富貴生命國際有限公司
NIRVANA asia LTD

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1438)

ANNUAL REPORT 2014

Contents

Portfolio Map

● Malaysia — Nirvana Memorial Park, Semenyih and Nirvana Memorial Garden, Semenyih, Selangor.

● Malaysia — Nirvana Memorial Centre, Funeral Parlour & Corporate Office, Kuala Lumpur.

● Malaysia — Nirvana Memorial Park, Shah Alam, Selangor.

● Malaysia — Nirvana Memorial Center, Kuala Lumpur City Center.

● Malaysia — Nirvana Memorial Park, Kulai, Johor.

● Malaysia — Nirvana Memorial Centre, Funeral Parlour, Johor Bahru, Johor.

● Malaysia — Nirvana Memorial Park, Segamat, Johor.

● Malaysia — Nirvana Memorial Park, Tiram, Johor.

● Malaysia — Blissful-Nirvana Memorial Park, Bukit Mertajam, Penang.

● Malaysia — Kek Lok Si West Lake Garden Columbarium, Penang.

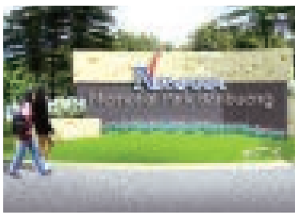
● Malaysia — Blissful-Nirvana Memorial Park, Sungai Petani, Kedah.

● Malaysia — Nirvana Memorial Park, Sabah, Sabah.

● Malaysia — Nirvana Memorial Park, Sibu, Sarawak.

● Singapore — Nirvana Columbarium.

● Indonesia — Lestari Memorial Park, Jakarta.



● Thailand — Nirvana Memorial Park, Ban Bueng.

● China — Longyan Main Tower, Huiyang District, Huizhou City, Guangdong Province.


China
Huizhou
Vietnam
Laos
Thailand
Ban Bueng
Cambodia
Penang
Kuala
Lumpur
Selangor
Johor
Singapore
Malaysia
Sabah
Sibu
Indonesia
Jakarta

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dato' KONG Hon Kong *(Managing Director and Chief Executive Officer)*
Mr. KONG Yew Foong
Mr. SOO Wei Chian
Mr. KONG Yew Lian

Non-Executive Directors

Dato' FU Ah Kiow @ Oh (Fu) Soon Guan *(Chairman)*
Mr. LI Gabriel
Mr. ANG Teck Shang
Mr. TSE Po Shing Andy (Mr. BARNES II, William Wesley as his alternate)

Independent Non-Executive Directors

Tan Sri CHAN Kong Choy
Mr. NG Soon Lai @ Ng Siek Chuan
Mr. FOONG Soo Hah
Ms. Anita CHEW Cheng Im

AUDIT COMMITTEE

Mr. NG Soon Lai @ Ng Siek Chuan *(Chairman)*
Mr. FOONG Soo Hah
Ms. Anita CHEW Cheng Im

REMUNERATION COMMITTEE

Tan Sri CHAN Kong Choy *(Chairman)*
Dato' KONG Hon Kong
Mr. TSE Po Shing Andy
Mr. NG Soon Lai @ Ng Siek Chuan
Mr. FOONG Soo Hah

NOMINATION COMMITTEE

Mr. FOONG Soo Hah *(Chairman)*
Mr. KONG Yew Foong
Mr. LI Gabriel
Mr. NG Soon Lai @ Ng Siek Chuan
Ms. Anita CHEW Cheng Im

AUTHORIZED REPRESENTATIVES

Mr. SOO Wei Chian
Ms. NG Sau Mei

JOINT COMPANY SECRETARIES

Ms. CHEN Huey Jiuan
Ms. NG Sau Mei

AUDITORS

Deloitte

LEGAL ADVISOR

Sullivan & Cromwell

COMPLIANCE ADVISER

REORIENT Financial Markets Limited

INVESTOR AND MEDIA RELATIONS

iPR Ogilvy Ltd.

REGISTERED OFFICE

4th Floor, Harbour Place
103 South Church Street, George Town
P.O. Box 10240, Grand Cayman KY1-1002
Cayman Islands

HEADQUARTERS IN MALAYSIA

Level 3A, Wisma Nirvana
No. 1, Jalan 1/116A, Off Jalan Sungai Besi
57100 Kuala Lumpur, Malaysia

HEADQUARTERS IN INDONESIA

Unit 12 J-K, Gedung Hayam Wuruk,
Jalan Hayam Wuruk,
108 Jakarta Barat, 11160 Indonesia

HEADQUARTERS IN SINGAPORE

950 Old Choa Chu Kang Road
Singapore 699816

HEADQUARTERS IN THAILAND

213/1–2, 5th FL. (MRT Sutthisan)
Ratchadaphisek Rd. Din Daeng, Din Daeng
Bangkok, 10400 Thailand

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

36th Floor, Tower Two, Times Square
1 Matheson Street, Causeway Bay
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Harneys Services (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street, George Town
P.O. Box 10240, Grand Cayman KY1-1002
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

DBS Bank Ltd

CIMB Bank Berhad

COMPANY'S WEBSITE

http://www.nirvana-asia-ltd.com

STOCK CODE

1438

DATE OF LISTING

December 17, 2014

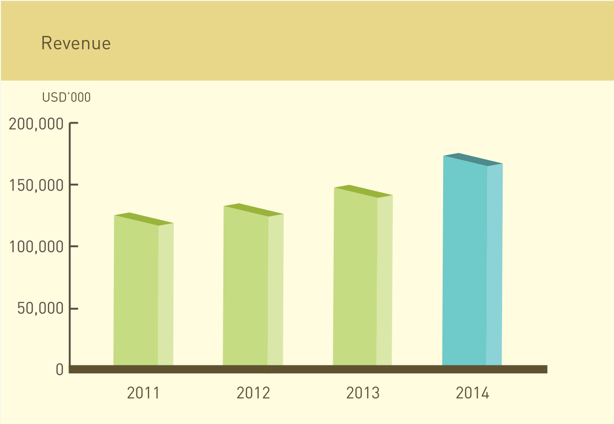
Financial Highlights

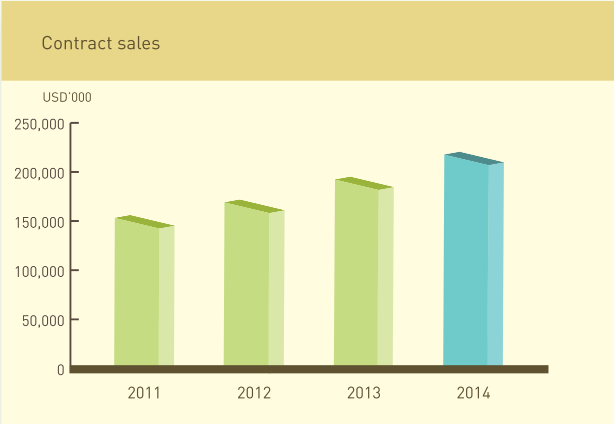
	Year ended December 31,			
	2011 USD'000	2012 USD'000	2013 USD'000	**2014** **USD'000**
Revenue	116,832	124,161	139,715	**165,064**
Contract sales	143,087	160,377	182,560	**206,703**
EBITDA[1]	29,984	41,615	55,602	**56,124**
Adjusted EBITDA[2]	31,085	43,901	55,008	**65,010**
Profit for the year	18,378	28,377	37,789	**37,832**
Adjusted profit for the year[2]	19,479	30,663	37,195	**46,718**
Profit for the year attributable to owners of the Company	17,185	24,953	35,289	**35,764**
Adjusted profit for the year attributable to owners of the Company[2]	18,286	27,239	34,695	**44,650**
Basic earnings per ordinary share (US cents per ordinary share)	0.89	1.30	1.84	**1.74**
Adjusted basic earnings per ordinary share (US cents per ordinary share)[2]	0.95	1.42	1.81	**2.18**

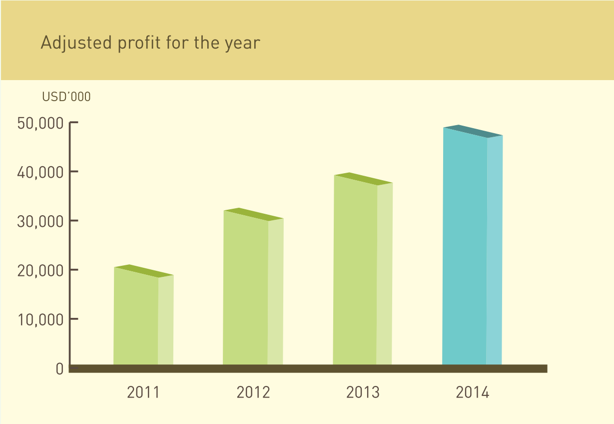
1 EBITDA is calculated by adding finance cost and depreciation and amortisation to profit before taxation.

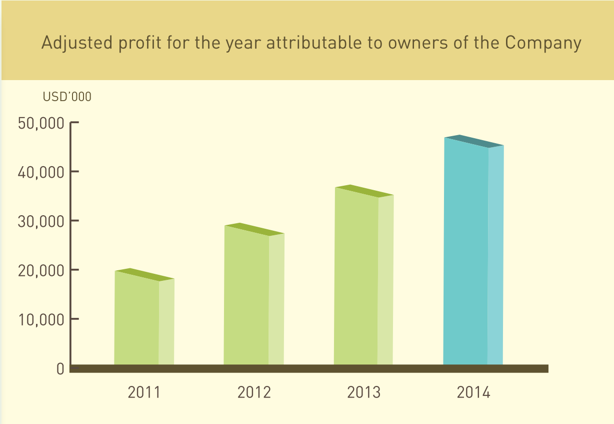
2 Adjusted to exclude (a) USD3.28 million in share-based payment expenses in 2014 (2013: USD1.34 million; 2012: NIL; 2011: NIL), (b) USD5.29 million Listing expenses in 2014 (2013: NIL; 2012: NIL; 2011: NIL), (c) USD0.32 million of other expenses relating to the Listing in 2014 (2013: NIL; 2012: NIL; 2011: NIL), (d) provision for quit rent and assessment in 2011 and 2012 of USD1.10 million and USD2.29 million, respectively, and (e) reversal of provision for quit rent and assessment of USD1.94 million in 2013, which are non-recurring.

	As at December 31,			
	2011 USD'000	2012 USD'000	2013 USD'000	**2014** **USD'000**
Non-current assets	76,696	91,932	99,107	**120,277**
Current assets	185,611	185,219	197,047	**489,831**
Non-current liabilities	111,041	123,749	125,610	**118,797**
Current liabilities	138,749	119,213	112,147	**168,046**
Net assets	12,517	34,189	58,397	**323,265**

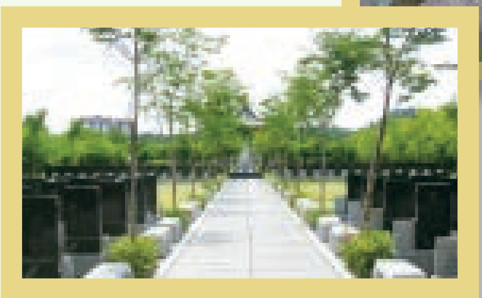

Revenue
USD'000
200,000
150,000
100,000
50,000
0
2011
2012
2013
2014


Contract sales
USD'000
250,000
200,000
150,000
100,000
50,000
0
2011
2012
2013
2014


Adjusted profit for the year
USD'000
50,000
40,000
30,000
20,000
10,000
0
2011
2012
2013
2014


Adjusted profit for the year attributable to owners of the Company
USD'000
50,000
40,000
30,000
20,000
10,000
0
2011
2012
2013
2014


NIRVANA



Chairman's Statement

Dato' Fu Ah Kiow
Chairman

On behalf of the board (the "Board") of directors (the "Directors") of Nirvana Asia Ltd (the "Company"), I am pleased to present the financial results of the Company and its subsidiaries (the "Group") for the year ended December 31, 2014.

The successful listing of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on December 17, 2014 (the "Listing") marked another important milestone for the Group. This new platform will not only provide opportunities for the group to tap into the capital markets but will also pose new challenges to and create higher expectations for its business performance.

BUSINESS PERFORMANCE

We are proud to be the largest integrated death care service provider in Asia in terms of contract sales, revenue and land bank in 2013, according to Frost & Sullivan. The Group's leading status in Asia is reflected in its total of 10 cemeteries, 12 columbarium facilities, 2 funeral homes and 6 on-site crematoria in Malaysia, Singapore and Indonesia. In February 2015, the Group has entered into a binding cooperation agreement with Huizhou Longyan Art Cemetery Development Co., Ltd. which marked our maiden foray into the China market. To add another feather to our cap, in March 2015, we acquired a tomb design and construction business for our 6 memorial parks in Malaysia. We believe this downstream acquisition would create synergies with the Group's existing death care services and enhance the gross profit margin of the Group's tomb design and construction segment.

In the past, the Group had carried out various social responsibility initiatives in educating the public to uphold the Chinese traditional values, cultural heritage and filial piety. The Group will continue to place a strong emphasis in carrying out such initiatives as we believe our ongoing support of local communities in the markets where we operate is critical to our reputation and success.

FINANCIAL HIGHLIGHTS

2014 has been another year of achievement for the Group. The Group's revenue increased by 18.2% to USD165.1 million (2013: USD139.7 million).

The Group's profit for the year attributable to owners of the Company for the year ended December 31, 2014 amounted to USD35.8 million compared with USD35.3 million for the year ended December 31, 2013. If non-recurring items such as (a) share-based payment expenses, (b) Listing expenses, (c) other expenses relating to the Listing, and (d) reversal of provision for quit rent were to be excluded, the adjusted profit for the year attributable to the owners of the Company for the year ended December 31, 2014 would be USD44.6 million, representing an increase of 28.5% as compared with USD34.7 million for the year ended December 31, 2013.

The growth in adjusted profit for the year attributable to owners of the Company was primarily driven by (a) increase in revenue of burial services from Bukit Mertajam, Kulai, Semenyih and Penang, in Malaysia, and (b) reduction in cost of sales over revenue which had improved our overall gross margin as a result of economies of scale achieved.

PROSPECTS

Moving forward, the Group remains buoyant and committed in executing the strategic plans as mentioned in the prospectus of the Company dated December 4, 2014 (the "Prospectus"). With the proceeds from Listing, the Board is confident that the Group will be able to seek out various growth opportunities in Malaysia and targeted countries in the region such as Singapore, Indonesia, Thailand, China and Vietnam.

In addition, the Group will continue to strengthen its innovative design of its memorial parks and columbarium facilities, and to upgrade its funeral services to cater for more demanding and personalised needs of its customers. This is in line with our continued efforts to enhance the Group's image and brand name.

We are confident that the Group's team of experienced management and staff and its good track record will enable the Group to further strengthen its market position.

DIVIDENDS

In line with the Group's positive results, and its dividend policy to distribute to its shareholders no less than 30.0% of its net distributable profit as disclosed in the Prospectus, the Board recommended a final dividend of HKD0.05 per share to the shareholders, subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting to be held on May 28, 2015 (the "AGM"). The proposed dividend represents 48.6% of the profit for the year attributable to owners of the Company or 39.0% of the adjusted profit for the year attributable to owners of the Company.

APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to express my deepest appreciation to the Board members, management, agents and staff for their undivided support, commitment and dedication to enable the Group to achieve its goals and visions. To our valued investors, customers, business associates and financial partners, I would also like to sincerely thank you for your invaluable contributions and loyal support.

Dato' FU Ah Kiow @ Oh (Fu) Soon Guan
Chairman

March 19, 2015

BUSINESS OVERVIEW

We offer integrated premium death care services through nine cemeteries in Malaysia, one cemetery in Indonesia, 10 columbarium facilities in Malaysia, one columbarium facility in each of Singapore and Indonesia, and two funeral homes in Malaysia. In addition, we target to commence cemetery operations near Bangkok, Thailand, in March 2015.

We aim to offer customers peace of mind by providing an entire value chain of death care services and products, including the sale of niches and burial plots, the provision of tomb design and construction services, cemetery and columbarium facilities maintenance services, embalming, funeral and cremation services.

We are a pioneer in the pre-need market for death care services in Asia. We have been offering our burial and funeral services and products on a pre-need basis since 1990 and 2000, respectively.

For the year ended December 31, 2014, our pre-need contract sales amounted to USD173.2 million, representing an increase of USD20.0 million or 13.1% as compared with USD153.2 million for the year ended December 31, 2013. The following table sets forth a breakdown of our contract sales by as-need and pre-need sales for the year under review:

	Year ended December 31,			
	2014		2013	
	USD'000	**% of total**	USD'000	% of total
As-need	**33,487**	**16.2%**	29,402	16.1%
Pre-need	**173,216**	**83.8%**	153,158	83.9%
Total contract sales	**206,703**	**100.0%**	182,560	100.0%

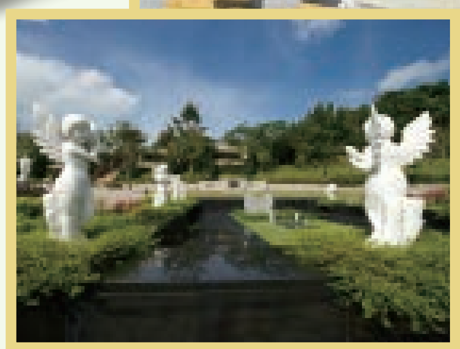
Dato' Kong Hon Kong
Managing Director and Chief Executive Officer

For the year ended December 31, 2014, pre-need revenue amounted to USD134.7 million, representing an increase of USD23.7 million or 21.3% as compared with USD111.0 million for the year ended December 31, 2013. The following table sets forth a breakdown of our revenue by as-need and pre-need sales for the year under review:

	Year ended December 31,			
	2014		2013	
	USD'000	**% of total**	USD'000	% of total
As-need	**30,381**	**18.4%**	28,707	20.5%
Pre-need	**134,683**	**81.6%**	111,008	79.5%
Total revenue	**165,064**	**100.0%**	139,715	100.0%

The Group recorded solid growth in both contract sales and revenue. Contract sales and revenue for the year ended December 31, 2014 amounted to USD206.7 million and USD165.1 million, respectively, representing an increase of USD24.1 million and USD25.3 million, or 13.2% and 18.2%, respectively, compared with last year.

The Group's total adjusted profit for the year attributable to the owners of the Company for the year ended December 31, 2014 was USD44.6 million, representing an increase of USD9.9 million or 28.5% compared with the year ended December 31, 2013.



FINANCIAL REVIEW

a. Contract Sales and Revenue

We generate our revenue primarily from two business segments: burial services and funeral services. Burial services and products include primarily burial plots, niches and tomb design and construction services. Funeral services include primarily funeral services packages and optional funeral services.

(i) Contract Sales

Due to the nature of our pre-need services and products, under our accounting policies, there is a time lag between the sale of pre-need burial plots, niches and funeral services and the recognition of the corresponding revenue. Due to this time lag, our contract sales will not be fully recognized as revenue in the same reporting period. The following table sets forth our contract sales by business segment for the year under review:

	Year ended December 31,			
	2014		2013	
	USD'000	**% of total**	USD'000	% of total
Burial plots	**62,047**	**30.0%**	71,975	39.4%
Niches	**61,725**	**29.9%**	52,641	28.8%
Tomb design and construction	**39,945**	**19.3%**	24,596	13.5%
Others	**15,059**	**7.3%**	6,525	3.6%
Burial services and others	**178,776**	**86.5%**	155,737	85.3%
Funeral services	**27,927**	**13.5%**	26,823	14.7%
Total	**206,703**	**100.0%**	182,560	100.0%

Our contract sales increased by USD24.1 million, or 13.2%, from USD182.6 million for the year ended December 31, 2013 to USD206.7 million for the year ended December 31, 2014, primarily due to increase in sales of burial services from Bukit Mertajam, Semenyih and Kulai, in Malaysia, and Singapore.

The following table sets forth the sales volume and the average sales prices of our products for the year under review:

	Year ended December 31,			
	2014		2013	
	Number	**Average sales price (USD)**	Number	Average sales price (USD)
Burial plots (square meters)	**90,501**	**686**	103,737	694
Burial plots (units)	**3,105**	**19,983**	3,371	21,351
Niches (units)*	**8,850**	**6,974**	8,513	6,184
Tomb design and construction (units)	**2,328**	**17,158**	1,819	13,552
Total burial services (units)	**14,283**	**11,462**	13,703	10,889
Funeral services (cases)	**4,617**	**6,000**	4,439	6,000

* Includes revenue from (1) sales of niches in the Group's columbarium facilities (other than Penang Island columbarium in Malaysia), (2) fees for construction services and marketing agency services provided to the Penang Island columbarium in Malaysia.

Marginal drop in average sales price ("ASP") for burial plots was primarily due to lower ASP of our newly acquired cemeteries in Bukit Mertajam and Sungai Petani in Malaysia and depreciation of Malaysian ringgit against United States dollars.

ASP per unit for burial services increased by 5.3% or USD573 from USD10,889 per unit for the year ended December 31, 2013 to USD11,462 per unit for the year ended December 31, 2014. This was primarily due to change in revenue mix and price revision from different cemeteries, as we price differently for each of our cemeteries based on the competitive landscape.

When expressed in terms of United States dollars, the ASP per case for funeral service packages for the year ended December 31, 2014 remained the same as that for the year ended December 31, 2013. If the ASP per case for funeral services for the year ended December 31, 2014 is expressed in terms of Malaysian ringgit, such ASP per case would have been RM19,800, representing an increase of RM800, or 4.2%, from RM19,000 for the year ended December 31, 2013, which was partly due to product mix and increase in optional related products and services on a per item basis. Such increase was, however, offset by the effect of depreciation of Malaysian ringgit against United States dollars in the year ended December 31, 2014, which resulted in a lower ASP per case for funeral services when expressed in terms of United States dollars.

