PLACING OF NEW SHARES

On 23 November 2018, the Company entered into a placing agreement with a placing agent, pursuant to which, the placing agent agreed to place, on a best efforts basis, the placing shares comprising in aggregate 60,000,000 new ordinary shares of the Company at a placing price of HK$0.330 per placing share on behalf of the Company to not fewer than six placees who and whose ultimate beneficial owners are independent third parties. The placing was subject to the conditions set out in the placing agreement. On 11 December 2018, 60,000,000 placing shares were allotted and issued by the Company pursuant to the placing agreement.

The net proceeds arising from the placing amounted to approximately HK$19.2 million net of expenses, which were used to develop the media and entertainment operating segment.

For further details of the share placing, please refer to the Company's announcements dated 23 November 2018 and 11 December 2018.

INVESTMENT POSITION AND PLANNING

The Group will continuously undertake researches and identify potential media and entertainment and deathcare related business investment opportunities to enhance its business portfolio.

INVESTMENT HELD AND MATERIAL ACQUISITIONS AND DISPOSALS

Same as disclosed in the consolidated financial statements, there were no other significant investments held, and no material acquisitions or disposals of subsidiaries for the Group during the year.

CURRENCY RISK EXPOSURE

The Group has certain operations in Mainland China, whose net assets might be 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 has no material exposure to foreign currency risk as the majority of the Group's assets of its operating units are denominated in their respective functional currency of either Hong Kong Dollars or Renminbi.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2018, the Group had 59 employees and including Directors (31 December 2017: 66). Short term employee benefits, which represented a key component of the total staff costs for the year ended 31 December 2018, including salaries, wages, bonuses and allowances, and Directors' remuneration, amounted to approximately HK$8,634,000 (year ended 31 December 2017: approximately HK$10,110,000). The Group's employee remuneration packages are mainly determined 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 2018.

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 2018.

DIRECTORS' SECURITIES TRANSACTIONS

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 (the "Required Standard of Dealings"). Having made specific enquiries of all Directors, one non-compliance incident was noted during the year ended 31 December 2018, where the composite document in relation to the conditional voluntary cash offers by Sun International Securities Limited for and on behalf of Heading Champion Limited, a company which is owned as to 40% by Mr. Dong Choi Chi, Alex (an executive Director), for all the issued shares of the Company (other than those already owned by it and the parties acting in concert with it) and for the cancellation of all the outstanding options of the Company was despatched on 13 February 2018 during the Company's black-out period. The despatch of the composite document constituted a "dealing" and thus the despatch of the same during the black-out period constituted a deviation from the requirements under the Required Standard of Dealings.

The Company has paid due regard to the aforementioned non-compliance and in order to prevent the occurrence of similar incidents, the management of the Company has immediately taken steps to remind all Directors of the dealing restrictions during the black-out period as well as the requirements under the Required Standard of Dealings and the relevant FAQs published by the Exchange from time to time. In addition, the Company organised, and all Directors and the company secretary of the Company, attended a training conducted by a professional law firm, covering the requirements and procedures under the Required Standard of Dealings to reinforce the Directors' and the company secretary's knowledge and awareness of the requirements and restrictions regarding dealings of shares by directors. Save as disclosed above, the Directors confirmed that they have fully complied with the requirements under the Required Standard of Dealings and there was no other event of non-compliance during the year ended 31 December 2018.

CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Company is committed to achieve 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.

During the year ended 31 December 2018, the Company has complied with all the code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 15 to GEM Listing Rules except for the deviations from the Code provisions A.2.1 from 1 January 2018 to 19 March 2018 and A.2.7 during the period under review.

Non-compliance code provision A.2.1

In accordance with the code provision A.2.1 of the CG Code, the roles of the chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual.

Mr. Chui Bing Sun was the chairman of the Board and the CEO of the Company until his resignation on 19 March 2018. During the period, the Board considered that such structure would not impair the balance of power and authority of the Board, which comprised experienced and high caliber individuals and met regularly to discuss issues affecting the operations of the Company. 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 an 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. Following the resignation of Mr. Chui Bing Sun, the derivation from code provision A.2.1 of the CG Code has ceased.

Non-compliance code provision A.2.7

Pursuant CG Code provision A.2.7, the chairman should at least annually hold meetings with the non-executive directors, including independent non-executive directors, without the executive directors' present. In 2018, the Chairman did not hold meetings with the independent non-executive Directors without the executive Director present, which deviates from code provision A.2.7 from 1 January 2018 to 19 March 2018. Following the resignation of Mr. Chui Bing Sun, the derivation from code provision A.2.7 of the CG Code has ceased.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The audit committee of the Company reviewed the Group's annual results announcement for the year ended 31 December 2018.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2018 as set out in the preliminary announcement have been agreed by the Company's auditors, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young 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 Ernst & Young 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 2018 is published on the website of GEM of the Exchange at www.hkgem.com and the website of the Company at www.sig.hk. The 2018 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
Dong Choi Chi, Alex
Executive Director

Hong Kong, 27 March 2019

As at the date of this announcement, 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 announcement will remain on the "Latest Listed Company Information" 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.