(ii) Revenue

The following table sets forth our revenue by business segment for the year under review:

	Year ended December 31,			
	2014		2013	
	USD'000	**% of total**	USD'000	% of total
Burial plots	**54,216**	**32.8%**	46,000	32.9%
Niches	**59,791**	**36.2%**	47,211	33.8%
Tomb design and construction	**26,532**	**16.1%**	26,640	19.1%
Others	**11,163**	**6.8%**	7,263	5.2%
Burial services and others	**151,702**	**91.9%**	127,114	91.0%
Funeral services	**13,362**	**8.1%**	12,601	9.0%
Total	**165,064**	**100.0%**	139,715	100.0%

Our revenue increased by USD25.3 million, or 18.2%, from USD139.7 million for the year ended December 31, 2013 to USD165.1 million for the year ended December 31, 2014. This increase was primarily driven by sales of burial services from Bukit Mertajam, Kulai, Semenyih and Penang, in Malaysia.

The following table sets forth a breakdown of our revenue by country for the year under review:

	Year ended December 31,			
	2014		2013	
	USD'000	% of total	USD'000	% of total
Malaysia	**140,571**	**85.2%**	115,526	82.7%
Singapore	**18,151**	**11.0%**	14,772	10.6%
Indonesia	**6,342**	**3.8%**	9,417	6.7%
Total	**165,064**	**100.0%**	139,715	100.0%

The revenue from Malaysia increased by USD25.0 million, or 21.7%, to USD140.6 million for the year ended December 31, 2014 compared to last year. This increase was primarily driven by revenue contribution from the newly acquired cemeteries in Bukit Mertajam in Malaysia, and an increase in sales from the Penang Island columbarium facilities in Malaysia.

The revenue from Singapore increased by USD3.4 million or 22.9% from USD14.8 million for the year ended December 31, 2013 to USD18.2 million for the year ended December 31, 2014.

The revenue from Indonesia decreased from USD9.4 million for the year ended December 31, 2013 to USD6.3 million for the year ended December 31, 2014. This was mainly due to the limited burial plots inventory in our cemetery near Jakarta in Indonesia. We are in the process of acquiring additional lands in Tangerang near Jakarta for development of a green field cemetery.

b. Cost of Sales and Services

Our cost of sales and services as a percentage of revenue decreased from 30.4% for the year ended December 31, 2013 to 29.5% for the year ended December 31, 2014. The decrease was primarily due to economies of scale achieved from higher land utilization. The following table sets forth our cost of sales and services by business segment for the year under review:

	Year ended December 31,			
	2014		2013	
	USD'000	% to revenue	USD'000	% to revenue
Land cost	**3,454**	**2.1%**	2,371	1.7%
Development expenditure	**10,714**	**6.5%**	9,083	6.5%
Total cost for burial plots	**14,168**	**8.6%**	11,454	8.2%
Niches	**11,979**	**7.3%**	10,168	7.3%
Tomb design and construction	**13,957**	**8.4%**	14,018	10.0%
Others	**2,317**	**1.4%**	1,512	1.1%
Burial services and others	**42,421**	**25.7%**	37,152	26.6%
Funeral services	**6,218**	**3.8%**	5,386	3.8%
Total	**48,639**	**29.5%**	42,538	30.4%

Burial Services

Our cost of sales and services for burial services increased by USD5.3 million, or 14.2%, compared with the year ended December 31, 2013, primarily due to an increase in revenue from sales of burial plots and a change in the mix of revenue from different cemeteries.

Funeral Services

Our cost of sales and services for funeral services increased by USD0.8 million, or 15.4%, as compared with the year ended December 31, 2013, primarily due to an increase in sales of funeral services.

c. Gross Profit and Gross Margin

The following table sets forth our gross profit and gross margin by business segment for the year under review:

	Year ended December 31,			
	2014		2013	
	Gross profit USD'000	**Gross margin (%)**	Gross profit USD'000	Gross margin (%)
Burial services and others	**109,281**	**72.0%**	89,962	70.8%
Funeral services	**7,144**	**53.5%**	7,215	57.3%
Total	**116,425**	**70.5%**	97,177	69.6%

Our gross profit increased by USD19.2 million, or 19.8%, from USD97.2 million for the year ended December 31, 2013 to USD116.4 million for the year ended December 31, 2014, primarily due to the increase in gross profit from burial services.

Our gross margin increased by 0.9 percentage point from 69.6% for the year ended December 31, 2013 to 70.5% for the year ended December 31, 2014, primarily driven by product mix, selling price growth and economies of scale.

d. Other Income

The following table sets forth a breakdown of our other income for the year under review:

	Year ended December 31,	
	2014 USD'000	2013 USD'000
Imputed interest income on trade receivables under installment arrangement	**6,624**	4,000
Dividend income	**575**	597
Interest income on short-term deposits	**403**	370
Others	**1,921**	1,255
Total	**9,523**	6,222

Imputed interest income on trade receivables under installment arrangements is the interest income deemed accrued with respect to our pre-need customers' installment payments for burial products and services. The corresponding amounts are deducted from the relevant revenue, as we do not actually receive interest from customers.

Dividend income represents dividend income received by our maintenance funds and sinking fund on their investments.

Our other income increased by USD3.3 million, or 53.1%, from USD6.2 million for the year ended December 31, 2013 to USD9.5 million for the year ended December 31, 2014, primarily due to increase in imputed interest income on trade receivables under installment arrangements by USD2.6 million, or 65.6%, from USD4.0 million for the year ended December 31, 2013 to USD6.6 million for the year ended December 31, 2014. This was primarily driven by the growth in sales of our pre-need products and services that were subject to installment payment plans.

e. Other Gains and Losses

The following table sets forth a breakdown of our other gains and losses for the year under review:

	Year ended December 31,	
	2014	2013
	USD'000	USD'000
Gain from changes in fair value on financial assets at fair value through profit or loss	**680**	350
Gain from changes in fair value on derivative financial instrument — call option	**25**	82
Gain on disposal of available-for-sale investment	**806**	925
Net foreign exchange gains	**327**	581
Gain (loss) on disposal of property, plant and equipment	**112**	(12)
Gain on disposal of subsidiaries	**—**	365
Gain on disposal of land held under prepaid lease payments	**—**	402
Others	**(801)**	(92)
Total	**1,149**	2,601

Our other gains and losses decreased by USD1.5 million, or 55.8%, from USD2.6 million for the year ended December 31, 2013 to USD1.1 million for the year ended December 31, 2014, mainly due to the non-recurring gain on disposal of subsidiaries and gain on disposal of land held under prepaid lease payments in the year ended December 31, 2013, as well as loss from changes in fair value on derivative financial instrument in respect of changes in the estimated revenue to be derived from the construction services of the Penang Island columbarium in Malaysia.

f. Selling and Distribution Expenses

The following table sets forth a breakdown of our selling and distribution expenses for the year under review:

	Year ended December 31,			
	2014		2013	
	USD'000	**% of revenue**	USD'000	% of revenue
Commissions	**23,211**	**14.1%**	18,640	13.3%
Incentives	**4,849**	**3.0%**	3,841	2.7%
Promotion	**5,622**	**3.4%**	3,735	2.7%
Advertising and newsletter	**1,764**	**1.1%**	1,213	0.9%
Event and function	**1,650**	**1.0%**	1,175	0.8%
Others	**378**	**0.2%**	1,876	1.4%
Total	**37,474**	**22.8%**	30,480	21.8%

Our selling and distribution expenses increased by USD7.0 million, or 22.9%, from USD30.5 million for the year ended December 31, 2013 to USD37.5 million for the year ended December 31, 2014. The increase in commission and incentive expenses was primarily driven by change in product mix for revenue and increase in certain incentives which cannot be deferred in proportion to contract sales not recognized as revenue for the year. The increase in promotion expenses was mainly due to our promotion initiatives in connection with our newly-acquired cemetery in Bukit Mertajam in Malaysia.

g. Administrative Expenses

The following table sets forth a breakdown of our administrative expenses for the year under review:

	Year ended December 31,			
	2014		2013	
	USD'000	**% of revenue**	USD'000	% of revenue
Staff cost	**18,539**	**11.2%**	14,951	10.7%
Administrative and general expenses	**6,061**	**3.7%**	2,442	1.7%
Depreciation and amortization	**2,148**	**1.3%**	2,145	1.5%
Others	**3,694**	**2.2%**	2,531	1.8%
Total	**30,442**	**18.4%**	22,069	15.7%

Our administrative expenses increased by USD8.3 million, or 37.9%, from USD22.1 million for the year ended December 31, 2013 to USD30.4 million for the year ended December 31, 2014, primarily due to share-based payment expenses of USD3.3 million in relation to pre-Listing employees share rights scheme, which were fully vested in the year ended December 31, 2014, expenses related to the integration of operations of our newly-acquired cemeteries in Bukit Mertajam and Sungai Petani, in Malaysia, and a non-recurring reversal of over-provisions for quit rent and assessment of USD1.9 million in 2013.

h. Finance Costs

The following table sets forth a breakdown of our finance cost for the year under review:

	Year ended December 31,	
	2014	2013
	USD'000	USD'000
Bank loans, overdrafts and other borrowings	**1,384**	2,159
Advances from non-controlling interest	**—**	18
Obligation under finance leases	**13**	18
Imputed interest expenses on commission and certain promotion expenses payable	**1,134**	773
Total	**2,531**	2,968

Our finance costs decreased by 14.7% from USD3.0 million for the year ended December 31, 2013 to USD2.5 million for the year ended December 31, 2014, primarily due to the refinancing of the term loan with revolving credit facility which attracts a lower interest charge. Due to the same reason, interest expenses on bank loans, overdrafts and other borrowings decreased by USD0.8 million, or 36.0%, from USD2.2 million for the year ended December 31, 2013 to USD1.4 million for the year ended December 31, 2014.

Interest on bank loans, overdrafts and other borrowings is the largest component of our finance costs. As of December 31, 2013, the term loan bore interest rate at 3.6% per annum. The term loan was fully repaid in June 2014. As of December 31, 2014, the revolving credit facility bore interest at the rates ranging from 1.6% to 2.0% per annum.

Interest on advances from non-controlling interest for the year ended December 31, 2013 primarily represented interest payable on advances from the minority shareholder to fund development expenditure and working capital of our former Cambodia subsidiary which was disposed in December 2013.

Imputed interest expenses on commissions and certain promotion expenses payable represent the interest expenses deemed incurred with respect to the deferred commissions and certain promotion expenses. We pay our sales agents commission based on actual collection. Therefore, with respect to products and services sold to our pre-need customers who pay us in installments, we in turn pay our sales agents only when the relevant installment payments are received from our pre-need customers. The corresponding amounts are deducted from the relevant commissions and promotion expenses, as we do not actually pay interest to our sales agents.

i. Other Expenses

Other expenses of USD5.3 million for the year ended December 31, 2014 represented the Listing expenditures incurred, but not capitalized.

j. Income Tax Expenses

The income tax expenses increased by USD0.8 million, or 6.6%, from USD12.7 million for the year ended December 31, 2013 to USD13.5 million for the year ended December 31, 2014. Our effective corporate income tax rate increased from 25.1% for the year ended December 31, 2013 to 26.3% for the year ended December 31, 2014 due to non-tax deductible expenses such as share-based payment expenses and Listing expenses.

k. Profit for the Year

As a result of the foregoing, our adjusted profit increased by 25.5% or USD9.5 million from USD37.2 million for the year ended December 31, 2013 to USD46.7 million for the year ended December 31, 2014.

l. Cash Flow

The following table sets forth a summary of our consolidated statements of cash flows for the year under review:

	Year ended December 31,	
	2014	2013
	USD'000	USD'000
Net cash generated from (used in)		
— operating activities	**21,064**	37,767
— investing activities	**(223,117)**	(13,533)
— financing activities	**245,856**	(23,319)
Total	**43,803**	915

Net Cash Generated from Operating Activities

For the year ended December 31, 2014, we had net cash generated from operating activities of USD21.1 million, which was primarily attributable to profit before tax of USD51.4 million, adjusted to reflect (1) certain non-cash items, which mainly included adding back depreciation of our property, plant and equipment in the amount of USD2.1 million and deducting non-cash imputed interest income on receivables under installment arrangements of USD6.6 million, (2) increase of USD14.9 million in trade and other payables, increase of USD14.8 million in deferred pre-need funeral contract revenue and increase of USD7.7 million in deferred maintenance income, primarily due to the growth of our business, and (3) a non-cash share-based payment expenses of USD3.3 million. The net cash generated from operating activities was partially offset by land acquisition in Thailand, Semenyih and Bukit Mertajam in Malaysia and development expenditure and inventories of USD20.1 million, trade and other receivables of USD26.1 million primarily due to deposits paid for purchase of Jakarta land, other financial assets/liabilities of USD3.2 million and deferred acquisition cost of USD4.2 million, all of which were primarily due to the growth of our business.

Net Cash used in Investing Activities

For the year ended December 31, 2014, we had net cash used in investing activities of USD223.1 million, which was primarily attributable to (1) placement of deposits with maturity period more than 3 months of USD205.3 million, net purchase of financial assets at fair value through profit and loss of USD14.9 million and net purchase of available-for-sale investments in the amount of USD5.3 million, which related primarily to the investment activities of our maintenance funds and sinking fund, and (2) purchases of property, plant and equipment in the amount of USD2.6 million relating primarily to new motor vehicles and two cremators.

Net Cash Generated from Financing Activities

For the year ended December 31, 2014, we had net cash generated from financing activities of USD245.9 million, which was primarily attributable to the net proceeds of USD266.5 million received from the Listing and drawdown from a new revolving credit facility of USD59.6 million. The net cash generated from financial activities was partially offset by the full repayment to our controlling shareholder of USD18.5 million relating to advances by our controlling shareholder, dividend payment of USD4.7 million to our shareholders, payment of USD2.0 million to acquire the remaining 20.0% equity interest in Blissful World Sdn. Bhd. (our subsidiary engaged in the development of cemeteries in Bukit Mertajam, Malaysia), payment of USD24.5 million to acquire the remaining 30.0% equity interest in our Singapore subsidiary, Nirvana Memorial Garden Pte. Ltd., and repayment of borrowings of USD30.4 million.

FINANCIAL POSITIONS

a. Liquidity and Financial Resources

As at December 31, 2014, the Group's bank balances and cash were USD271.6 million (December 31, 2013: USD26.6 million). We would like to highlight that, as of December 31, 2014, we had USD253.1 million (equivalent to HKD2.0 billion) in fixed deposits and financial assets through profit or loss denominated in Hong Kong dollars, which originated from the Listing.

The majority of the Group's cash and cash equivalents were deposited with banks with maturity periods up to 6 months with interest at market rates which ranged from 0.05% to 10.00% per annum (2013: 0.05% to 9.25% per annum).

As at December 31, 2014, the Group had interest-bearing bank borrowings of USD56.8 million (December 31, 2013: USD10.1 million) that was due within one year. The bank borrowings were secured and denominated in Singapore dollars ("SGD"). They were subject to effective interest rates which ranged from 1.6% to 2.0% per annum (2013: 2.76% to 2.77% per annum).

b. Gearing Ratio

Gearing ratio is calculated by dividing net debts (total bank borrowings net of bank balances, cash and cash equivalents) by total equity at the end of the financial year and multiplied by 100%.

As at December 31, 2014, the Group had a net cash of USD214.8 million (2013: net debt of USD3.4 million) primarily due to the proceeds generated from the Listing.

As of December 31, 2014, the Group had no gearing as compared with the gearing ratio of 5.9% for the year ended December 31, 2013.

c. Trade Receivables Turnover Days

Trade receivables turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of trade receivables for the period by revenue in that period and then multiplying by the number of days within the period.

As of December 31, 2014, the Group had trade receivables turnover days of 133 days (2013: 116 days). The increase was primarily due to an increasing number of clients electing for longer instalment payment periods. To manage the increasing trade receivables, the Company has increased the upfront deposit of certain products and has further incentivized sales agents to follow-up on collections from customers.

d. Inventories Turnover Days

Inventories turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of the sum of land and development expenditure for completed development and other inventories, by cost of sales and services, in that period and then multiplying by the number of days within the period.

Inventories consist primarily of burial plots and niches developed or under development. As of December 31, 2014, the Group had inventories turnover days of 532 days (2013: 539 days). Inventories turnover days are stable due to the long-dated nature of these products.

e. Trade Payables Turnover Days

Trade payables turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of trade payables for the period by cost of sales and services in that period and then multiplying by the number of days within the period.

As of December 31, 2014, the Group had trade payables turnover days of 116 days (2013: 91 days). The increase was primarily due to an increase in amounts due to certain land owners of cemeteries in Malaysia, to whom payments were made after the Company collected payments from customers.

f. Currency Risk

The primary economic environments in which the Group operates are Malaysia, Singapore and Indonesia and our functional currencies are Malaysian ringgit, Singapore dollars and Indonesian rupiah. The Group's presentation currency is United States dollars. For the purpose of presenting the financial information in this announcement, the assets and liabilities of the Group's foreign operations were translated into the reporting currency of the Group (i.e. United States dollars) using the prevailing exchange rates at the end of each reporting period. Income and expenses were translated at the average exchange rates for the reporting period. Exchange differences which might have arisen therefrom were recognized as other comprehensive income and accumulated in equity under the heading of translation reserve.

During the last quarter of 2014, Malaysian ringgit, Singapore dollars and Indonesian rupiah depreciated against USD and Hong Kong dollars. For the purpose of presenting the financial information for our operations, the 2014 yearly average foreign currency exchange rate was applied for the translation of the consolidated income statement. Since the currency depreciation happened only in the last quarter of 2014, the exchange differences that arose had limited impact on the translation reserve.

Most of the Group's operations do not involve cross-border activities or import or export activities except for the import of certain construction materials. As such, the Group has not established any formal foreign currency hedging policy. We will continue to monitor our exposure to foreign exchange fluctuations carefully and introduce appropriate hedging measures should the need arise.

g. Material Acquisitions or Disposals of Subsidiaries

In September 2014, we acquired the remaining 30.0% equity interest of our Singapore subsidiary, Nirvana Memorial Garden Pte. Ltd. through Eagle Heritage Limited, our wholly-owned subsidiary. The consideration for this acquisition was SGD30.9 million, which was arrived at after arm's length commercial consideration. Following the acquisition, Nirvana Memorial Garden Pte. Ltd. became our wholly-owned subsidiary.

h. Employee and Remuneration Policy

As of December 31, 2014, the Group had approximately 600 full-time employees stationed in Malaysia, Indonesia, Singapore and Thailand and incurred total employees' remuneration of USD21.5 million. Our employees' remuneration comprises salaries, bonuses, employees' provident fund and social security contributions. We also provide our employees with medical and hospitalization benefits, share ownership plans, staff loan assistance and group personal accident and term life insurance based on the employees' respective functions and rankings.

The Group regularly reviews the remuneration and benefits of its employees according to the prevailing market practices and the individual performance of the employees. Furthermore, we provide staff training and development programs to ensure that our employees are equipped with the necessary skills to further our competitive edge in the market and provide better services to our customers.

i. Capital Commitment

We had contracted for capital expenditures in respect of acquisition of property, plant and equipment in an amount of USD0.2 million as at December 31, 2014. Such capital expenditures were not provided for in the financial statements for the year ended December 31, 2014.

j. Assets Pledged

As at December 31, 2014, there was no charge on any assets of the Group except for assets in the amount of USD253,000 held under finance leases and fixed deposit in the amount of USD86,000 which has been pledged to secure bank guarantee facility.

k. Contingent Liabilities

The Group was not aware of any material contingent liabilities as at December 31, 2014.

l. Others

Malaysia Goods and Services Tax ("GST")

Effective April 1, 2015, the Malaysian government will be implementing GST. Under this regime, majority of the Group's products and services will be classified as exempt supplies, where no input tax is claimable.

In order to minimize the exposure of the GST, the Group is restructuring some of its operations in order to reduce the financial impact, such as venturing downstream (including taking over certain contractors' businesses), thereby reducing the leakages on input tax credit on the Group's cost of sales.

OUTLOOK

According to Frost & Sullivan, an independent industry consultant, death care services and products are of significant importance to the ethnic Chinese population as part of a basic and essential need in life. Factors such as increasing grave yard congestion, inadequate maintenance, unpleasant ambience and low security in public cemeteries as well as rapid urbanization, increasing affluence and public awareness have led the ethnic Chinese population to search for high quality death care services and products offered by reputable operators. The management believes that these factors have become the requisite drivers in stimulating future market growth.

The management is also of the view that the death care services market in Malaysia, Singapore, and Indonesia will remain bullish due to the potential of the untapped pre-need markets. According to Frost & Sullivan, the penetration rate of pre-need death care services and products in 2013 was estimated to be 5.8%, 1.9% and 0.8% in Malaysia, Singapore, and Indonesia respectively. Upon just a 1% increase in our penetration rate would generate USD373.7 million, USD113.0 million and USD368.4 million of pre-need revenue in Malaysia, Singapore, and Indonesia respectively.

PROSPECTS

Currently, we are mainly operating in Malaysia, Singapore and Indonesia. While we continue to expand in our home markets in Malaysia, our cemetery in Thailand is expected to launch by end of March 2015 and our operation in Huizhou, China, is targeted to commence in the third quarter of 2015. We are also actively pursuing opportunities in Vietnam and other parts of Indonesia and China.

Recent Development

Country	**Development**
China	In February 2015, the Group was granted an exclusive right to manage, operate and sell all unsold niches of Longyan Main Tower in Huizhou city, China, of no less than 30,000 double niches equivalent, and a non-exclusive right to sell all other products of Huizhou Longyan Art Cemetery Development Co., Ltd. to customers. We target to commence sales in the third quarter of 2015.
Malaysia	The building plan for our funeral home cum columbarium in Kuala Lumpur city center was approved in September 2014. The building has 12-storey and a planned capacity of approximately 100,000 double niches equivalent.
	During the year ended December 31, 2014, the Group acquired approximately 240,500 square meters ("sq.m") and 48,600 sq.m of land in Semenyih and Bukit Mertajam in Malaysia, respectively.
	In March 2015, the Group acquired the business of tomb design and construction from its tomb contractor. The Board believes that this downstream acquisition would enable the Group to strengthen its capabilities in the death care service sector while pursuing diversified development along the industry value chain.
Singapore	Formal approval was obtained from the relevant authority to increase the built-up capacity of our existing columbarium from 11,000 sq.m to 43,000 sq.m.
Indonesia	We have acquired 270,000 sq.m of land in Tangerang, near Jakarta. We are in the process of acquiring another 230,000 sq.m of land, which is expected to be developed into a greenfield cemetery.
Thailand	We have commenced development of our cemetery near Bangkok and expect to commence sales in March 2015. The land area amounts to approximately 367,308 sq.m and we target to acquire further 27,200 sq.m by May 2015.
Vietnam	We have entered into a memorandum of understanding to establish a greenfield cemetery with a land area of approximately 400,000 sq.m with a local land owner in Vietnam. The initial project outlay is expected to range from USD6 million to USD7 million. Barring unforeseen circumstances, we expect to enter into a binding contract in the second quarter of 2015.

Directors and Senior Management

DIRECTORS

Executive Directors

Dato' KONG Hon Kong (拿督鄺漢光*), aged 60, is the founder of our Group and has been our executive Director since September 1990. He was appointed as our managing Director and chief executive officer in February 2009. As the founder of our Group, Dato' Kong has been the driving force of our Group's development, growth and expansion, and is primarily responsible for formulating the overall development strategies and business plans of our Group. Dato' Kong is currently a director of various principal operating subsidiaries of our Group.

Prior to founding our Group in September 1990, Dato' Kong, together with other partners, established Syarikat Lian Heng Enterprise (now known as Lien Hing Enterprise Sdn. Bhd.), a trading company which commenced business in January 1977.

Dato' Kong has been the honorary advisor of a number of organizations in Malaysia, including the Federation of Chinese Association of Malaysia.

Dato' Kong is a director of Rightitan Sdn. Bhd. which has discloseable interests in the shares of the Company under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"). Dato' Kong is the father of Mr. Kong Yew Foong and Mr. Kong Yew Lian, both being executive Directors.

Mr. KONG Yew Foong (鄺耀豐*), aged 36, has been our executive Director since August 2005 and is primarily responsible for overseeing the overall management of the business operations of our Group. Mr. Kong Yew Foong has been a director of various principal operating subsidiaries of our Group. He also served as the personal assistant to the managing director and the chief executive officer of our Group from August 2003 to July 2005.

Prior to joining our Group, Mr. Kong Yew Foong worked as an audit assistant at KPMG from February 2002 to July 2003.

Mr. Kong Yew Foong received his bachelor's degree in commerce from the University of Melbourne in Melbourne, Australia in September 2000. Mr. Kong Yew Foong was admitted as an associate member of the Australia Certified Practising Accountant Association in February 2001.

Mr. Kong Yew Foong is a director of Rightitan Sdn. Bhd. which has discloseable interests in the shares of the Company under Part XV of the SFO. Mr. Kong Yew Foong is a son of Dato' Kong as well as the brother of Mr. Kong Yew Lian, both being executive Directors.

Mr. SOO Wei Chian (蘇偉權*), aged 45, has been our executive Director since August 2005 and is primarily responsible for overseeing the overall business planning and development, finance and human resources affairs of our Group. Mr. Soo has worked for our Group for 19 years. He has been a director of various principal operating subsidiaries of our Group. Mr. Soo is also one of the directors and shareholders of Essential Scope Sdn. Bhd., an entity established to facilitate the establishment of the Pre-IPO Incentive Schemes (as defined in the Prospectus) for our employees and sales agents. Mr. Soo is holding the shares in Essential Scope Sdn. Bhd. on trust and for the benefit of our Company. Mr. Soo is also a director of Ryian S Ltd. which holds the management warrants granted under the Pre-IPO Incentive Schemes on trust for Mr. Soo and hence he has discloseable interests in the underlying shares of the Company under Part XV of the SFO.

He was the general manager in charge of the finance and corporate affairs of each of NV Multi Corporation Berhad and Nirvana Memorial Park Sdn Bhd from January 2004 to July 2004 and from January 2002 to December 2003, respectively. Prior to that, Mr. Soo held various financial positions within the Group since 1995. Mr. Soo has been an independent non-executive director of Hwa Tai Industries Berhad, a biscuit manufacturer listed on the Bursa Malaysia Securities Berhad, since August 2005.

Mr. Soo received a master's degree in business administration from the University of Strathclyde in Glasgow, the United Kingdom in November 2002. He was accredited as a qualified accountant by, and admitted as a member of, the Malaysia Institute of Accountants in December 1994. He was also admitted as a fellow member of the Chartered Institute of Management Accountants of the United Kingdom in February 1998.

Mr. KONG Yew Lian (鄺耀年*), aged 32, has been our executive Director since January 2011 and is primarily responsible for overseeing the overall marketing planning, products branding and media relations of our Group. Mr. Kong Yew Lian has more than eight years' experience in the marketing field and took up a number of positions with NV Alliance Sdn Bhd relating to marketing of our Group. He acted as its general manager in charge of marketing and business development of our Group from January 2009 to May 2012, its senior marketing manager from July 2007 to December 2008 and its marketing executive from June 2005 to June 2007.

Mr. Kong Yew Lian obtained his bachelor's degree in business (marketing) from Monash University in Melbourne, Australia in September 2004.

Mr. Kong Yew Lian is a director of Rightitan Sdn. Bhd. which has discloseable interests in the shares of the Company under Part XV of the SFO. Mr. Kong Yew Lian is a son of Dato' Kong as well as the brother of Mr. Kong Yew Foong, both being executive Directors.

Non-Executive Directors

Dato' FU Ah Kiow @ Oh (Fu) Soon Guan (拿督胡亞橋*), aged 66, has been our non-executive Director since September 2014 and the chairman of our Group since February 2009. He was appointed as our Director in October 2013 prior to his re-designation as our non-executive Director in September 2014. He is primarily responsible for providing strategic advice and guidance on the business development of our Group. Dato' Fu had been a director of NV Multi Corporation Berhad since February 2009 until its privatization in December 2010 and voluntary delisting in 2012 and a director of our principal operating subsidiary, Nirvana Asia Sdn. Bhd. (formerly known as NV Multi Asia Sdn. Bhd.) from January 2011 to March 2015.

Prior to joining our Group, Dato' Fu has 13 years of distinguished service since 1995 in the Parliament and Malaysian Government as member of Parliament, Parliamentary Secretary and Deputy Minister. Before joining the Government, Dato' Fu has worked in multinational companies such as Intel Malaysia Sdn. Berhad and Singer (Malaysia) Sdn. Bhd. in the capacities of Quality Control Engineer, Production Section Head and Departmental Manager. Later he founded his own companies in construction and mechanical and electrical engineering services.

After retirement from politics in 2008, Dato' Fu has acted as an independent non-executive director and chairman of several companies listed on the Bursa Malaysia Securities Berhad namely, Tiong Nam Logistics Holdings Berhad, Hirotako Holdings Berhad (privatized and voluntarily delisted in 2012) and NV Multi Corporation Berhad (privatized in 2010 and voluntarily delisted in 2012). He has been serving on the boards of Tiong Nam Logistics Holdings Berhad, a company engaged in logistics services and property development business, since April 2008, Fitters Diversified Berhad, a company engaged in renewable energy, property development and other businesses, since June 2014, and Star Publications (Malaysia) Berhad, a company engaged in media and publication business, since February 2014. He has also been an independent non-executive director of Parkson Retail Group Limited, a company listed on the Stock Exchange and engaged in the operation of department stores in the People's Republic of China ("PRC"), since November 2014.

Dato' Fu obtained his Master of Science degree in management science from Cranfield Institute of Technology in the United Kingdom in May 1978. He completed his postgraduate diploma of education in June 1973 in the University of Malaya in Malaysia and was conferred the Bachelor of Science degree in physics (with honors) by the same university in May 1972.

Mr. LI Gabriel (李基培), aged 47, has been our non-executive Director since October 2013 and is primarily responsible for providing strategic advice and guidance on the business development of our Group. Mr. Li has over 17 years of experience in finance and investments. Since August 2004, Mr. Li has served as the managing director and an investment committee member at Orchid Asia Group Management, Limited, a private equity firm focused on investing in the PRC and other parts of Asia, and has been involved in the management of the company.

Mr. Li has been serving as a director of Ctrip.com International, an online travel service provider listed on NASDAQ, since March 2000, and as a director of Autohome Inc., a company providing online automobiles trading platform and listed on NASDAQ, from September 2012 to October 2014. Mr. Li was also a director of Lifetech Scientific Corporation, a company listed on the Stock Exchange and engaged in the sales of medical devices, between September 2006 and January 2013.

Mr. Li received his master's degree in business administration from Stanford University Business School in the United States in June 1995 and his Master of Science degree (major in chemical engineering practice) from the Massachusetts Institute of Technology in the United States in September 1991. He graduated summa cum laude from the University of California in Berkeley, the United States, in chemical engineering in May 1990.

Mr. ANG Teck Shang (洪德尚*), aged 44, has been our non-executive Director since October 2013 and is primarily responsible for providing strategic advice and guidance on the business development of our Group. Mr. Ang has extensive experience in emerging markets such as the south-eastern Asian countries and China. Mr. Ang has been the managing director of Orchid Asia Group Management, Limited, since September 2011. Prior to that, between 1997 and May 2011, Mr. Ang worked for several entities within the H&Q Asia Pacific group which focuses on private equity investments, during which he took up a number of positions including the managing director.

Mr. Ang received his bachelor of laws degree (with honors) from the University of London, United Kingdom in August 2004, and obtained his bachelor's degree in business (with honors) from Nanyang Technological University in Singapore in May 1993. Mr. Ang was accredited as a chartered financial analyst by, and admitted as a member of, the Institute of Chartered Financial Analyst in September 1996.

Mr. TSE Po Shing Andy (謝寶檻), aged 48, has been our non-executive Director since January 2014 and is primarily responsible for providing strategic advice and guidance on the business development of our Group. He had also been a director of Nirvana Asia Sdn. Bhd. (formerly known as NV Multi Asia Sdn. Bhd,), our principal operating subsidiary of the Company, from January 2014 to March 2015. Mr. Tse has more than 20 years' working experience in the Asia private equity market. He joined AIF Capital Limited (and its predecessor), a private equity advisory firm, in 1994 and is a managing director. Prior to joining AIF Capital Limited (and its predecessor), between December 1991 and November 1994, Mr. Tse worked as a senior project executive of Hopewell Holdings Limited, a conglomerate listed on the Stock Exchange with businesses in Asia covering the properties and hotels, food and beverages, and construction and infrastructure sectors, and was mainly involved in the investment, development, financing, construction and operations of infrastructure projects.

Mr. Tse had been the independent non-executive director of Olam International Limited, a supply chain management company listed on the Singapore Exchange Securities Trading Limited, from 2011 to October 2013. He has also been the non-executive director of Tat Hong Holdings Ltd, a company engaged in equipment distribution and leasing and listed on the Singapore Exchange Securities Trading Limited, since October 2009.

Mr. Tse obtained his master's degree in business administration and bachelor's degree in science from the Chinese University of Hong Kong in Hong Kong in October 1991 and December 1989, respectively. He was accredited as a chartered financial analyst by, and admitted as a member of, the Chartered Financial Association in September 2003.

Mr. BARNES II, William Wesley, aged 38, has been the alternate Director to Mr. Tse Po Shing Andy, our non-executive Director, since January 2014. Mr. Barnes has substantial experience in the private equity and management consulting industry in the Asia Pacific region. Mr. Barnes joined AIF Capital Limited in Hong Kong in August 2006 and has subsequently been appointed as a director. Prior to that, Mr. Barnes worked in Tokyo, Japan, at Deloitte Tohmatsu Consulting, a management consulting firm providing strategy and operations advisory services.

Mr. Barnes obtained his master's degree in business administration from the University of Chicago Booth School of Business in Chicago, Illinois, the United States in June 2006 and received his bachelor's degree in International Economics from Georgetown University's Walsh School of Foreign Service in Washington DC, the United States in May 1998.

Independent Non-Executive Directors

Tan Sri CHAN Kong Choy (丹斯里陳廣才*), aged 59, has been our independent non-executive Director since November 2014 and is primarily responsible for supervising and providing independent judgment to our Board. Tan Sri Chan has extensive experience in the public sector in Malaysia. He was appointed as the Minister of Transport in Malaysia between July 2003 and March 2008. Prior to that, during the period from November 1990 to June 2003, he had held a number of public offices in Malaysia including the deputy Minister of Finance from December 1999 to June 2003, the deputy Minister of Energy, Communication & Multimedia in May 1995 and the deputy Minister of Culture, Arts & Tourism in October 1990, and had served as a member of the Parliament for Selayang, Selangor and Lipis, Pahang, in Malaysia. Tan Sri Chan was a member of the Executive Council of Pahang State Government in Malaysia in September 1986.

Tan Sri Chan completed his post-graduate diploma in education in June 1980 at the University of Malaya in Malaysia and was conferred the Bachelor of Arts degree in Chinese studies (with honors) by the same university in June 1979.

Mr. NG Soon Lai @ Ng Siek Chuan (黃錫全*), aged 60, has been our independent non-executive Director since November 2014 and is primarily responsible for supervising and providing independent judgment to our Board. Mr. Ng has substantial experience in accounting and finance. Prior to joining our Group, Mr. Ng served as the chief executive director of Alliance Bank Malaysia Bhd, a bank with commercial banking arm and investment banking arm, from January 1994 to August 2005. Between July 1991 and July 1993, he worked for Malaysian French Bank (predecessor of Alliance Bank Malaysia Berhad) as the general manager of its credit and marketing department. Mr. Ng worked as the general manager of the business development department of each of Arab Malaysian Development Berhad, a conglomerate engaged in businesses including financial services, property development, property management and engineering, and Kuala Lumpur Finance Berhad, a finance company taking deposits and providing corporate and consumer loans for housing and auto-financing, from July 1989 to July 1991 and from November 1987 to July 1989, respectively.

Mr. Ng has been an independent non-executive director of several companies listed on the Bursa Malaysia Securities Berhad. He has been serving on the boards of Tune Ins Holdings Berhad, an insurance company engaged in the business of reinsurance, since October 2012, ELK-Desa Resources Berhad, a hire purchase company involving second hand vehicles, since September 2012 and Hiap Teck Venture Berhad, a steel products manufacturer and trader, since August 2009. Mr. Ng has also been serving as a member of the supervisory board of Herlitz AG, a company engaged in the trading of office supplies and stationery which is listed on the Frankfurt Stock Exchange, since June 2011. Mr. Ng had also been a director of Unico-Desa Plantations Berhad, a company engaged in the cultivation of oil palm and palm oil milling, from September 2008 to January 2014, and a director of S P Setia Berhad, a property developer, from September 2005 to March 2015. Mr. Ng was admitted as a fellow member of the Institute of Chartered Accountants in England and Wales in January 1983.

Mr. FOONG Soo Hah (馮蘇哈*), aged 64, has been our independent non-executive Director since November 2014 and is primarily responsible for supervising and providing independent judgment to our Board. Mr. Foong has been a director of Quill Capita Management Sdn Bhd, the manager of Quill Capita Trust (a Real Estate Investment Trust) listed on the Bursa Malaysia Securities Berhad, since April 2013 and a director of Aviva Ltd, an insurance provider in Singapore. He has also been a director of Malaysia Deposit Insurance Corporation, a government agency established for the protection of bank depositors and insurance policyholders, since August 2011 and a director of Bank Simpanan Nasional Berhad, the national savings bank in Malaysia, since September 2010. Mr. Foong had served as a director and the chief executive officer of Great Eastern Life Assurance (Malaysia) Berhad, a life insurance company in Malaysia, between 1996 and June 2009.

Mr. Foong obtained his master's degree in actuarial science from the Northeastern University in Boston, the United States, in June 1977 and his bachelor's degree in science (with honors) in mathematics from the University of Malaya in Kuala Lumpur, Malaysia, in June 1975. He has been a fellow of the Society of Actuaries, the United States, since November 1981. Mr. Foong obtained his Shariah registered financial planner qualifications in January 2010. He served as the president of Life Insurance Association of Malaysia and Actuarial Society of Malaysia from 1993 to 1996 and from 1984 to 1986, respectively.

Ms. Anita CHEW Cheng Im (周清音*), aged 48, has been our independent non-executive Director since November 2014 and is primarily responsible for supervising and providing independent judgment to our Board. Ms. Chew has substantial experience in the investment banking sector with a focus on corporate finance work, including advising on initial public offerings fund raisings and corporate and debt restructuring exercises. She worked at HwangDBS Investment Bank Berhad as a senior vice president of equity capital markets from December 2003 to June 2007. Prior to that, she was at Alliance Investment Bank Berhad from January 1997 to October 2003 and the Bumiputra Merchant Bankers Berhad (now known as Alliance Investment Bank Berhad: after merging with Amanah Merchant Bank Berhad) from February 1992 to December 1996.

Ms. Chew has been a director of a number of companies listed on the Bursa Malaysia Securities Berhad, including MK Land Berhad, a property developer, since February 2009 and Notion Vtec Berhad, a company engaged in the manufacturing of precision components, since June 2007. She was also an independent non-executive director of Ni Hsin Resources Berhad, a cookware manufacturer, from October 2007 to October 2014.

Ms. Chew graduated from Monash University in Australia with a bachelor's degree in economics in April 1990.

SENIOR MANAGEMENT

Ms. GIAM Seu Gek (嚴秀玉*), aged 55, has been the chief financial officer of our Group since December 2004 and is primarily responsible for the overall financial, budget control and corporate finance affairs of our Group. Ms. Giam is currently a director of a number of our principal operating subsidiaries. She is also one of the directors and shareholders of each of Essential Scope Sdn. Bhd. and Charm Wealth Global Limited, being entities established to facilitate the establishment of the Pre-IPO Incentive Schemes for our employees and sales agents. Ms. Giam is holding the shares in Essential Scope Sdn. Bhd. on trust and for the benefit of our Company.

Prior to joining our Group, Ms. Giam worked as the vice president (accounts and finance) and company secretary of Fountain View Development Berhad, a company engaged in the business of property development and plantation from January 2000 to November 2004. She was the group finance and administration manager of Kumpulan Mahajaya, a property developer, from January 1994 to January 2000 and the manager of UMW Toyota Motor Sdn. Bhd., a company engaged in the sale of vehicles, from July 1989 to December 1993. Ms. Giam also worked for Arthur Andersen & Co. from April 1980 to June 1989 and her last position was its audit assistant manager.

Ms. Giam was accredited as a chartered accountant by the Malaysian Institute of Accountants in November 1987 and admitted as a member of the Malaysian Institute of Certified Public Accountants in July 1987.

Mr. HOO Lai Chen (何迺贊*), aged 52, has been the chief project officer of our Group since July 2009 and is primarily responsible for overseeing the management and development of our Group's memorial park projects. Mr. Hoo has worked for our Group for 14 years during which he took up a number of positions with NV Multi Corporation Berhad. He has been its chief project officer since July 2009 and was its senior general manager in charge of project management from September 2008 to June 2009. He also worked as its general manager in charge of tomb and site development from January 2004 to August 2008. Prior to that, Mr. Hoo served as the deputy general manager of each of Nir-Warna Sdn. Bhd. and NV Multi Corporation Berhad, from March 2001 to December 2003 and from June 2000 to February 2001, respectively, focusing on property development. Mr. Hoo is also currently a director of our various principal operating subsidiaries.

During the period from September 1996 to May 2000, Mr. Hoo served as a project manager of Bayu Sedaya Sdn. Bhd., a project management company, and was responsible for overseeing housing development projects. He served as a site supervisor and a site manager, respectively, of Syarikat Jasatera Sdn. Bhd. and as a project supervisor of Larc Development Sdn. Bhd., both of which are construction companies, from July 1989 to August 1996 and from January 1988 to June 1989, respectively.

Mr. Hoo obtained his building diploma in building technology from Kolej Tunku Abdul Rahman in Kuala Lumpur, Malaysia in July 1987.

Mr. YU Chia Chang Jerry (游家昌*), aged 56, has been the chief executive officer of NV Alliance Sdn. Bhd. since January 2014 and is primarily responsible for overseeing the overall sales, business operations, training, marketing and business development of our Group. Mr. Yu has over 20 years of experience in the death care industry. He had been the chief operating officer of NV Alliance Sdn. Bhd. from March 2008 to December 2013 and was primarily responsible for overseeing the Group's business development and sales and marketing affairs. Mr. Yu joined our Group in February 2008 as the business development executive advisor of Nirvana Memorial Park Sdn. Bhd.

Prior to joining our Group, Mr. Yu was involved in the management roles of several companies in the PRC and Taiwan which are engaged in death care services business. He was the general manager of Huang Guan Shan Gong Mu (皇冠山公墓), a company engaged in the death care service business in Suzhou, the PRC, from January 2005 to December 2007 and was responsible for overseeing its business operations. Between 2002 and 2004, Mr. Yu was a consultant of Hua Xi Fu Zer Cemetery (花溪福澤陵園有限公司), a company engaged in the death care service business in Guizhou, the PRC, and was responsible for providing business consulting service. Prior to that, Mr. Yu took up several positions with Lung Yen Group (Funeral Service) (龍譽國際股份有限公司), a group of companies engaged in the death care service business in Taiwan.

Mr. Yu joined the Association of Taiwan Bereavement Care in November 1995, having acted as its executive member from 1996 to 1999, its deputy chairman from June 1999 to 2002, and serving as its non-executive deputy chairman since March 2003 and its consultant since May 2007.

Mr. Yu obtained his certificate of completion in research and advanced study on leadership from Tsinghua University in Beijing, the PRC in June 2012. He also graduated from the Shih Hsin College (currently known as the Shih Hsin University) in January 1988, majoring in public relations.

Ms. CHAN Moey Cheng (曾美菁*), aged 44, has been the chief operating officer of NV Care Sdn. Bhd. since January 2007 and is primarily responsible for managing its daily sales, operations and service quality of funeral services. Ms. Chan has over 20 years' experience in the death care industry. She worked in NV Propartners Sdn. Bhd. from August 2011 to February 2012 and was the personal assistant to the Group's managing Director. Ms. Chan took up a number of positions with NV Alliance Sdn. Bhd. during the period between June 1999 and December 2006, including the marketing manager, the senior marketing manager, the deputy general manager, the head of the marketing department, the general manager and the personal assistant to the managing director. She joined Nir-warna Marketing Sdn. Bhd. in October 1994 as its administration supervisor and served as its marketing executive from July 1996 to November 1997 and as its assistant manager from December 1997 to May 1999. Ms. Chan worked at Nirwarna Sdn. Bhd. during the period of June 1991 and September 1994 where she served as an accounts clerk and an accounts supervisor, respectively. Ms. Chan is currently a director of a number of our principal operating subsidiaries.

Ms. Chan received her diploma in business studies from Informatics College in Kuala Lumpur, Malaysia in June 1991. She was admitted as a certified member of the National Funeral Directors Association of the United States of America in April 2007 and obtained certification as a funeral director from the Chinese National Federation of Labor R.O.C in September 2006.

* for identification purposes only

The Board is pleased to present the Corporate Governance Report of the Company for the period from December 17, 2014 (the "Listing Date"), being the date when the Company's shares were listed on the Main Board of the Stock Exchange, to December 31, 2014 (the "Relevant Period").

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Company has complied with all applicable code provisions under the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the Relevant Period. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH THE CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding Directors' securities transactions (the "Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), as set out in Appendix 10 to the Listing Rules. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he/she has complied with the Code during the Relevant Period.

THE BOARD OF DIRECTORS

Responsibilities of and Delegation by the Board

The Board is responsible for the leadership and control of the Group and for promoting the Group's success by directing and supervising the Group's affairs.

The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") (together, the "Board Committees"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference. The Board Committees are able to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently. The delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

All Directors shall ensure that they carry out their duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times.

The Company has arranged appropriate liability insurance to indemnify the Directors for their liabilities arising out of corporate activities.

Corporate Governance Function

The Board shall be responsible for performing the corporate governance duties set out below or it may delegate the responsibility to a committee or committees:

(a) to develop and review the Group's policies and practices on corporate governance and making recommendations to the Board;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors;

(e) to review the Group's compliance with the CG Code and disclosure in the Corporate Governance Report of the Company; and

(f) to review and monitor the Group's process of disclosure, including assessing and verifying the accuracy and materiality of price-sensitive information and determining the form and content of any required disclosure.

Board Composition

As at the date of this Annual Report, the Board consisted of 12 Directors, comprising four executive Directors, four non-executive Directors and four independent non-executive Directors, the detailed composition of which is set out on page 4 of this Annual Report. The biographies of the Directors are set out under the section headed "Directors and Senior Management" on pages 26 to 33 of this Annual Report.

A list of Directors of the Company identifying their roles and functions is available on the websites of the Company and the Stock Exchange.

Independence and Relationship

From the Listing Date to the date of this Annual Report, the Board at all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise and the number of independent non-executive Directors representing at least one-third of the Board.

The Company has received written annual confirmation of independence from each of the independent non-executive Directors pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

Dato' KONG Hon Kong, executive Director, Managing Director and Chief Executive Officer of the Company, is the father of two executive Directors, Mr. KONG Yew Foong and Mr. KONG Yew Lian. Save as disclosed in the section headed "Directors and Senior Management" on pages 26 to 33 of this Annual Report, none of the Directors has any personal relationship with any other Director.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors have been invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

Induction and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations. The Company also arranges seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. During the year ended December 31, 2014, all Directors participated in continuous professional development to develop and refresh their knowledge and skills. The Company's external lawyers had facilitated directors' training by the provision of presentations, briefings and materials for the Directors primarily relating to the roles, functions and duties of directors of a listed company in Hong Kong. Ms. CHEN Huey Jiuan, one of the joint company secretaries of the Company, has from time to time updated and provided written training materials relating to the roles, functions and duties of a Director.

Chairman and Chief Executive Officer

The Chairman of the Board and the Chief Executive Officer are currently two separate positions held by Dato' FU Ah Kiow @ Oh (Fu) Soon Guan and Dato' KONG Hon Kong, respectively, with clear distinction in responsibilities. The Chairman of the Board is responsible for providing strategic advice and guidance on the business development of our Group. The Chief Executive Officer is responsible for the day-to-day operations of the Group.

Appointment and Re-election of Directors

Each of the executive Directors has signed a service contract with the Company for a term of three years commencing from September 18, 2014, which is renewable automatically for successive terms of three years subject to termination as provided in the service contract.

Each of the non-executive Directors and independent non-executive Directors has signed an appointment letter with the Company for a term of three years commencing from November 24, 2014, which may be renewable subject to both parties' agreement.

None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

In accordance with the Articles of Association, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed by the Board to fill a causal vacancy shall offer himself/herself for re-election by Shareholders at the first general meeting of the Company after appointment. New Directors appointed by the Board as an addition to the Board shall offer himself/herself for re-election by shareholders at the next following annual general meeting of the Company after such appointment.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors.

Board Meetings

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than 14 days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other Board and Board Committee meetings, not less than 48 hours' notice is generally given. The agenda and accompanying board papers are generally dispatched to the Directors or Board Committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting.

Minutes of the Board meetings and Board Committee meetings have recorded in sufficient detail the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. The minutes of the Board meetings are open for inspection by Directors.

The Board held three Board meetings in total during the year ended December 31, 2014 and since the Company was listed on December 17, 2014, no board meeting was held during the Relevant Period. The attendance of each Director at Board meetings for the year ended December 31, 2014 is set out in the table below:

Directors	Board meetings attended/held
Dato' KONG Hon Kong	3/3
Dato' FU Ah Kiow @ Oh (Fu) Soon Guan	3/3
Mr. KONG Yew Foong	3/3
Mr. SOO Wei Chian	3/3
Mr. KONG Yew Lian	3/3
Mr. LI Gabriel	3/3
Mr. ANG Teck Shang	3/3
Mr. TSE Po Shing Andy	2/3
Tan Sri CHAN Kong Choy	2/2*
Mr. NG Soon Lai @ Ng Siek Chuan	2/2*
Mr. FOONG Soo Hah	2/2*
Ms. Anita CHEW Cheng Im	2/2*

* Appointed on November 24, 2014

During the year ended December 31, 2014, no general meeting of the Company was held.

BOARD COMMITTEES

The Board has established three committees, namely the Nomination Committee, the Remuneration Committee and the Audit Committee, for overseeing particular aspects of the affairs of our Company. These Board Committees are established with written terms of reference. The terms of reference of the Board Committees are available on our website and on the website of the Stock Exchange.

Nomination Committee

The Nomination Committee currently comprises five members, including three independent non-executive Directors, namely Mr. FOONG Soo Hah (chairman), Mr. NG Soon Lai @ Ng Siek Chuan and Ms. Anita CHEW Cheng Im, an executive Director, namely Mr. KONG Yew Foong and a non-executive Director, namely Mr. LI Gabriel.

The principal duties of the Nomination Committee include the following:

- to make recommendations to the Board on appointment or re-appointment of and succession planning for Directors;
- to assess the independence of independent non-executive Directors;
- to review the structure, size and composition (including the skills, knowledge and experience) required of the Board and make recommendations regarding any proposed changes to the Board;
- to identify suitable candidates for appointment as Directors; and
- to have in place a policy concerning the diversity of Board members and review the policy.

The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skills and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision.

As the Company was listed on December 17, 2014, no meeting was held by the Nomination Committee during the Relevant Period. However, subsequent to the end of the Relevant Period and up to the date of this Annual Report, a meeting of the Nomination Committee was held in which the Nomination Committee assessed the independence of independent non-executive Directors and considered the re-appointments of the retiring Directors. The Company will comply with the CG Code to hold at least one meeting of the Nomination Committee annually.

Pursuant to code provision A.5.6 of the CG Code, listed issuers are required to adopt a board diversity policy. In November 2014, the Board adopted a board diversity policy, a summary of which is set out below:

1. In considering the composition of the Board, the Board is of the view that diversity can be considered from a number of perspectives, including professional qualifications, regional and industry experience, educational and cultural background, skills, industry knowledge and reputation, gender, ethnicity, language skills and length of service.

2. The above perspectives shall be taken into account in determining the optimal composition of the Board and where possible, should be balanced among one another as appropriate.

3. Appointments to the Board should be made based on merits and the contributions that the individual is expected to bring to the Board, with due regard to the benefits of diversity in the Board.

4. The Nomination Committee shall review the Board Diversity Policy and make recommendations to the Board on amendments to the Board Diversity Policy (if any) as appropriate.

Remuneration Committee

The Remuneration Committee comprises five members, including three independent non-executive Directors namely Tan Sri CHAN Kong Choy (chairman), Mr. NG Soon Lai @ Ng Siek Chuan and Mr. FOONG Soo Hah, an executive Director, namely Dato' KONG Hon Kong, and a non-executive Director, namely Mr. TSE Po Shing Andy.

The primary duties of the Remuneration Committee include the following:

- to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration;

- to review and approve the senior management's remuneration proposals with reference to the Board's corporate goals and objectives;

- to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management;

- to make recommendation to the Board on the remuneration of non-executive Directors; and

- to establish transparent procedures for formulating such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

As the Company was listed on December 17, 2014, no meeting was held by the Remuneration Committee during the Relevant Period. However, subsequent to the end of the Relevant Period and up to the date of this Annual Report, a meeting of the Remuneration Committee was held in which the Remuneration Committee discussed and reviewed the remuneration packages for Directors and senior management of the Company, and made recommendations to the Board on the remuneration packages of individual executive Directors and senior management. The Company will comply with the CG Code to hold at least one meeting of the Remuneration Committee annually.

Details of the remuneration by band of the members of the senior management of our Company, whose biographies are set out on pages 32 to 33 of this Annual Report, for the year ended December 31, 2014 are set out below:

Remuneration band	Number of individuals
HKD1,000,001 to HKD2,000,000	1
HKD2,000,001 to HKD3,000,000	1
HKD3,000,001 to HKD4,000,000	—
HKD4,000,001 to HKD5,000,000	1
HKD5,000,001 to HKD6,000,000	—
HKD6,000,001 to HKD7,000,000	—
HKD7,000,001 to HKD8,000,000	—
HKD8,000,001 to HKD9,000,000	—
HKD9,000,001 to HKD10,000000	1

Audit Committee

The Audit Committee comprises three members, namely Mr. NG Soon Lai @ Ng Siek Chuan (chairman), Mr. FOONG Soo Hah and Ms. Anita CHEW Cheng Im, all of them being independent non-executive Directors. The main duties of the Audit Committee include the following:

- to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;

- to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them; and

- to review the Group's financial controls, internal control and risk management systems.

As the Company was listed on December 17, 2014, no meeting was held by the Audit Committee during the Relevant Period. However, subsequent to the end of the Relevant Period and up to the date of this Annual Report, a meeting of the Audit Committee was held in which the Audit Committee reviewed the financial reporting system, compliance procedures, internal control (including the adequacy of resources, staff qualifications and experience, and budget of the Group's accounting and financial reporting function), risk management systems and processes and the re-appointment of the external auditor. The Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of external auditor. The Company will comply with the CG Code to hold at least one meeting of the Audit Committee annually.

The Audit Committee had reviewed, together with the management and external auditor, the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year ended December 31, 2014. The Audit Committee also reviewed final results of the Group for the year as well as the audit report prepared by the external auditor relating to accounting issues and major findings during the course of audit. There are proper arrangements for employees to raise concerns in confidence about possible improprieties in financial reporting, internal control and other matters.

AUDITOR'S REMUNERATION

Annual audit fee of the Group for the year ended December 31, 2014 payable to the external auditor is approximately USD289,000. In addition, the Company incurred approximately USD67,210 in 2014 for services provided by the external auditor in connection with the Listing. For the year ended December 31, 2014, the Company has not engaged the external auditor to provide any non-audit services.

INTERNAL CONTROL

The Board acknowledges that it is the responsibility of the Board to maintain an adequate internal control system to safeguard Shareholders' investments and the Company's assets and to review the effectiveness of such system on an annual basis.

The Group's internal audit department plays a major role in monitoring the internal governance of the Company. The major task of the internal audit department is to review the financial conditions and internal control systems of the Company and its subsidiaries.

The Board has conducted a review of the effectiveness of the internal control system of the Company and considered the internal control system to be effective and adequate.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended December 31, 2014 which give a true and fair view of the affairs of the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditor of the Company regarding their reporting responsibilities on the audited consolidated financial statements is set out in the Independent Auditor's Report on pages 62 and 63 of this Annual Report.

JOINT COMPANY SECRETARIES

Ms. CHEN Huey Jiuan, the joint company secretary of the Company, is responsible for advising the Board on corporate governance matters and ensuring that the Board's policy and procedures, as well as the applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engages Ms. NG Sau Mei, manager of KCS Hong Kong Limited (a company secretarial service provider), as the other joint company secretary to assist Ms. Chen to discharge her duties as the company secretary of the Company. The primary corporate contact person at the Company is Ms. Chen.

For the year ended December 31, 2014, Ms. Ng has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules. Ms. Chen has attended training relating to the roles, functions and duties of directors of a listed company in Hong Kong and from time to time been updated and with written training materials provided by the external lawyers and compliance adviser of the Company during the Relevant Period. She will continue to attend relevant professional training in compliance with Rule 3.29 of the Listing Rules for the year ending December 31, 2015.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each matter at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings of the Company will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting of the Company.

Convening of Extraordinary General Meeting and Putting Forward Proposals

Shareholders may put forward proposals for consideration at a general meeting of the Company according to the Articles of Association. Any one or more members holding as at date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or any one of the joint Company Secretary of the Company, to require an extraordinary general meeting of the Company to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and their understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make informed investment decisions.

The annual general meetings of the Company provide opportunity for Shareholders to communicate directly with the Directors. The Chairman of the Company and the chairmen of the Board Committees of the Company will attend the annual general meetings to answer Shareholders' questions. The external auditor of the Company will also attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company adopts a Shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and its Shareholders and maintains a website at http://www.nirvana-asia-ltd.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

Enquiries to the Board

The Company always welcomes Shareholders' and investors' views and input. Shareholders who intend to put forward their enquiries about the Company to the Board may send their enquiries to the headquarters and head office of the Company in Malaysia at Level 3A, Wisma Nirvana, No. 1, Jalan 1/116A, Off Jalan Sungai Besi, 57100 Kuala Lumpur, Malaysia (email address: sllai@nvasia.com.my).

Shareholders may also make enquiries to the Board at the general meetings of the Company. In addition, Shareholders may contact Computershare Hong Kong Investor Services Limited, the Hong Kong share registrar of the Company, if they have any enquiries about their shareholdings and entitlements to dividend.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The memorandum and articles of association of the Company have been amended and restated with effect from the Listing Date.

Portfolio of Properties

AS AT DECEMBER 31, 2014

Properties interests held by the Group for development and/or sale in Malaysia

No.	Description of Property	Interest attributable to the Group[1]	Approximate Site Area (sq. m.)	Approximate Gross Floor Area of Buildings (sq. m.)	Land Use	Stage of Completion
1.	**Nirvana Memorial Park and Nirvana Memorial Garden Semenyih** Located at Batu 6, Jalan Kachau, 43500, Semenyih, Selangor Darul Ehsan, Malaysia.	100%	2,642,749	20,459	Burial plots/ columbarium/ office/ancillary purposes/ future development purposes	Lands under development are divided into different zones and are being developed in various stages with different estimated completion dates from 2015 onwards.
2.	**Nirvana Memorial Park, Sibu** Located at Sublot 1605, Mile 23, Jalan Oya, 96000 Sibu, Sarawak, Malaysia.	100%	366,759	1,658	Burial plots/ columbarium/ crematorium/ office/ancillary purposes/ future development purposes	Lands under development are divided into different zones and are being developed in various stages with different estimated completion dates from 2015 onwards.
3.	**Nirvana Memorial Park, Segamat** Located at Lot 3870-3888 , GRN 97628-97647 and GRN 101706, Lot 681 GRN 214842 Jementah, Segamat, Johor Darul Takzim, Malaysia.	100%	405,999	1,563	Burial plots/ columbarium/ crematorium/ office/ancillary purposes/ future development purposes	Lands under development are divided into different zones and are being developed in various stages with different estimated completion dates from 2015 onwards.
4.	**Nirvana Memorial Park, Sabah** Located at Mile 15th, Jalan Bukit Giling, Off Jalan Tuaran Lama, Tuaran District, Kota Kinabalu, Sabah, Malaysia.	100%	557,738	858	Burial plots/ columbarium/ office/ancillary purposes/ future development purposes	Lands under development are divided into different zones and are being developed in various stages with different estimated completion dates from 2015 onwards.

No.	Description of Property	Interest attributable to the Group[1]	Approximate Site Area (sq. m.)	Approximate Gross Floor Area of Buildings (sq. m.)	Land Use	Stage of Completion
5.	**Nirvana Memorial Park, Kulai** Located at Lot 766 & 767, KM 5, Jalan Kota Tinggi, 81000 Kulai, Johor Darul Takzim, Malaysia.	100%	290,866	8,754	Burial plots/ columbarium/ crematorium/ office/ancillary purposes/ future development purposes	Lands under development are divided into different zones and are being developed in various stages with different estimated completion dates from 2015 onwards.
6.	**Blissful-Nirvana Memorial Park, Bukit Mertajam** Located at Jalan Sungai Lembu, Bukit Mertajam, Pulau Pinang, Malaysia.	100%	394,621	3,656	Burial plots/ columbarium/ office/ancillary purposes/ future development purposes	Lands under development are divided into different zones and are being developed in various stages with different estimated completion dates from 2015 onwards.
7.	**Blissful-Nirvana Memorial Park, Sungai Petani** Located at C19, Lorong 8, Taman Sejata Indah, 08000 Sungai Petani, Kedah Darul Aman, Malaysia.	—[2]	454,260	104	Burial plots/ office/ columbarium/ ancillary purposes/ future development purposes	Lands under development are divided into different zones and are being developed in various stages with different estimated completion dates from 2015 onwards.
8.	**Nirvana Memorial Park, Shah Alam** Located at Taman Perkuburan, Section 21, Jalan Pusaka 21/1, Off Persiaran Jubli Perak, 40300 Shah Alam, Selangor Darul Ehsan, Malaysia.	—[2]	105,906	11,144	Burial plots/ columbarium/ crematorium/ office/ancillary purposes/ future development purposes	Lands under development are divided into different zones and are being developed in various stages with different estimated completion dates from 2015 onwards.
9.	**Nirvana Memorial Centre, Corporate Office** Located at Wisma Nirvana, No. 1, Jalan 1/116A, Off Jalan Sungai Besi, 57100 Kuala Lumpur, Malaysia.	100%	3,295	11,831	Funeral parlour service/office/ ceremonial hall/ ancillary purposes	Completed.

No.	Description of Property	Interest attributable to the Group[1]	Approximate Site Area (sq. m.)	Approximate Gross Floor Area of Buildings (sq. m.)	Land Use	Stage of Completion
10.	**Nirvana Memorial Centre, Johor Bahru** Located at Lot No. 2966(KM3), Jalan Gelang Patah, 81300 Skudai, Johor Darul Takzim, Malaysia.	—[2]	19,063	3,151	Funeral parlour service/ ceremonial hall/office/ ancillary purposes	Completed.
11.	**Nirvana Memorial Centre, Kuala Lumpur City Center** Located at Lot 568, Jalan Dewan Bahasa, Kuala Lumpur, Malaysia.	—[2]	8,094	37,027	Funeral parlour/ columbarium/ future development purposes	Several buildings are under construction with different estimated completion dates from 2017 onwards.
12.	**Kek Lok Si, West Lake Garden Columbarium, Penang** Located at 193, GM69 and Lot 1679, Geran 106014, 11500 Jalan Air Itam, Pulau Pinang, Malaysia.	—[2]	33,036	3,495	Columbarium/ crematorium/ ancillary purposes/ future development purposes	Several buildings are under construction with different estimated completion dates from 2015 onwards.
13.	**Nirvana Memorial Park, Tiram** Located at Lot 338, Off 20th Mile, Jalan Sungai Tiram, 81800 Ulu Tiram, Johor Darul Takzim, Malaysia.	—[2]	43,023	1,201	Burial plots/ columbarium/ office/ancillary purposes/ future development purposes	Lands under development are divided into different zones and are being developed in various stages with different estimated completion dates from 2015 onwards.

Property interests held by the Group for development and/or sale in Indonesia

No.	Description of Property	Interest attributable to the Group[1]	Approximate Site Area (sq. m.)	Approximate Gross Floor Area of Buildings (sq. m.)	Land Use	Stage of Completion
14.	**Lestari Memorial Park, Jakarta** Located at Jalan Kuta Tandingan, Desa Margakaya, Kecamatan Telukjambe, Kabupaten Karawang, West Java, Indonesia.	51%	321,201	2,237	Burial plots/ columbarium/ crematorium/ office/ancillary purposes/ future development purposes	Lands under development are divided into different zones and are being developed in various stages with different estimated completion dates from 2015 onwards.
15.	**Lestari Memorial Park, Tangerang** Located at Kelwahan Jambe, Kecamatan Tigaraksa, Kabupaten Tangerang, Indonesia.	51%	270,000	—	Future development purposes	Vacant.

Property interests held by the Group for development and/or sale in Singapore

No.	Description of Property	Interest attributable to the Group[1]	Approximate Site Area (sq. m.)	Approximate Gross Floor Area of Buildings (sq. m.)	Land Use	Stage of Completion
16.	**Nirvana Columbarium, Singapore** Located at 950 Old Choa Chu Kang Road, Singapore	100%	10,000	54,150	Columbarium/ office/ancillary purposes/ future development purposes	Land under development is divided into different blocks and is being developed in various stages with different estimated completion dates from 2015 onwards.

Property interests held by the Group for development and/or sale in Thailand

No.	Description of Property	Interest attributable to the Group[1]	Approximate Site Area (sq. m.)	Approximate Gross Floor Area of Buildings (sq. m.)	Land Use	Stage of Completion
17.	**Nirvana Memorial Park, Ban Bueng** Located at Sai Ban Khaophai, Ban Noen Nueng, Ban Nongpaknam Road, Nong-Irun Subdistrict, Banbueng District, Chonburi Province, Thailand	58.03%	367,308	—	Burial plots/office/ancillary purposes/future development purposes	Lands under development are divided into different zones and are being developed in various stages with different estimated completion dates from 2016 onwards.

Notes:

1. "Interest attributable to the Group" refers to the Group's effective interest in the relevant land.
2. The lands in respect of these properties are held by the Group's joint venture partners and/or state authorities on which the Group has development and sales rights over such relevant land.

The Board is pleased to present its report together with the audited consolidated financial statements for the year ended December 31, 2014.

GLOBAL OFFERING

The Company was incorporated in the Cayman Islands on September 23, 2010 as an exempted company with limited liability under the Companies Law of the Cayman Islands (the "Companies Law"). The Company's ordinary shares (the "Shares") were listed on the Stock Exchange on December 17, 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the sale of niches and burial plots, the provision of tomb design and construction services, the provision of cemetery and columbarium facilities maintenance services, and embalming, funeral and cremation services in Malaysia, Singapore and Indonesia. Analysis of the principal activities of the Group during the year ended December 31, 2014 is set out in Note 19 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended December 31, 2014 are set out in the audited consolidated financial statements on pages 64 to 176 of this Annual Report.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HKD0.05 per Share for the year ended December 31, 2014 (the "Final Dividend") (2013: refer to Note 14 to the consolidated financial statements. The Final Dividend will be payable on June 12, 2015 and is subject to the approval of the Shareholders at the forthcoming AGM. Shareholders will receive their dividends in Hong Kong dollars.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from May 26, 2015 to May 28, 2015, both dates inclusive, in order to determine the entitlement of Shareholders to attend the forthcoming AGM. In order to qualify to attend and vote at the forthcoming AGM, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on May 22, 2015, for the purpose of effecting the share transfers.

The register of members of the Company will also be closed from June 3, 2015 to June 5, 2015, both days inclusive, in order to determine the entitlement of the Shareholders to the Final Dividend (if approved by the Shareholders at the AGM). In order to qualify for the entitlement to the proposed Final Dividend, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on June 2, 2015, for the purpose of effecting the share transfers.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last four financial years is set out on pages 6 and 7 of this Annual Report. The summary does not form part of the audited consolidated financial statements.

DONATIONS

Charitable and other donations made by the Group during the year ended December 31, 2014 amounted to approximately USD364,240 (including the donation in connection with the Listing in the amount of HKD1,000,000, equivalent to approximately USD128,877).

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the Listing amounted to approximately USD247.1 million, and such are intended to be applied in the manner consistent with that set out in the Prospectus.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in Note 19 to the audited consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2014, the Group's five largest suppliers accounted for 56.9% (2013: 53.0%) of the Group's total purchases and our single largest supplier accounted for 19.3% (2013: 18.0%) of the Group's total purchases.

For the year ended December 31, 2014, the Group's revenue attributable to the Group's five largest customers was less than 30%.

None of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued shares) had any interest in the Group's five largest suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year ended December 31, 2014 are set out in Note 15 to the audited consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended December 31, 2014 are set out in Note 29 to the audited consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended December 31, 2014 are set out in Notes 47 and 31 to the audited consolidated financial statements, respectively.

DISTRIBUTABLE RESERVES

As at December 31, 2014, the Company's reserves available for distribution to the Shareholders, calculated in accordance with the provisions of the Companies Law, amounted to approximately USD251.9 million (as at December 31, 2013: USD5.5 million).

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at December 31, 2014 are set out in the section headed "Management Discussion and Analysis" in this Annual Report and Note 36 to the audited consolidated financial statements.

DIRECTORS

The Directors during the year ended December 31, 2014 and up to the date of this Annual Report are:

Executive Directors

Dato' KONG Hon Kong *(Managing Director and Chief Executive Officer)*
Mr. KONG Yew Foong
Mr. SOO Wei Chian
Mr. KONG Yew Lian

Non-Executive Directors

Dato' FU Ah Kiow @ Oh (Fu) Soon Guan *(Chairman)*
Mr. LI Gabriel
Mr. ANG Teck Shang
Mr. TSE Po Shing Andy (Mr. BARNES II, William Wesley as his alternate)

Independent Non-Executive Directors

Tan Sri CHAN Kong Choy
Mr. NG Soon Lai @ Ng Siek Chuan
Mr. FOONG Soo Hah
Ms. Anita CHEW Cheng Im

In accordance with article 24.3 of the Articles of Association, all the Directors appointed to fill a casual vacancy on the Board or as an addition to the existing Board shall retire, and being eligible, have offered themselves for re-election as Directors at the forthcoming AGM.

Details of the Directors to be re-elected at the forthcoming AGM are set out in the circular to the Shareholders dated April 24, 2015.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out in the section headed "Directors and Senior Management" on pages 26 to 33 of this Annual Report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent during the Relevant Period and remained so as of the date of this Annual Report.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has signed a service contract with the Company for a term of three years commencing on September 18, 2014, which is renewable automatically for successive terms of three years subject to termination as provided in the service contract.

Each of the non-executive Directors and independent non-executive Directors has signed an appointment letter with the Company for a term of three years commencing from November 24, 2014, which may be renewable subject to both parties' agreement.

None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in Note 45 to the audited consolidated financial statements, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended December 31, 2014 and up to the date of this Annual Report.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended December 31, 2014 and up to the date of this Annual Report.

EMOLUMENT POLICY

The Remuneration Committee was established to, among other things, review the Group's emolument policy and structure for remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performances of the Directors and senior management and comparable market practices.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and the five highest paid individuals during the year ended December 31, 2014 are set out in Note 12 to the audited consolidated financial statements.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Save as disclosed below, there were no changes to information which are required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules since the Listing Date:

(a) Dato' FU Ah Kiow @ Oh (Fu) Soon Guan and Mr. TSE Po Shing Andy ceased to be the directors of Nirvana Asia Sdn. Bhd. (formerly known as NV Multi Asia Sdn. Bhd.) with effect from March 2015; and

(b) Mr. NG Soon Lai @ Ng Siek Chuan ceased to be an independent non-executive director of S P Setia Berhad with effect from March 2015.

SHARE SCHEME

The Company has established two incentive schemes prior to the Listing and a share option scheme which took effect upon the Listing.

PRE-LISTING INCENTIVE SCHEMES

The Company has established (i) the employee share right scheme ("ESR Scheme") and (ii) the sales agent share option scheme ("SASO Scheme"), which were approved and adopted by the Shareholders on June 30, 2014.

(i) ESR Scheme

The ESR Scheme is valid and effective from October 25, 2013 and shall expire on December 31, 2019, subject to early termination in accordance with the rules of the ESR Scheme. The purpose of the ESR Scheme is to motivate, retain and reward eligible employees (the "Eligible Employees") for their contributions to the Group and to align their interest with those of Shareholders. The committee appointed by the Board to administer the ESR Scheme (the "ESR Scheme Committee") may, at its absolute discretion and subject to the fulfillment of any criteria as determined by them, select and identify suitable Eligible Employees to be awarded share rights (the "Share Rights") or warrants (the "Management Warrants") under the ESR Scheme. No more than two-thirds of the Share Rights offered under the ESR Scheme shall be allocated to Dato' KONG Hon Kong and members of his family.

No Share Rights or Management Warrants may be awarded after the Listing Date and any Share Rights or Management Warrants not awarded prior to the Listing Date are incapable of being granted or accepted after the Listing Date. All 634,750 Share Rights had been granted to and accepted by the Eligible Employees on June 30, 2014 and all 538,987 Management Warrants had been granted to and accepted by Ryian S Ltd on June 30, 2014 for the benefit of Mr. SOO Wei Chian, in each case at a consideration of RM10.00 per grant. The 538,987 Management Warrants comprise (1) 10.8 Management Warrants granted to and accepted by Mr. Soo on October 25, 2013 and (2) an additional 538,976.2 Management Warrants issued as a result of the changes in the share capital structure of the Company effected on June 30, 2014.

An award of Share Rights or Management Warrants is open for acceptance for such period specified in the relevant award letter, but in any case no later than the Listing Date, after which an offer not accepted would automatically lapse.

A Share Right or Management Warrant is vested on the Eligible Employee and exercisable immediately upon his or her acceptance of the offer of Share Rights or Management Warrants, provided that any applicable vesting conditions specified in the offer of Share Rights and Management Warrants are satisfied at the determination of the ESR Scheme Committee.

The price payable for each Share to be issued upon the exercise of each Share Right or Management Warrant granted under the ESR Scheme is USD0.20 (as adjusted following the Listing).

Prior to the Listing, the maximum number of Shares to be issued on the exercise of the Share Rights and Management Warrants which may be granted under the ESR Scheme shall not exceed 634,750 and 538,987, respectively. Due to adjustments to the number of Shares to be issued on exercise of the Share Rights and Management Warrants as a result of the Listing, the maximum number of Shares to be issued on the exercise of the Share Rights and Management Warrants following the Listing became 24,381,704 and 20,703,345, respectively, representing approximately 0.90% and 0.77% of the Company's issued share capital as of the date of this Annual Report.

The new Shares issued by the Company following the exercise of the Share Rights shall not be sold, transferred or encumbered (other than for the purpose of enabling the grantee to raise financing to fund the exercise price of those Share Rights) for a cascading retention period whereby 80.00%, 60.00% and 30.00% of the issued Shares may not be dealt with before December 31, 2015, December 31, 2016 and December 31, 2017, respectively.

The following table sets forth the details of the Management Warrants granted to and accepted by Ryian S Ltd for the benefit of Mr. SOO Wei Chian under the ESR Scheme:

Grantee	Date of Grant	Exercisable period	Number of Management Warrants: Balance at January 1, 2014	Exercised during the year	Forfeited during the year	Lapsed during the year	Balance at December 31, 2014	Exercise Price (USD)
Executive Director								
Mr. SOO Wei Chian	June 30, 2014[1]	Until December 31, 2019	Nil	Nil	Nil	Nil	538,987[1], [2]	7.56[2]

Notes:

(1) The 538,987 Management Warrants comprise (1) 10.8 Management Warrants granted to and accepted by Mr. SOO Wei Chian on October 25, 2013 and (2) an additional 538,976.2 Management Warrants issued as a result of the changes in the share capital structure of the Company effected on June 30, 2014.

(2) Represents an aggregate of 20,703,345 Shares at USD0.20 each to be issued on exercise of the Management Warrants as a result of the adjustment due to the Listing.

For the year ended December 31, 2014, an aggregate of 634,750 Share Rights (representing an aggregate of 24,381,704 Shares to be issued on exercise of the Shares Rights as a result of adjustment due to the Listing) were granted to and accepted by 83 Eligible Employees of the Group under the ESR Scheme, none of which was exercised during the year ended December 31, 2014.

(ii) SASO Scheme

The SASO Scheme is valid and effective from October 25, 2013 and shall expire on December 31, 2019, subject to early termination in accordance with the rules of the SASO Scheme. The purpose of the SASO Scheme is to motivate, retain and reward the eligible sales agents who have entered into agency agreements with the Group for the purpose of soliciting business for the Group (the "Eligible Sales Agents") for their contribution to the Group, and to align their interests with that of the Shareholders. The committee appointed by the Board to administer the SASO Scheme (the "SASO Scheme Committee") may, at its absolute discretion and from time to time and subject to the fulfillment of any criteria as may be determined by them from time to time, select and identify Eligible Sales Agents to be awarded share options (the "Sales Agent Share Options") under the SASO Scheme.

No Sales Agent Share Option may be awarded after the Listing Date and Sales Agent Share Options not awarded prior to the Listing Date are incapable of being granted or accepted after the Listing Date. All 30,000 Sales Agent Share Options had been granted, at a consideration of RM10.00 per grant, to and accepted by Charm Wealth Global Limited (an entity incorporated in the British Virgin Islands, which holds the Sales Agent Share Options on trust and for the benefit of the Eligible Sales Agents) on August 6, 2014.

An award of Sales Agent Share Options is open for acceptance for such period specified in the relevant award letter, but in any case no later than the Listing Date, after which an offer not accepted would automatically lapse.

Any Sales Agent Share Option shall be vested on the Eligible Sales Agent and exercisable only after the Listing Date and upon satisfaction of any applicable vesting conditions specified in the offer of Sales Agent Share Options, the determination of which shall be made by the SASO Scheme Committee. Applicable vesting conditions may include the condition that the Eligible Sales Agent maintain an effective agency agreement with the Group as at the date of vesting. 50% of the Sales Agent Share Options granted under the SASO Scheme has vested on January 31, 2015 whereas the remaining 50% will vest on January 31, 2016 based on the Eligible Sales Agents' respective annual sales achievement in 2014 and 2015, respectively, and upon satisfaction of any applicable vesting conditions specified in the offer of Sales Agent Share Options.

The price payable for each Share to be issued upon the exercise of each Sales Agent Share Option granted under the Sales Agent Share Option Scheme is US$0.20 (as adjusted following the Listing).

Prior to the Listing, the maximum number of Shares to be issued on the exercise of the Sales Agent Share Options which may be granted under the SASO Scheme shall not exceed 30,000. Due to adjustments to the number of Shares to be issued on exercise of the Sales Agent Share Options as a result of the Listing, the maximum number of Shares to be issued on the exercise of the Sales Agent Share Options following the Listing became 1,152,322, representing approximately 0.04% of the Company's issued share capital as of the date of this Annual Report.

For the year ended December 31, 2014, an aggregate of 30,000 Sales Agent Share Options (representing an aggregate of 1,152,322 Shares to be issued on exercise of the Sales Agent Share Options as a result of adjustment due to the Listing) were granted to and accepted by 76 Eligible Sales Agents of the Group under the SASO Scheme, none of which was exercised during the year ended December 31, 2014.

Share Option Scheme

A share option scheme was conditionally approved and adopted by the Shareholders on November 24, 2014 (the "Share Option Scheme"). The Share Option Scheme will be valid for 10 years from that date, subject to early termination by the Company in general meeting or by the Board. The purpose of the Share Option Scheme is to recognize contribution that certain individuals have made to the Company, to attract and retain the best available personnel and to promote the success of the Group's business. The Board may, in its absolute discretion, offer to grant an option (the "Option") to (i) employee, director or consultant of the Company or any of its subsidiaries, (ii) sales agent of the Group, or (iii) any other person who has contributed to the success of the Company as determined by the Board (each of whom an "Eligible Participant"). An amount of HKD1.00 is payable as consideration for acceptance of the grant.

The maximum number of Shares which may be issued upon exercise of all Share Rights and Management Warrants granted under the ESR Scheme, Sales Agent Share Options granted under the SASO Scheme, and Options to be granted under the Share Option Scheme, may not exceed 10% of Shares in issue at the Listing Date. The maximum number of Shares which may be issued upon exercise of all outstanding options, Share Rights, Management Warrants and Sales Agent Share Options granted and yet to be exercised under the Share Option Scheme, the ESR Scheme and the SASO Scheme must not exceed 30% of the Shares in issue from time to time. Unless approved by the Shareholders, the maximum number of Shares which may be issued upon the exercise of the Options granted under the Share Option Scheme to each Eligible Participant (including exercised, cancelled and outstanding Options) in any 12-month period up to the date of the latest grant cannot exceed 1% of the total Shares in issue at the time such Options are granted.

An Option will vest in accordance with the vesting schedule applicable to that Option. Any vested Option may be exercised at any time after the satisfaction of any conditions or performance targets as may be determined by the Board in its absolute discretion as part of the grant, and before the lapse or expiry of the Option, by the Eligible Participant giving written notice to our Company together with payment of the exercise price.

The exercise price of each Option shall be determined by the Board in its discretion, provided that such price shall at least be equal to the highest of: (i) the nominal value of a Share; (ii) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and (iii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

No option was granted by the Company under the Share Option Scheme since its adoption.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at December 31, 2014, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interest in the Shares

Name of Director	Capacity/Nature of Interest	Number of Shares	Long/short position	Approximate percentage of shareholding in the Company
Dato' KONG Hon Kong	Interest in controlled corporation (Note 1)	1,152,347,563	Long	42.70%
		101,204,000	Short	3.75%
Mr. LI Gabriel	Interest of spouse (Note 2)	584,071,435	Long	21.64%
Mr. SOO Wei Chian	Beneficial owner (Note 3)	20,703,345	Long	0.77%

Notes:

(1) These Shares are held by Rightitan Sdn. Bhd., which is held as to approximately 99.90% by Dato' KONG Hon Kong, Managing Director and Chief Executive Officer of the Company. Accordingly, Dato' Kong is deemed to be interested in the 1,152,347,563 Shares held by Rightitan Sdn. Bhd. Subsequent to the year ended December 31, 2014 and as at the date of this Annual Report, Dato' Kong ceased to have a short position in the Shares.

(2) These 584,071,435 Shares are held by OA-Nirvana Investment Limited, which is ultimately owned by Ms. LAM Lai Ming, the spouse of Mr. LI Gabriel, a non-executive Director. Accordingly, Mr. LI Gabriel is deemed to be interested in these 584,071,435 Shares.

(3) These 20,703,345 Shares represent the Shares to be issued upon the exercise of all of the management warrants granted to Ryian S Ltd. prior to the Listing, which holds these Shares on trust on behalf of Mr. SOO Wei Chian, under the ESR Scheme.

Save as disclosed above, as at December 31, 2014, none of the Directors and the chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Interest in the underlying Shares of Share Rights

Mr. SOO Wei Chian, a Director, beneficially owns the Management Warrants granted under the ESR Scheme as set out in the section headed "Share Schemes — Pre-Listing Incentive Schemes" (i) ESR Scheme" on pages 54 and 55 of this Annual Report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this Annual Report, at no time during the year ended December 31, 2014 was the Company or any of its subsidiaries or holding company or any subsidiary of the Company's holding company a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouse or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at December 31, 2014, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of interest	Number of Shares	Long/short position	Approximate percentage of shareholding in the Company
Rightitan Sdn. Bhd.	Beneficial owner (Note 1)	1,152,347,563 101,204,000	Long Short	42.70% 3.75%
OA-Nirvana Investment Limited	Beneficial owner (Note 2)	584,071,435	Long	21.64%
OA-NV Investment Limited	Interest in a controlled corporation (Note 2)	584,071,435	Long	21.64%
Orchid Asia V, L.P.	Interest in a controlled corporation (Note 2)	584,071,435	Long	21.64%
OAV Holdings, L.P.	Interest in a controlled corporation (Note 2)	584,071,435	Long	21.64%
Orchid Asia V GP, Limited	Interest in a controlled corporation (Note 2)	584,071,435	Long	21.64%
Orchid Asia V Group Management, Limited	Interest in a controlled corporation (Note 2)	584,071,435	Long	21.64%
Orchid Asia V Group, Limited	Interest in a controlled corporation (Note 2)	584,071,435	Long	21.64%

Name	Capacity/Nature of interest	Number of Shares	Long/short position	Approximate percentage of shareholding in the Company
AREO Holdings Limited	Interest in a controlled corporation (Note 2)	584,071,435	Long	21.64%
Ms. Lam Lai Ming	Interest in a controlled corporation (Note 2)	584,071,435	Long	21.64%
Transpacific Ventures Limited	Beneficial owner (Note 3)	287,677,002	Long	10.66%
Neverland Global Limited	Interest in a controlled corporation (Note 3)	287,677,002	Long	10.66%
AIF Capital Asia IV, L.P.	Interest in a controlled corporation (Note 3)	287,677,002	Long	10.66%
AIF Capital Asia IV GP Limited	Interest in a controlled corporation (Note 3)	287,677,002	Long	10.66%
UBS AG	Beneficial owner	161,375,800	Long	5.98%
		101,204,000	Short	3.75%
	Person having a security interest in shares	30,663,000	Long	1.14%
UBS Group AG	Interest in a controlled corporation	161,375,800	Long	5.98%
		101,204,000	Short	3.75%
	Person having a security interest in shares	30,663,000	Long	1.14%

Notes:

(1) These Shares are held by Rightitan Sdn. Bhd., which is held as to approximately 99.90% by Dato' KONG Hon Kong, Managing Director and Chief Executive Officer.

(2) These 584,071,435 Shares are held by OA-Nirvana Investment Limited which is held by OA-NV Investment Limited, which in turn is owned by Orchid Asia V, L.P., which is 100% controlled by its general partner, OAV Holdings, L.P. whose sole general partner is Orchid Asia V GP, Limited, which is held by Orchid Asia V Group Management, Limited, which is in turn held by Orchid Asia V Group Limited. The entire issued share capital of Orchid Asia V Group Limited is held by AREO Holdings Limited, which is in turn held by Ms. LAM Lai Ming, the spouse of Mr. LI Gabriel, a non-executive Director. Accordingly, each of OA-NV Investment Limited, Orchid Asia V, L.P., OAV Holdings, L.P., Orchid Asia V GP, Limited, Orchid Asia V Group Management, Limited, Orchid Asia V Group Limited, AREO Holdings Limited and Ms. LAM Lai Ming is deemed to be interested in such Shares.

(3) The entire issued share capital of Transpacific Ventures Limited is held by Neverland Global Limited, which in turn 63.64% is owned by AIF Capital Asia IV, L.P. The general partner of AIF Capital ASIA IV, L.P. is AIF Capital Asia IV GP Limited. Accordingly, each of Neverland Global Limited, AIF capital Asia IV, L.P. and AIF Capital Asia IV GP Limited is deemed to be interested in such number of Shares held by Transpacific Ventures Limited.

Save as disclosed above, as at December 31, 2014, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Relevant Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands where the Company was incorporated, which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at December 31, 2014, none of the Directors or their respective associates (as defined in the Listing Rules) had engaged in or had any interest in any business which competes or may compete with the businesses of the Group as required to be disclosed pursuant to the Listing Rules.

NON-COMPETITION UNDERTAKING

Each of Dato' KONG Hon Kong and Rightitan Sdn. Bhd. (the "Controlling Shareholders") has executed a deed of non-competition through which each of them has undertaken to:

- not, and procure that their respective subsidiaries or parties controlled by them either solely or jointly with another Controlling Shareholder or any other party will not, solely or jointly or in cooperation with other parties, without the prior written consent of the Company: (i) hold and/or be interested in, either directly or indirectly, any shares or securities or interest in any company which is engaged or involved in, directly or indirectly, with the provision of death care products and services in Malaysia, Indonesia, Singapore and Thailand and any other core business which may from time to time be conducted by any member of the Group or in which any member of the Group is engaged or has invested (the "Restricted Business") (except where the company is listed on the Stock Exchange or other recognized stock exchange and the interest represents not more than 5% of the issued share capital of such company); or (ii) otherwise directly or indirectly engage or be involved or participate or invest in or provide other support, financial or otherwise, to any company which is engaged or involved in, directly or indirectly, any Restricted Business;

- notify the Company in writing of any business opportunity relating to any Restricted Business ("Business Opportunity"), if any of them becomes aware of such Business Opportunity; and

- use its commercially reasonable efforts to assist the Group in pursuing such Business Opportunity, or where the Business Opportunity is being made available by a third party to the Controlling Shareholders, procure that such Business Opportunity is first offered to the Group on terms and conditions that are no less favourable.

The independent non-executive Directors had considered, and were satisfied that, the Controlling Shareholders had complied with the deed of non-competition during the Relevant Period.

CONNECTED TRANSACTIONS

Details of the significant related party transactions entered into by the Group during the year ended December 31, 2014 are disclosed in Note 45 to the consolidated financial statements. None of these related party transactions constituted connected or continuing connected transactions that are subject to the annual reporting requirement under Chapter 14A of the Listing Rules.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 34 to 43 of this Annual Report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public at all times during the Relevant Period and as of the date of this Annual Report.

AUDITOR

Deloitte has acted as auditor of the Company for the year ended December 31, 2014.

A resolution for the re-appointment of Deloitte as auditor of the Company will be proposed at the forthcoming AGM.

POST BALANCE SHEET EVENTS

The material post balance sheet events are disclosed in Note 48 to the audited consolidated financial statements in this Annual Report.

On behalf of the Board
Dato' FU Ah Kiow @ Oh (Fu) Soon Guan
Chairman

March 19, 2015

Deloitte.
德勤

TO THE MEMBERS OF NIRVANA ASIA LTD
(Incorporated in Cayman Islands)

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of NIRVANA ASIA LTD, which comprise the consolidated statement of financial position as of December 31, 2014 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 64 to 176.

Directors' Responsibility for the Consolidated Financial Statements

The Directors of the Company are responsible for the preparation of these consolidated financial statements so as to give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of December 31, 2014 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Other Matter

Our report is made solely to the members of the Company, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

DELOITTE
AF 0080
Chartered Accountants
Kuala Lumpur, Malaysia

March 19, 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2014

	Notes	2014 USD'000	2013 USD'000
Revenue	5	**165,064**	139,715
Cost of sales and services		**(48,639)**	(42,538)
Gross profit		**116,425**	97,177
Other income	6	**9,523**	6,222
Other gains and losses	7	**1,149**	2,601
Selling and distribution expenses		**(37,474)**	(30,480)
Administrative expenses		**(30,442)**	(22,069)
Finance costs	8	**(2,531)**	(2,968)
Other expenses	9	**(5,287)**	—
Share of loss of an associate		**—**	(1)
Profit before taxation	10	**51,363**	50,482
Income tax expense	11	**(13,531)**	(12,693)
Profit for the year		**37,832**	37,789
Other comprehensive (expense)/income			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		**(5,928)**	(3,368)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**1,185**	(793)
Fair value (loss)/gain on available-for-sale investments		**(1,050)**	1,313
Cumulative gain/(loss) reclassified from equity to profit or loss on disposal of available-for-sale investments		**806**	(925)
Other comprehensive expense for the year		**(4,987)**	(3,773)
Total comprehensive income for the year		**32,845**	34,016
Profit for the year attributable to:			
Owners of the Company		**35,764**	35,289
Non-controlling interests		**2,068**	2,500
		37,832	37,789

	Notes	2014 USD'000	2013 USD'000
Total comprehensive income for the year attributable to:			
Owners of the Company		**30,910**	32,687
Non-controlling interests		**1,935**	1,329
		32,845	34,016
Earnings per ordinary share attributable to owners of the Company	13		
— Basic (US cents per ordinary share)		**1.74**	1.84
— Diluted (US cents per ordinary share)		**1.74**	1.83

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position

As of December 31, 2014

	Notes	2014 USD'000	2013 USD'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**12,918**	13,568
Prepaid lease payments	16	**267**	294
Intangible assets	17	**10,740**	11,471
Land and development expenditure	18	**14,218**	9,002
Investment in an associate	20	**—**	123
Available-for-sale investments	21	**14,313**	14,186
Deferred acquisition cost	22	**17,882**	16,405
Trade and other receivables	23	**39,447**	24,916
Deferred tax assets	24	**10,492**	9,142
Total non-current assets		**120,277**	99,107
Current assets			
Inventories	25	**113,575**	103,486
Deferred acquisition cost	22	**7,935**	6,907
Prepaid lease payments	16	**10**	11
Trade and other receivables	23	**48,007**	34,336
Tax recoverable		**864**	711
Available-for-sale investments	21	**15,429**	9,657
Financial assets at fair value through profit or loss	26	**29,730**	15,160
Other financial assets	27	**2,661**	221
Bank balances and cash and cash equivalents	28	**271,620**	26,558
Total current assets		**489,831**	197,047
Total assets		**610,108**	296,154
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	29	**26,988**	1
Reserves	31	**291,747**	49,799
Equity attributable to owners of the Company		**318,735**	49,800
Non-controlling interests		**4,530**	8,597
Total equity		**323,265**	58,397

	Notes	2014 USD'000	2013 USD'000
Non-current liabilities			
Deferred tax liabilities	24	**6,589**	5,664
Trade and other payables	32	**2,757**	2,450
Deferred pre-need funeral contract revenue	33	**74,754**	66,159
Deferred maintenance income	34	**34,616**	29,303
Obligations under finance leases	35	**81**	216
Borrowings	36	**—**	19,924
Other financial liabilities	27	**—**	1,894
Total non-current liabilities		**118,797**	125,610
Current liabilities			
Trade and other payables	32	**100,455**	75,463
Deferred pre-need funeral contract revenue	33	**6,061**	5,364
Deferred maintenance income	34	**267**	120
Amount due to ultimate holding company	45	**—**	18,187
Obligations under finance leases	35	**88**	116
Borrowings	36	**56,780**	10,079
Tax liabilities		**4,395**	2,818
Total current liabilities		**168,046**	112,147
Total liabilities		**286,843**	237,757
Total equity and liabilities		**610,108**	296,154
Net current assets		**321,785**	84,900
Total assets less current liabilities		**442,062**	184,007

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended December 31, 2014

	Note	Attributable to owners of the Company								Non-controlling interests USD'000	Total equity USD'000
		Share capital USD'000	Capital reserve USD'000	Investment revaluation reserve USD'000	Warrant reserve USD'000	Share-based payments reserve USD'000	Translation reserve USD'000	Retained earnings USD'000	Total USD'000		
As of January 1, 2013		—	276	(1,582)	—	—	67	26,815	25,576	8,613	34,189
Profit for the year		—	—	—	—	—	—	35,289	35,289	2,500	37,789
Other comprehensive (expense)/ income		—	—	388	—	—	(2,990)	—	(2,602)	(1,171)	(3,773)
Total comprehensive (expense)/ income for the year		—	—	388	—	—	(2,990)	35,289	32,687	1,329	34,016
Dividend recognised as distributions	14	—	—	—	—	—	—	(9,806)	(9,806)	—	(9,806)
Dividend paid to non-controlling interests		—	—	—	—	—	—	—	—	(316)	(316)
Contribution from non-controlling interests		—	—	—	—	—	—	—	—	516	516
Disposal of subsidiaries	40	—	—	—	—	—	—	—	—	(1,545)	(1,545)
Effect of share-based payments	43	—	—	—	—	1,342	—	—	1,342	—	1,342
Issue of ordinary shares	29	1	—	—	—	—	—	—	1	—	1
Deemed distribution to equity holders	30	—	—	—	2,731	—	—	(2,731)	—	—	—
As of December 31, 2013		1	276	(1,194)	2,731	1,342	(2,923)	49,567	49,800	8,597	58,397

	Note	Attributable to owners of the Company										Non-controlling interests USD'000	Total equity USD'000
		Share capital USD'000	Share premium USD'000	Capital reserve USD'000	Investment revaluation reserve USD'000	Warrant reserve USD'000	Share-based payments reserve USD'000	Other reserve USD'000	Translation reserve USD'000	Retained earnings USD'000	Total USD'000		
As of January 1, 2014		1	—	276	(1,194)	2,731	1,342	—	(2,923)	49,567	49,800	8,597	58,397
Profit for the year		—	—	—	—	—	—	—	—	35,764	35,764	2,068	37,832
Other comprehensive expense		—	—	—	(245)	—	—	—	(4,609)	—	(4,854)	(133)	(4,987)
Total comprehensive (expense)/ income for the year		—	—	—	(245)	—	—	—	(4,609)	35,764	30,910	1,935	32,845
Dividend recognised as distributions	14	—	—	—	—	—	—	—	—	(19,296)	(19,296)	—	(19,296)
Acquisition of additional interest in existing subsidiaries	39	—	—	—	—	—	—	(18,594)	—	—	(18,594)	(6,141)	(24,735)
Acquisition of a subsidiary	39	—	—	—	—	—	—	—	—	—	—	139	139
Bonus issue of shares	29	499	—	—	—	—	—	—	—	(499)	—	—	—
Effect of share-based payments	43	—	—	—	—	—	3,278	—	—	—	3,278	—	3,278
Deemed distribution to equity holders	30	—	—	—	—	1,003	—	—	—	(1,003)	—	—	—
Exercised of warrants	29	27	24,075	—	—	(3,734)	—	—	—	—	20,368	—	20,368
Issue of shares by capitalisation of share premium	29	19,714	(19,714)	—	—	—	—	—	—	—	—	—	—
Issue of shares at premium through initial public offerings	29	6,747	254,293	—	—	—	—	—	—	—	261,040	—	261,040
Transaction costs attributable to issue of new shares		—	(8,771)	—	—	—	—	—	—	—	(8,771)	—	(8,771)
As of December 31, 2014		26,988	249,883	276	(1,439)	—	4,620	(18,594)	(7,532)	64,533	318,735	4,530	323,265

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended December 31, 2014

	2014 USD'000	2013 USD'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before taxation	51,363	50,482
Adjustments for:		
Amortisation of intangible assets	82	—
Amortisation of prepaid lease payments	10	15
Depreciation of property, plant and equipment	2,138	2,137
Impairment loss recognised/(reversed) on:		
— Trade receivables	19	159
— Other receivables	(5)	—
Share of loss of an associate	—	1
Finance costs	2,531	2,968
Fair value gain on financial asset at fair value through profit or loss	(680)	(350)
Loss on other financial assets and liabilities	776	10
Interest income from short term deposits	(403)	(370)
Dividend income from unit trust funds	(228)	(238)
Imputed interest income on receivables under instalment arrangement	(6,624)	(4,000)
Gain on disposal of available-for-sale investments	(806)	(925)
Gain on disposal of land held under prepaid lease payments	—	(402)
Dividend income from listed equity securities	(347)	(359)
(Gain)/Loss on disposal of property, plant and equipment	(112)	12
Gain on disposal of subsidiaries	—	(365)
Share-based payment expenses	3,278	1,342
Operating profit before working capital changes	50,992	50,117
Movements in working capital:		
(Increase)/Decrease in:		
Land and development expenditure and inventories	(20,076)	(6,245)
Trade and other receivables	(26,090)	(13,198)
Other financial assets/liabilities	(3,158)	(89)
Deferred acquisition cost	(4,250)	(5,050)
Restricted funds	(1,033)	888
Increase in:		
Trade and other payables	14,864	7,026
Deferred pre-need funeral contract revenue	14,754	13,576
Deferred maintenance income	7,716	2,355
Cash generated from operations	33,719	49,380
Tax refunded	775	517
Tax paid	(13,430)	(12,130)
Net cash from operating activities	21,064	37,767

	Notes	2014 USD'000	2013 USD'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Interest received from short-term bank deposits		**403**	370
Dividend received from available-for-sale investments		**228**	238
Dividend received from listed equity securities		**347**	359
Purchases of property, plant and equipment		**(2,613)**	(2,128)
Proceeds from disposal of property, plant and equipment		**401**	3
Proceeds from disposal of land held under prepaid lease payments		**—**	318
Plantation development expenditure		**—**	(1,331)
Acquisition of an associate		**—**	(129)
Proceeds from disposal of subsidiaries	40	**87**	1,067
Acquisition of subsidiaries	39	**(170)**	(5,982)
Refund from/(Deposit for) acquisition of a subsidiary		**496**	(496)
Purchase of available-for-sale investments		**(15,631)**	(18,426)
Proceeds from disposal of available-for-sale investments		**10,293**	11,817
Purchase of financial assets at fair value through profit or loss		**(151,238)**	(68,132)
Proceeds from disposal of financial assets at fair value through profit or loss		**136,325**	69,410
Placement of bank deposits with maturity over three months		**(205,340)**	(5,540)
Withdrawal of bank deposits with maturity over three months		**3,295**	5,049
Net cash used in investing activities		**(223,117)**	(13,533)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Interest paid		**(1,087)**	(1,802)
Proceeds from issuance of shares		**266,518**	1
Acquisition of additional interest in a subsidiary		**(26,529)**	—
Additional contributions from non-controlling interests		**1,078**	516
Repayment to a former shareholder		**—**	(6)
Repayment to ultimate holding company		**(18,545)**	(5,006)
Dividend paid		**(4,659)**	(9,806)
Dividend paid to non-controlling interests		**—**	(316)
Proceeds from borrowings		**59,642**	—
Repayment of borrowings		**(30,411)**	(6,773)
Repayment of obligations under finance leases		**(151)**	(127)
Net cash from/(used in) financing activities		**245,856**	(23,319)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**43,803**	915
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**18,684**	19,089
Effect of exchange differences		**(1,289)**	(1,320)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	28	**61,198**	18,684

The accompanying notes form an integral part of the financial statements.

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on September 23, 2010 and its ordinary shares were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on December 17, 2014 (the "Listing"). The registered office of the Company is at 4th Floor, Harbour Place, 103 South Church Street, George Town, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. The principal place of business of the Group is as follows:

a. Headquarters in Malaysia

Level 3A, Wisma Nirvana
No. 1, Jalan 1/116A
Off Jalan Sungai Besi
57100 Kuala Lumpur
Malaysia

b. Headquarters in Indonesia

Unit 12 J-K, Gedung Hayam Wuruk
Jalan Hayam Wuruk, 108 Jakarta Barat
11160 Indonesia

c. Headquarters in Singapore

950 Old Choa Chu Kang Road
Singapore 699816

d. Headquarters in Thailand

213/1-2, 5th FL. (MRT Sutthisan)
Ratchadaphisek Rd. Din Daeng, Din Daeng.
Bangkok 10400 Thailand

e. Principal Place of Business in Hong Kong

36th Floor, Tower Two, Time Square
1 Matheson Street, Causeway Bay
Hong Kong

The Company is an investment holding company. The principal activities of the Group are sales of burial plots and niches and tombs, and provision of funeral services and columbarium construction services in Malaysia, Singapore and Indonesia.

The functional currency of the Company is Malaysian Ringgit ("RM") and for the purpose of this report, the consolidated financial statements is presented in United States dollars ("USD") and all values are rounded to the nearest thousand (USD'000) except where otherwise indicated.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current financial year, the Group has adopted a number of amendments to IFRSs and new interpretation issued by the International Accounting Standards Board that are mandatorily effective for an accounting period that begins on or after January 1, 2014.

At the date of this report, the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[2]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[5]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
Amendments to IAS 16 and IAS 38	Classification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2010–2012 Cycle[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2011–2013 Cycle[5]

1 Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

2 Effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.

3 Effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.

4 Effective for annual periods beginning on or after July 1, 2014, with limited exceptions. Earlier application is permitted.

5 Effective for annual periods beginning on or after July 1, 2014, with earlier application permitted.

The Directors anticipate that the abovementioned standards, except for IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers as disclosed below, will be adopted in the consolidated financial statements when they become effective and that the adoption of these standards will not have material impact to the consolidated financial statements in the period of initial application.

IFRS 9 Financial Instruments

IFRS 9 was issued in July 2014 and has an effective date of January 1, 2018. IFRS 9 will replace IAS 39 Financial Instruments: Recognition and Measurement and introduce new requirements for the classification and measurement of financial assets and financial liabilities, a new model for recognising loan loss provisions based on expected credit losses and provide for simplified hedge accounting by aligning hedge accounting more closely with an entity's risk management methodology.

Classification and measurement

Financial assets are classified on the basis of the business model within which they are held, and their contractual cash flow characteristics. The standard also introduces a 'fair value through other comprehensive income' (FVOCI) measurement category for particular simple debt instruments. The requirements for the classification and measurement of financial liabilities were carried forward unchanged from IAS 39, however, the requirements relating to the fair value option for financial liabilities were changed to address own credit risk and, in particular, the presentation of gains and losses within other comprehensive income.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

IFRS 9 Financial Instruments (Continued)

Impairment

IFRS 9 incorporates an expected loss approach for recognising credit losses. Under this approach expected credit losses or lifetime expected credit losses for all amortised cost and FVOCI debt instruments would be recognised depending on whether or not significant credit deterioration has occurred since origination or acquisition. Where significant deterioration has not occurred, a provision equating to 12 months of expected credit losses would be recognised whereas if there is a significant deterioration in credit risk, lifetime expected credit losses would be recognised.

Hedge accounting

The general hedge accounting model aligns hedge accounting more closely with risk management and establish a more principle-based approach to hedge accounting. Dynamic hedging of open portfolios is being dealt with as a separate project and until such time as that project is complete, entities can choose between applying the hedge accounting requirements of IFRS 9 or to continue to apply the existing hedge accounting requirements in IAS 39. The revised hedge accounting requirements in IFRS 9 are applied prospectively. The impact of the standard is currently being assessed but it is not practicable to quantify the effect as at the date of the issuance of the consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

The effective date of IFRS 15 is January 1, 2017 with early adoption permitted. The standard provides a principles-based approach for revenue recognition, and introduces the concept of recognising revenue for obligations as they are satisfied. The standard should be applied retrospectively, with certain practical expedients available. The impact of the standard is currently being assessed but it is not practicable to quantify the effect as at the date of the publication of the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board. In addition, the consolidated financial statements have included applicable disclosures as required by the Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments that are measured at fair values at the end of the reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of Accounting (Continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

(b) Basis of consolidation

The consolidated financial statements incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of consolidation (Continued)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains controls until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributable to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions among members of the Group are eliminated in full on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets, and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs).

(c) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Business combinations (Continued)

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another IFRS.

(d) Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in this financial statement using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Investments in associates are accounted for using the equity method from the date on which the investees become associates. On acquisition of the investments in associates, any excess of the cost of the investments over the Group's share of the net fair value of the identifiable assets and liabilities of the investees are recognised as goodwill, which is included within the carrying amount of the investments. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investments, after reassessment, is recognised immediately in profit or loss in the period in which the investments are acquired.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Investments in associates (Continued)

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investments in associates. When necessary, the entire carrying amount of the investments is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investments. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investments subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the financial statement only to the extent of interests in the associate that are not related to the Group.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and is reduced for sales related taxes.

The Group enters into contracts with its customers for the sale of burial plots, niches and tombs, provision of funeral services and columbarium construction services.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably; and
- the recoverability of the sales amount can be reasonably assured.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Revenue recognition (Continued)

The policies for each type of goods sold or services provided are discussed in more details as follows:

i. Sale of burial plots and niches

Revenue from as-need sales of burial plots and niches is recognised when the goods are delivered.

Revenue from pre-need sales of burial plots and niches is recognised when the contract is signed by the purchaser, a significant amount of deposits of the contracted value received and the relevant identified burial plots and/or niches are ready to be delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under "customers' deposits and advance billings" in trade and other payables.

ii. Sale of tombs

The tombs sale by the Group is classified into standard tombs and personalised tombs.

Revenue from sale of standard tombs is recognised when the goods are delivered to the buyers.

For sales of personalised tombs which normally includes tomb design and construction services, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs except where this would not be representation of the stage of completion. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

iii. Funeral services

Funeral services revenue is recognised when services are performed.

Revenue from pre-need sales of funeral contract is deferred until the period in which the funeral services are performed and the products and services are delivered. In the consolidated statement of financial position, the amount received prior to the services performed is included in deferred pre-need funeral contract revenue (liability).

The costs to acquire the sales, primarily commissions incurred, are reflected in the consolidated statement of financial position as deferred acquisition cost (assets) and are charged to expense as the funeral services are performed and products are delivered. Indirect costs of marketing pre-need funeral contract revenue are expensed in the period in which they are incurred.

When the funeral product and service is delivered, the Group recognises as revenue the full contract amount with a corresponding reduction recorded to deferred pre-need funeral contract revenue. Associated deferred acquisition costs are expensed, and the actual expenses incurred in delivering the products and services are recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Revenue recognition (Continued)

iv. Marketing agency services

Marketing agency services revenue is recognised when services are performed.

v. Cemetery maintenance services

Revenue from the provision of cemetery maintenance services is deferred and amortised on a straight-line basis over the remaining estimated service period.

vi. Construction services and earn-out arrangement

The Group was engaged to design and build a columbarium complex in Malaysia and the agreement contained an earn-out provision pursuant to which the Group's construction service consideration is determined with reference to, and settled through, a portion of the proceeds from sales or pre-sales of the columbarium complex in a given period specified in the relevant agreement.

Construction revenue consideration is determined based on best estimation made by the Directors of the Company and is recognised by reference to the stage of completion of the contract activity at the end of the reporting period and measured based on present value of the expected future economic benefits that expects to flow to the Group at an appropriate discount rate. When the outcome of a construction contract can be estimated reliably, revenue is recognised by reference to costs incurred during the period measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

The earn-out provision is classified as an embedded derivative financial instrument and measured at fair value through profit or loss at the end of the reporting period.

The Group's work in progress, net of the portion of proceeds from sale or pre-sales of the columbarium complex collected by the Group and the relevant embedded earn-out derivative is included in other financial assets and liabilities in note 27.

vii. Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

viii. Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of the income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(i) The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

(ii) Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

(g) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Foreign currencies (Continued)

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. United States dollars) using exchange rates prevailing at the end of the reporting period. Income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in equity under the heading of translation reserve.

(h) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(i) Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

(j) Share-based payment arrangements

Equity-settled share-based payment transactions

Share-based payment transactions of the Company

Management warrants and share rights granted to employees

For grants of management warrants and share rights that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of the management warrants and share rights granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share-based payments reserve).

At the end of the reporting period, the Group revises its estimates of the number of management warrants and share rights that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payments reserve.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Share-based payment arrangements (Continued)

Equity-settled share-based payment transactions (Continued)

Share-based payment transactions of the Company (Continued)

Management warrants and share rights granted to employees (Continued)

For management warrants and share rights that vest immediately at the date of grant, the fair value of the management warrants and share rights granted is expensed immediately to profit or loss.

When management warrants and share rights are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the management warrants and share rights are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained profits.

Share options granted to agents

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share rights granted. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share-based payments reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

(k) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit before taxation as reported in the consolidated statement of profit or loss and other comprehensive income because of income and expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(l) Property, plant and equipment

Property, plant and equipment including buildings, leasehold land (classified as finance lease) and freehold land held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Properties in the course of construction are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Intangible assets

(i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of the reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

(ii) Intangible assets acquired in a business combination

Intangible assets acquired are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses on the same basis as intangible assets that are acquired separately. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. Alternatively, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(n) Deferred acquisition cost

The costs of acquiring sales contracts are deferred until the revenue is recognised.

(o) Land and development expenditure

Land and development expenditure consist of prepaid lease payments, cost of initial land development and all direct construction costs and appropriate development overheads.

Land held for interment purpose and its related development expenditure where no development activities have been carried out or where development activities are not expected to be completed or realised within the normal operating cycle is classified as non-current asset and is stated at cost less accumulated impairment losses, if any.

Upon commencement of development of the cemetery with the intention of sale in the ordinary course of business of the Group, the related carrying amounts of land and development expenditure are transferred to inventories.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Inventories

Inventories include burial plots and niches developed and ready for sale or under development, tombs under development and urns.

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(q) Impairment of tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Provisions (Continued)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

(s) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL"), available-for-sale ("AFS") financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and are derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL

Financial assets at FVTPL represent those designated as at FVTPL on initial recognition. A financial asset may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire consolidated contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising from remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the other income, and other gains and losses. Fair value is determined in the manner described in note 38.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL. The Group designated certain items as AFS financial assets on initial recognition.

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of the reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on AFS equity instruments are recognised in profit or loss when the Group's rights to receive the dividends are established.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses is recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at FVTPL

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at FVTPL (Continued)

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest paid on the financial liabilities and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 38.

Other financial liabilities

Other financial liabilities including trade and other payables, amount due to a former shareholder, amount due to ultimate holding company and borrowings are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis other than those financial liabilities classified as at FVTPL, of which the interest expense is included in net gains or losses.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Obligation arising from put options

Put option written to and call option granted from a non-controlling shareholder, which will be settled other than by exchange of fixed amount of cash for a fixed number of shares in a subsidiary are accounted for as derivatives and are recognised at fair value upon initial recognition. Any changes of fair value at subsequent reporting dates are recognised in profit or loss.

The gross financial liability arising from the put option is recognised when contractual obligation to repurchase the shares in a subsidiary is established even if the obligation is conditional on the counterparty exercising a right to sell back the shares to the Group. The liability for the share redemption amount is initially recognised and measured at present value of the estimated repurchase price. In subsequent years, the remeasurement of the present value of the estimated gross obligation under the written put option to the non-controlling shareholder is recognised in profit or loss.

If the put option is exercised, the carrying amount of the gross financial liability at that date is extinguished by the payment of the exercise price. If the put option expires unexercised, the liability is derecognised with the non-controlling interest being reinstated. Any difference between the liability and non-controlling interest is recognised in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Financial instruments (Continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liability when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognition for pre-need sales under instalment plans

The Group enters into contracts with its customers for pre-need sales of ownership rights of burial plots and niches under which customers are allowed to settle the contract amount by interest-free instalments.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgements in applying accounting policies (Continued)

Revenue recognition for pre-need sales under instalment plans (Continued)

The Group recognises revenue from the sales of pre-need burial plots and niches, provided that the contract is signed by the customer, the product is on hand, identified and ready for delivery, and collectability of the contract sum is reasonably assured. Before a significant amount of the contract selling price has been collected, the Group does not recognise revenue. At this stage, it records all payments received as "customers' deposits and advance billings" under trade and other payables. When a significant amount of the contract selling price has been collected, the collectability of the contract sum is reasonably assured and the product is ready for delivery, the Group records the full contract sum as revenue and any unsettled contract sum is recognised as trade receivables. However, the products sold are only allowed for interment purpose when the relevant contract sum is fully settled.

When determining the point of revenue recognition, the Directors exercise significant judgement in evaluating whether revenue recognition criteria are met. In their evaluation, various factors including the amount of customers' deposits required, the history and terms of these pre-need sales, the extent to which sales are consummated, the possibility of such transaction being terminated due to non-payment, as well as the historical rate of default on the installment payments by customers, are taken into account. After assessing these factors, the Directors concluded that when 35% of the pre-need sales contract sums in relation to burial plots and niches is received, the collectability of the remaining contract sum is reasonably assured and as a result, the revenue recognition criteria are met and sales is recognised to the profit or loss.

During the years ended December 31, 2014 and 2013, the amounts of revenue recognised from the sale of pre-need burial plots and niches amounted to approximately USD87,742,000 and USD72,233,000 respectively.

As at December 31, 2014 and 2013, the related customers' deposits and advanced billings received before the pre-need burial plots and niches sales are recognised as revenue amounted to USD18,231,000 and USD14,204,000, respectively.

Control over trust funds

The Group sets up trust funds for each of its cemeteries in relation to maintenance service contracts and a trust fund for its pre-need funeral service contracts.

The Directors assessed whether or not the Group has control over these funds based on whether the Group has the practical ability to direct the relevant activities of the funds unilaterally. In making their judgement, the Directors considered that the Group contributes the entire capital of these funds and each of the trust funds is managed by a management committee in which three out of the five members (including the chairman) of each committee is nominated by the Group. After assessment, the Directors concluded that the Group has sufficiently dominant voting interest to direct the relevant activities of these funds and therefore the Group has control over all of its trust funds.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Recognition of deferred maintenance income

The Group enters into contracts with its customers for providing maintenance service in relation to the burial plots and niches sold for consideration that is expected to exceed cost of maintenance. Upon receipt of prepayment in relation to maintenance service from its customers, the Group will defer such amount to deferred maintenance income which will be amortised in subsequent periods as income in profit or loss on a straight-line basis over the remaining estimated service period. Total deferred maintenance income is reviewed at the end of each period. If it is considered that deferred maintenance income is insufficient to cover the expected cost of maintenance, additional provision will be made accordingly. Significant management estimation is required to determine the estimated service period in determining the related amortisation amount.

As at December 31, 2014 and 2013, the carrying amount of deferred maintenance income was USD34,883,000 and USD29,423,000, respectively as shown in note 34.

Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at December 31, 2014 and 2013, the carrying amount of trade receivables was USD71,640,000 and USD46,986,000 (net of allowance for doubtful debts of USD884,000 and USD920,000), respectively as shown in note 23.

Estimated impairment of land and development expenditure

When there is objective evidence of impairment loss in relation to land and development expenditure, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at a suitable discount rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at December 31, 2014 and 2013, the carrying amount of land and development expenditure was USD14,218,000 and USD9,002,000, respectively as shown in note 18. No impairment was recorded for land and development expenditure during the financial years ended December 31, 2014 and 2013.

Allowance for inventories

At the end of the reporting period, management will determine the saleability of its inventories based on the market conditions and supply. Inventories are stated at lower of cost and net realisable value.

As at December 31, 2014 and 2013, the carrying amount of the Group's inventories was USD113,575,000 and USD103,486,000 as shown in note 25.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Estimated useful lives and impairment of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives and the depreciation or amortisation method in determining the related depreciation or amortisation charges for its property, plant and equipment and intangible assets. This estimate is based on the management's experience of the actual useful lives of property, plant and equipment and intangible assets of similar nature and functions. In addition, management assesses impairment whenever events or changes in circumstances indicate that the carrying amount of an item of property, plant and equipment and intangible assets may not be recoverable. Management will increase the depreciation or amortisation charge where useful lives are expected to be shorter than expected, or will write off or write down obsolete assets that have been abandoned or impaired. When the actual useful lives or recoverable amounts of property, plant and equipment and intangible assets differ from the original estimates, adjustment will be made and recognised in the period in which such event takes place.

As at December 31, 2014 and 2013, the carrying amounts of property, plant and equipment was approximately USD12,918,000 and USD13,568,000, respectively as shown in note 15. No impairment indicators on property, plant and equipment were identified during the financial years ended December 31, 2014 and 2013.

As at December 31, 2014 and 2013, the carrying amounts of intangible assets was approximately USD10,740,000 and USD11,471,000, respectively as shown in note 17. No impairment was recorded for the intangible assets during the financial years ended December 31, 2014 and 2013.

Estimated costs of sales and renewal of land leases upon expiry

The Group enters into contracts with its customers for the provision of burial services, which include the sale of burial plots and niches and granted licences to their customers for the use of these burial products for an unspecified contractual term or a term that includes the renewal options of the related land lease. Pursuant to the relevant regulations or the terms of the land leases, the Group may apply for renewal upon expiration of the term of the land leases. The expected cost to renew the relevant land lease to fulfill the Group's obligation under the terms of the sales contract would be a provision recognised as a part of the cost of sales of the burial products. The Group assesses such cost on annual basis. In the opinion of the Directors, such cost was not significant at the end of the reporting period.

Land surrender clause in land lease of Singapore

The Group develops and operates columbarium facilities in Singapore. Included in the balance of land and development expenditure as shown in note 18 are costs incurred for leasehold land and erected structures for such columbarium facilities amounting to USD5,926,000 and USD6,188,000, respectively, as at December 31, 2014 and 2013, and also included in the balance of inventories as shown in note 25 are completed niches and niches under development in the columbarium facilities amounting to USD9,422,000 and USD10,189,000, respectively, as at December 31, 2014 and 2013.

The land lease under which the Group's columbarium operates requires the Group to surrender to the relevant government authorities free of charge any part or parts of the land as may be required by them for roads, drainage or any other public purpose. Further the President of the Republic of Singapore may, under the Land Acquisition Act (Chapter 152), declare that any particularly privately-owned land is required for public purpose, for any work or undertaking which is of public benefit or of public utility or in the public interest or for any residential, commercial or industrial purposes.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Land surrender clause in land lease of Singapore (Continued)

The Directors have taken into account the latest developments of the neighbouring land lease and considered that the chance of the Singaporean government to require the Group to surrender the lease land title and the structures erected thereon is remote. Where the actual outcome differs from expected, material impairment loss may arise.

Income taxes

As shown in note 24, as at December 31, 2014 and 2013, the deferred tax assets are USD1,218,000 and USD1,211,000, respectively, in relation to unused tax losses that have been recognised in the Group's consolidated statement of financial position. As at December 31, 2013, no deferred tax asset has been recognised for tax losses of USD3,777,000 due to the unpredictability of future profit streams. There is no unrecognised deferred tax assets has been recognised for the year ended December 31, 2014. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In case where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Directors of the Company have to determine the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Directors of the Company work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Notes 27 and 38 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities.

5. REVENUE AND SEGMENT INFORMATION

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2014 USD'000	2013 USD'000
Sales of goods:		
Burial plot	**54,216**	46,000
Niche	**44,367**	35,642
Tomb	**26,532**	26,640
Provision of services:		
Funeral services	**13,362**	12,601
Marketing agency services	**8,654**	8,277
Other burial and niches related services	**11,163**	7,263
Revenue from columbarium construction service	**6,770**	3,292
	165,064	139,715

Information reported to the Managing Director, being the Group's chief operating decision maker, for the purpose of resource allocation and assessment of segment performance is based on the following reportable and operating segments identified under IFRS 8:

1. Burial services — Malaysia

2. Burial services — Singapore

3. Burial services — Indonesia

4. Funeral services — Malaysia

Burial services include sales of goods, including burial plot, niche and tomb, and provision of services related to cemeteries which includes columbarium construction services and marketing agency services.

The chief operating decision maker reviews aggregate segment performance based on different geographical locations except for funeral services which will be separately reviewed. The reportable segments identified share similar economic characteristics as the customers are located in the same geographical location.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the gross profit earned by each segment.

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

2014

	Burial services			Funeral services	
	Malaysia USD'000	Singapore USD'000	Indonesia USD'000	Malaysia USD'000	Total USD'000
Segment revenue	127,209	18,151	6,342	13,362	165,064
Segment profit	88,438	16,261	4,582	7,144	116,425
Other income					9,523
Other gains and losses					1,149
Selling and distribution expenses					(37,474)
Administrative expenses					(30,442)
Finance costs					(2,531)
Other expenses					(5,287)
Profit before taxation					51,363

2013

	Burial services			Funeral services	
	Malaysia USD'000	Singapore USD'000	Indonesia USD'000	Malaysia USD'000	Total USD'000
Segment revenue	102,925	14,772	9,417	12,601	139,715
Segment profit	69,864	13,170	6,928	7,215	97,177
Other income					6,222
Other gains and losses					2,601
Selling and distribution expenses					(30,480)
Administrative expenses					(22,069)
Finance costs					(2,968)
Share of loss of an associate					(1)
Profit before taxation					50,482

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

2014

	Burial services			Funeral services	Segment		Elimination	
	Malaysia	Singapore	Indonesia	Malaysia	Total	Unallocated	adjustments	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Assets								
Segment assets/consolidated assets	250,301	104,389	19,734	94,141	468,565	368,268	(226,725)	610,108
Liabilities								
Segment liabilities/consolidated liabilities	(204,885)	(103,995)	(12,366)	(90,475)	(411,721)	(72,132)	197,010	(286,843)
Total net assets								323,265

2013

	Burial services			Funeral services	Segment		Elimination	
	Malaysia	Singapore	Indonesia	Malaysia	Total	Unallocated	adjustments	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Assets								
Segment assets/consolidated assets	212,273	29,671	12,706	82,803	337,453	121,488	(162,787)	296,154
Liabilities								
Segment liabilities/consolidated liabilities	(206,810)	(12,469)	(6,598)	(75,448)	(301,325)	(73,246)	136,814	(237,757)
Total net assets								58,397

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

For the purposes of monitoring segment performance and allocating resources between segments:

- other than those incurred for central management purpose, including interest in an associate, certain assets of the following (a) property, plant and equipment, (b) deferred tax assets, (c) certain prepayments, (d) deposits and other receivable and; (e) certain bank balance and cash, all assets are allocated to operating segments.

- other than those incurred for central management purpose, including certain current and deferred tax liabilities, certain bank borrowings, dividend payable, amount due to ultimate holding company and other unallocated payables and accruals, all liabilities are allocated to operating segments.

Other segment information

2014

	Burial services			Funeral services	Segment		
	Malaysia USD'000	Singapore USD'000	Indonesia USD'000	Malaysia USD'000	Total USD'000	Unallocated USD'000	Total USD'000
Amounts included in the measure of segment profit or loss or segment assets:							
Capital expenditure	**1,228**	**127**	**238**	**642**	**2,235**	**378**	**2,613**
Depreciation	**577**	**153**	**205**	**605**	**1,540**	**598**	**2,138**
Amortisation	**82**	**—**	**—**	**10**	**92**	**—**	**92**

2013

	Burial services			Funeral services	Segment		
	Malaysia USD'000	Singapore USD'000	Indonesia USD'000	Malaysia USD'000	Total USD'000	Unallocated USD'000	Total USD'000
Amounts included in the measure of segment profit or loss or segment assets:							
Capital expenditure	865	119	295	365	1,644	575	2,219
Depreciation	590	161	195	636	1,582	555	2,137
Amortisation	4	—	—	11	15	—	15

5. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

The Group's main operations are located in Malaysia (country of domicile), Singapore and Indonesia.

Information about the Group's revenue from external customers is presented based on the location of the operations.

Revenue from external customers:

	2014 USD'000	2013 USD'000
Malaysia	**140,571**	115,526
Singapore	**18,151**	14,772
Indonesia	**6,342**	9,417
	165,064	139,715

The majority of the non-current assets (excluding financial instruments and certain deferred tax assets) are related to operation in Malaysia.

Information about major customers

No single customer accounted for 10% or more of the Group's revenue during the financial years ended December 31, 2014 and 2013.

6. OTHER INCOME

	2014 USD'000	2013 USD'000
Interest income on short-term deposits	**403**	370
Imputed interest income on receivables under instalment arrangement (note 23)	**6,624**	4,000
Total interest income	**7,027**	4,370
Dividend from listed equity securities	**347**	359
Dividend from unit trust funds	**228**	238
Total dividend income (note a)	**575**	597
Income from enlightenment ceremony (note b)	**377**	428
Others	**1,544**	827
	9,523	6,222

6. OTHER INCOME (Continued)

Notes:

(a) Investment income earned from financial assets not designated as at FVTPL included under other income, by category of asset is as follows:

	2014 USD'000	2013 USD'000
Available-for-sale financial assets	**575**	597

Income recognised in respect of financial assets designated as at FVTPL is disclosed in note 7.

(b) Income from enlightenment ceremony represents the net income derived from the customers' participation in the ceremonies held at the various cemeteries to appease the souls of their departed family members which is held on an annual basis in conjunction with the seventh month of the Chinese calendar.

7. OTHER GAINS AND LOSSES

	2014 USD'000	2013 USD'000
Gain from changes in fair value on FVTPL	**680**	350
Gain from changes in fair value on derivative financial instrument — call option	**25**	82
Loss from changes in fair value on derivative financial instrument — earn-out arrangement	**(744)**	—
Gain on disposal of AFS investment	**806**	925
Net foreign exchange gains	**327**	581
Gain/(Loss) on disposal of property, plant and equipment	**112**	(12)
Gain on disposal of subsidiaries (note 40)	**—**	365
Gain on disposal of land held under prepaid lease payments	**—**	402
Others	**(57)**	(92)
	1,149	2,601

8. FINANCE COSTS

	2014 USD'000	2013 USD'000
Interest expense on borrowings wholly repayable within five years:		
Bank loans, overdrafts and other borrowings	**1,384**	2,159
Advances from non-controlling interests	**—**	18
Obligation under finance leases	**13**	18
Imputed interest expenses on commissions and certain promotion expenses payable (note 32)	**1,134**	773
Total borrowing costs	**2,531**	2,968

9. OTHER EXPENSES

Other expenses represented the listing expenditures incurred for the year ended December 31, 2014, but not capitalised for the Listing.

10. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging/(crediting):

	2014 USD'000	2013 USD'000
Staff costs, including Directors' remuneration (note 12):		
Salaries, wages and other benefits	**16,522**	14,588
Share-based payments	**3,278**	1,342
Contributions to employees provident fund	**1,653**	1,183
Total staffs cost	**21,453**	17,113
Auditors' remuneration	**289**	148
Amortisation of prepaid lease payments	**10**	15
Depreciation of property, plant and equipment	**2,138**	2,137
Amortisation of intangible assets	**82**	—
Total depreciation and amortisation	**2,230**	2,152

10. PROFIT BEFORE TAXATION (Continued)

	2014 USD'000	2013 USD'000
Cost of inventories recognised as expenses	37,551	30,150
Listing expenses (included in other expenses)	5,287	—
Minimum lease payment under operating lease in respect of:		
Premises	603	427
Equipment	93	72
Net impairment losses recognised/(reversed) on:		
Trade receivables	19	159
Other receivables	(5)	—

11. INCOME TAX EXPENSE

	2014 USD'000	2013 USD'000
Current tax:		
Malaysian income tax	12,747	9,778
Other jurisdictions	1,200	1,359
	13,947	11,137
Underprovision in prior years:		
Malaysian income tax	246	410
Other jurisdictions	1	278
	247	688
Deferred tax (note 24):		
Current	(663)	701
Attributable to changes in tax rates	—	167
	(663)	868
	13,531	12,693

Malaysian income tax is calculated at the statutory rate of 25% of the estimated taxable profit for the year.

The budget announced in Malaysia on October 25, 2013 reduced the corporate income tax rate from 25% to 24% with effect from year of assessment 2016. Following this, the applicable tax rate used for the measurement of deferred tax will be the respective tax rate expected to be applicable at the time of reversal.

11. INCOME TAX EXPENSE (Continued)

Indonesian and Singaporean income taxes are calculated at the statutory rate of 25% and 17%, respectively.

Taxation arising from in other jurisdictions other than Indonesia and Singapore, is calculated at the rates prevailing in the relevant jurisdictions.

The tax charge for year can be reconciled to the profit before tax as follows:

	2014 USD'000	2013 USD'000
Profit before taxation	**51,363**	50,482
Tax at applicable statutory tax rate of 25%	**12,841**	12,621
Tax effect of income not taxable for tax purpose	**(1,289)**	(1,211)
Tax effect of expenses not deductible for tax purpose	**3,287**	1,434
Underprovision in prior year	**247**	688
Tax effect of tax loss not recognised	**6**	—
Utilisation of tax losses previously not recognised	**(637)**	(624)
Increase in opening deferred taxation resulting from a decrease in applicable tax rate	**—**	167
Effect of different tax rate of subsidiaries operating in other jurisdictions	**(660)**	(407)
Others	**(264)**	25
Income tax expense for the year	**13,531**	12,693

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' remuneration consists of:

	2014 USD'000	2013 USD'000
Directors' fees	**285**	33
Salaries and other benefits	**1,284**	1,271
Contributions to retirement benefit scheme	**216**	182
Share-based payments	**—**	1,342
	1,785	2,828

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

Details of emoluments paid and payable to the Directors and employees of the Company are as follows:

(a) Directors' emoluments

2014

Name of Director	Fees USD'000	Salaries and other benefits* USD'000	Discretionary bonus USD'000	Contributions to retirement benefit scheme USD'000	Total USD'000
Dato' Fu Ah Kiow @ On (Fu) Soon Guan	57	5	—	—	62
Dato' Kong Hon Kong	220	456	220	125	1,021
Kong Yew Foong	—	119	37	28	184
Kong Yew Lian	—	181	18	18	217
Soo Wei Chian	—	168	80	45	293
Li Gabriel	#	—	—	—	—
Ang Teck Shang	#	—	—	—	—
Tse Po Shing, Andy (appointed on January 13, 2014)	#	—	—	—	—
Tan Sri Chan Kong Choy (appointed on November 24, 2014)	2	—	—	—	2
Ng Soon Lai @ Ng Siek Chuan (appointed on November 24, 2014)	2	—	—	—	2
Foong Soo Hah (appointed on November 24, 2014)	2	—	—	—	2
Anita Chew Cheng Im (appointed on November 24, 2014)	2	—	—	—	2
	285	929	355	216	1,785

represents HKD2,713 (equivalent to approximately USD350)

2013

Name of Director	Fees USD'000	Salaries and other benefits* USD'000	Discretionary bonus USD'000	Contributions to retirement benefit scheme USD'000	Share-based payments USD'000	Total USD'000
Dato' Fu Ah Kiow @ On (Fu) Soon Guan	33	—	—	—	—	33
Dato' Kong Hon Kong	190	397	190	108	—	885
Kong Yew Foong	—	116	36	27	—	179
Kong Yew Lian	—	74	24	2	—	100
Soo Wei Chian	—	166	78	45	1,342	1,631
Li Gabriel	—	—	—	—	—	—
Ang Teck Shang	—	—	—	—	—	—
	223	753	328	182	1,342	2,828

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(b) Five highest paid individuals

The five highest paid individuals included 1 and 2 Directors of the Company for the years ended December 31, 2014 and 2013 respectively. The emoluments of the remaining 4 and 3 individuals for the years ended December 31, 2014 and 2013 respectively are as follows:

	2014 USD'000	2013 USD'000
Salaries and other benefits*	996	1,072
Discretionary bonus	136	73
Contributions to retirement benefit scheme	39	61
Share-based payments	1,249	—
	2,420	1,206

The five highest paid individuals' emoluments were within the following bands:

	No. of employee 2014	 2013
HKD1,500,001.00 to HKD2,000,000.00 (equivalent to approximately USD193,433 to USD257,911)	—	1
HKD2,000,001.00 to HKD2,500,000.00 (equivalent to approximately USD257,912 to USD322,388)	1	1
HKD2,500,001.00 to HKD3,000,000.00 (equivalent to approximately USD322,389 to USD386,866)	1	—
HKD4,000,001.00 to HKD4,500,000.00 (equivalent to approximately USD515,821 to USD580,299)	1	—
HKD4,500,001.00 to HKD5,000,000.00 (equivalent to approximately USD580,300 to USD644,777)	—	1
HKD6,500,001.00 to HKD7,000,000.00 (equivalent to approximately USD838,210 to USD902,687)	—	1
HKD7,500,001.00 to HKD8,000,000.00 (equivalent to approximately USD967,165 to USD1,031,642)	1	—
HKD9,000,001.00 to HKD9,500,000.00 (equivalent to approximately USD1,160,598 to USD1,225,075)	1	—
HKD12,500,001.00 to HKD13,000,000.00 (equivalent to approximately USD1,611,941 to USD1,676,419)	—	1
	5	5

* Salaries and other benefits include basic salaries, allowances, incentives and benefits-in-kind.

During the reporting periods, no emoluments were paid by the Group to the Directors nor five highest paid individuals, as an inducement to join or upon joining the Group or as compensation for loss of office. No Directors waived any emoluments during the reporting periods.

13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per ordinary share attributable to the owners of the Company is based on the following data:

	2014 USD'000	2013 USD'000
Profit for the year attributable to owners of the Company	**35,764**	35,289

	Number of ordinary shares	
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**2,050,361**	1,920,575
Effects of dilutive potential ordinary shares		
— Management warrants/share rights/sales agent share options	**7,956**	—
— Warrants	**—**	12,921
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**2,058,317**	1,933,496

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the year ended December 31, 2013 has been retrospectively adjusted for the deemed bonus element relating to class A and class B shares of the Company. On September 2014, both Class A shares and Class B shares were converted into ordinary shares.

The computation of diluted earnings per ordinary share for the year ended December 31, 2013 does not assume the exercise of the Company's management warrants because the exercise price of those management warrants was higher than the average estimated fair value for shares for 2013.

14. DIVIDENDS

	2014 USD'000	2013 USD'000
Interim dividends recognised as distribution during the year:		
RM1,500,000 per ordinary share	**—**	4,760
RM300,000 per ordinary share	**—**	952
RM500,000 per ordinary share	**—**	1,587
RM390,000 per ordinary share	**—**	1,238
RM400,000 per ordinary share	**—**	1,269
RM26,000 per each of ordinary share, class A share and class B share	**7,964**	—
RM0.74 per each of ordinary share, class A share and class B share	**11,332**	—
	19,296	9,806

14. DIVIDENDS (Continued)

The board of Directors has recommended a final dividend of Hong Kong dollar ("HKD")0.05 per ordinary share for the year ended December 31, 2014. The proposed final dividend will be paid on June 12, 2015 subject to the approval of the shareholders of the Company at the annual general meeting to be held on May 28, 2015. The consolidated financial statements for the year ended December 31, 2014 do not reflect this dividend. This dividend will be accounted for in equity as an appropriation of retained earnings during the financial year ending December 31, 2015.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold land and building	Plant and machinery	Furniture and fittings	Office equipment	Office renovations	Motor vehicles	Building in construction	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost									
As of January 1, 2013	10,612	1,018	700	2,453	5,811	2,331	4,986	—	27,911
Exchange adjustments	(675)	(170)	(58)	(171)	(460)	(160)	(368)	—	(2,062)
Additions	—	—	294	244	533	377	771	—	2,219
Acquired on acquisitions of subsidiaries (note 39)	—	—	9	—	—	—	—	—	9
Disposal/written off	—	—	(3)	(23)	(46)	—	(11)	—	(83)
Eliminated on disposal of subsidiaries (note 40)	—	—	(142)	(48)	(73)	(318)	(662)	—	(1,243)
As of December 31, 2013	9,937	848	800	2,455	5,765	2,230	4,716	—	26,751
Exchange adjustments	(628)	(36)	(60)	(163)	(378)	(135)	(287)	(24)	(1,711)
Additions	—	—	68	193	737	189	1,049	377	2,613
Reclassification	—	—	136	29	—	(165)	—	—	—
Disposal/written off	—	—	(7)	(44)	(130)	(30)	(828)	—	(1,039)
As of December 31, 2014	9,309	812	937	2,470	5,994	2,089	4,650	353	26,614

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings USD'000	Leasehold land and building USD'000	Plant and machinery USD'000	Furniture and fittings USD'000	Office equipment USD'000	Office renovations USD'000	Motor vehicles USD'000	Building in construction USD'000	Total USD'000
Accumulated depreciation									
As of January 1, 2013	2,071	208	354	1,730	3,940	1,383	2,704	—	12,390
Exchange adjustments	(126)	(60)	(32)	(120)	(321)	(98)	(200)	—	(957)
Provided for the year	234	41	180	177	674	257	625	—	2,188
Eliminated on disposals/ written off	—	—	(2)	(20)	(38)	—	(10)	—	(70)
Eliminated on disposal of subsidiaries (note 40)	—	—	(20)	(20)	(21)	(37)	(270)	—	(368)
As of December 31, 2013	2,179	189	480	1,747	4,234	1,505	2,849	—	13,183
Exchange adjustments	(152)	(9)	(35)	(117)	(283)	(112)	(167)	—	(875)
Provided for the year	235	25	120	200	695	268	595	—	2,138
Reclassification	—	—	4	—	—	(4)	—	—	—
Eliminated on disposals/ written off	—	—	(6)	(31)	(120)	(14)	(579)	—	(750)
As of December 31, 2014	2,262	205	563	1,799	4,526	1,643	2,698	—	13,696
Carrying values									
At December 31, 2013	7,758	659	320	708	1,531	725	1,867	—	13,568
At December 31, 2014	7,047	607	374	671	1,468	446	1,952	353	12,918

The above items of property, plant and equipment other than building in construction which is not depreciated, are depreciated on a straight-line basis over the estimated useful lives as follows:

Building	over the remaining term of lease ranging from 50 to 66 years
Leasehold land and building	over the remaining lease term of the land ranging from 20 to 74 years
Plant and machinery	5 to 10 years
Furniture and fittings	over the shorter of the remaining lease term and useful life of furniture and fittings ranging from 4 to 10 years
Office equipment	2 to 10 years
Office renovations	over the shorter of the remaining lease term and useful life of office renovations ranging from 5 to 10 years
Motor vehicles	4 to 10 years

Included in property, plant and equipment of the Group are fully depreciated property, plant and equipment which are still in use, with an aggregate cost of approximately USD7,227,000 and USD6,954,000 as of December 31, 2014 and 2013 respectively.

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

The carrying value of leasehold land and buildings comprises properties located on:

	2014 USD'000	2013 USD'000
Land in Malaysia:		
Long lease	**604**	656
Medium lease	**6,807**	7,494
Land outside Malaysia:		
Medium lease	**243**	267
	7,654	8,417

Included in the carrying amount of motor vehicles include an amount of approximately USD253,000 and USD361,000 as of December 31, 2014 and 2013, respectively in respect of assets held under finance leases.

16. PREPAID LEASE PAYMENTS

	2014 USD'000	2013 USD'000
Analysed for reporting purpose as:		
Current asset	**10**	11
Non-current asset	**267**	294
	277	305

The Group's prepaid lease payments comprise:

	2014 USD'000	2013 USD'000
Leasehold land in Malaysia:		
Medium-term lease	**277**	305

17. INTANGIBLE ASSETS

	Trademark (i) USD'000	Concession rights (ii) USD'000	Development right (iii) USD'000	Total USD'000
Cost				
As of January 1, 2013	8,749	3,207	—	11,956
Acquired on acquisition of subsidiaries (note 39)	—	—	3,423	3,423
Eliminated on disposal of subsidiaries (note 40)	—	(3,112)	—	(3,112)
Exchange adjustments	(581)	(95)	(120)	(796)
As of December 31, 2013	8,168	—	3,303	11,471
Exchange adjustments	(516)	—	(138)	(654)
As of December 31, 2014	7,652	—	3,165	10,817

	Trademark (i) USD'000	Concession rights (ii) USD'000	Development right (iii) USD'000	Total USD'000
Accumulated amortisation				
As of January 1, 2013	—	41	—	41
Charge for the year	—	50	—	50
Eliminated on disposal of subsidiaries (note 40)	—	(90)	—	(90)
Exchange adjustments	—	(1)	—	(1)
As of December 31, 2013	—	—	—	—
Charge for the year	—	—	82	82
Exchange adjustments	—	—	(5)	(5)
As of December 31, 2014	—	—	77	77
Carrying values				
As of December 31, 2013	8,168	—	3,303	11,471
As of December 31, 2014	7,652	—	3,088	10,740

17. INTANGIBLE ASSETS (Continued)

(i) Trademark

The trademark has an indefinite legal life but is renewable every 10 years at minimal cost. The Directors are of the opinion that the Group would renew the trademark continuously and has the ability to do so. As a result, the trademark is considered by the Directors as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trademark will not be amortised until its useful life is determined to be finite, and it will be tested for impairment annually and whenever there is an indication that it may be impaired.

The recoverable amount of the trademark is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a five-year period and a pre-tax discount rate of 8.5%. Cash flow beyond that five-year period has been extrapolated using a steady 3% growth rate. The growth rate does not exceed the long-term average growth rate for the market in which the Group operates.

(ii) Concession rights

This represents concession rights granted by the State Government of Kelantan in Malaysia to plant timber latex clone for 50 years.

(iii) Development right

This represents development right arrangement for development and operation of cemeteries business on certain pieces of freehold and leasehold cemetery land provided by the landowners acquired by the Group in a business combination. It is expected that the cost will be recovered from future income derived from the sales of burial plots and niches developed in the cemeteries.

As a result, the carrying amount of development right is reduced at the end of the reporting period for a portion calculated based on area of burial plots and niches sold in that period compared to the total developable area of the cemetery land.

18. LAND AND DEVELOPMENT EXPENDITURE

	2014 USD'000	2013 USD'000
Land cost	**8,292**	2,814
Development expenditure	**5,926**	6,188
	14,218	9,002

	Land USD'000	Land and development expenditure USD'000	Total USD'000
CARRYING VALUE			
At January 1, 2013	2,532	6,408	8,940
Addition	1,187	—	1,187
Transfer to inventories	(546)	—	(546)
Exchange adjustments	(359)	(220)	(579)
At December 31, 2013	2,814	6,188	9,002
Addition	6,042	—	6,042
Exchange adjustments	(564)	(262)	(826)
At December 31, 2014	8,292	5,926	14,218

The land and development expenditure are presented as non-current assets and represent the land area which no development activities have been carried out or where development activities are not expected to be completed or realised within the normal operating cycle.

The carrying amount of land cost as well as land and development expenditure comprises freehold land in Malaysia and short lease in Singapore.

19. INVESTMENT IN SUBSIDIARIES

The direct and indirect interests in the following subsidiaries of the Company at end of the reporting period are as follows:

Name of company	Place of incorporation and operation	Issued and fully paid-up share capital	Proportion of nominal value of the issued share capital and voting power held by the Company 2014 %	2013 %	Principal activities
Direct subsidiaries					
Nirvana Asia Sdn. Bhd. (formerly known as NV Multi Asia Sdn. Bhd.)	Malaysia	RM1,000,000	100	100	Investment holding
Essential Scope Sdn. Bhd.	Malaysia	RM3	100	100	Management services
Indirect subsidiaries					
Asia Premier Propartners Sdn. Bhd.*	Malaysia@	RM2	100	100	Inactive
Blissful Memorial Park Berhad*	Malaysia	RM1,000,000	100	80	Development of cemeteries, and construction and sales of tombs
Blissful Memorial Park (SP) Berhad*	Malaysia	RM1,068,000	100	80	Development of cemeteries, and construction and sales of tombs
Blissful World Sdn. Bhd.*	Malaysia	RM100	100	80	Investment holding
Century Precepts Sdn. Bhd.*	Malaysia@	RM2	100	—	Inactive
Classic Cottage Sdn. Bhd.*	Malaysia	RM2	100	100	Investment holding
Combo Acres Sdn. Bhd.*	Malaysia	RM3	100	100	Development of funeral parlors and complexes

19. INVESTMENT IN SUBSIDIARIES (Continued)

Name of company	Place of incorporation and operation	Issued and fully paid-up share capital	Proportion of nominal value of the issued share capital and voting power held by the Company 2014 %	2013 %	Principal activities
Eagle Heritage Limited*	British Virgin Islands	USD1	100	—	Investment holding
Genting Jelas Sdn. Bhd.*	Malaysia@	RM300,000	—	100	Inactive
Harvest China Holdings Limited* 加茂集團有限公司	Hong Kong	HKD30,000	95	95	Investment in real and personal property
Mount Prajna Limited*[1]	Singapore	N/A	—	—	Own and operate a columbarium and sales of niches and related services
Nirvana Bishan Pte Ltd*	Singapore@	Singapore Dollar ("SGD") 2	100	100	Inactive
Nirvana China Sdn. Bhd.*	Malaysia@	RM2	100	100	Inactive
Nir-Warna Development Sdn. Bhd.	Malaysia	RM5,000,000	100	100	Earthworks, construction and sales of tombs
Nirvana Holdings Berhad*	Malaysia	RM1,000,000	100	100	Provision of management services of cemeteries
Nirvana Memorial Garden Pte. Ltd.*	Singapore	SGD1,000,000	100	70	Marketing agent of bereavement products and services
Nirvana Memorial Park (Klang) Sdn. Bhd.*	Malaysia	RM2	100	100	Inactive

19. INVESTMENT IN SUBSIDIARIES (Continued)

Name of company	Place of incorporation and operation	Issued and fully paid-up share capital	Proportion of nominal value of the issued share capital and voting power held by the Company 2014 %	2013 %	Principal activities
Nirvana Memorial Park (Kulai) Sdn. Bhd.	Malaysia	RM2	100	100	Development of cemeteries, and construction and sales of tombs
Nirvana Memorial Park (Sabah) Sdn. Bhd.	Malaysia	RM2	100	100	Development of cemeteries, construction and sales of tombs, and sales of funeral service packages
Nirvana Memorial Park Sdn. Bhd.	Malaysia	RM350,000	100	100	Development of cemeteries, and construction and sales of tombs
Nirvana Memorial Park (Penang) Sdn. Bhd.	Malaysia	RM2	100	100	Development and construction of cemeteries and funeral complex, and sales of funeral service packages
Nirvana Memorial Park (Segamat) Sdn. Bhd.	Malaysia	RM2	100	100	Development of cemeteries, and construction and sales of tombs
Nirvana Memorial Park (Shah Alam) Sdn. Bhd.	Malaysia	RM2	100	100	Development of cemeteries, and construction and sales of tombs

19. INVESTMENT IN SUBSIDIARIES (Continued)

Name of company	Place of incorporation and operation	Issued and fully paid-up share capital	Proportion of nominal value of the issued share capital and voting power held by the Company 2014 %	2013 %	Principal activities
Nirvana Memorial Park (Sibu) Sdn. Bhd.	Malaysia	RM3	100	100	Development of cemeteries, construction and sales of tombs and sales of funeral service packages
Nirvana Memorial Park (Templer) Sdn. Bhd.*	Malaysia@	RM2	100	100	Inactive
Nirvana Memorial Park (Tiram) Sdn. Bhd.	Malaysia	RM100,000	77.5	70	Development of cemeteries, and construction and sales of tombs
Nirvana Memorial Garden Co., Limited*[2]	Thailand	Class A shares of Thai Baht ("THB") 2,000,000 Class B preference shares of THB1,950,000	49.37	—	Investment holding
Nirvana Memorial Park Co. Ltd*[2]	Thailand	Class A shares of THB4,000,000 Class B shares of THB2,100,000 Class C shares of THB3,900,000	58.03	39	Sales and development of cemetery, and construction and sale of tombs
Nirvana North Sdn. Bhd.*	Malaysia	RM2	100	100	Investment holding
Nirvana Thailand Sdn. Bhd.*	Malaysia	RM2	100	100	Investment holding

19. INVESTMENT IN SUBSIDIARIES (Continued)

Name of company	Place of incorporation and operation	Issued and fully paid-up share capital	Proportion of nominal value of the issued share capital and voting power held by the Company 2014 %	2013 %	Principal activities
NV Alliance Sdn. Bhd.	Malaysia	RM350,000	100	100	Marketing agent of burial plots, niches, pre-need funeral packages and sales of goods
NV Care (Penang) Sdn. Bhd.*	Malaysia	RM100	100	80	Investment holding
NV Care Sdn. Bhd.	Malaysia	RM5,000,000	100	100	Sales of funeral packages
NV International (L) Limited *	Labuan	USD500,001	100	100	Investment holding
NV Jakarta Memorial Sdn. Bhd.*	Malaysia@	RM280,000	100	100	Inactive
NV Multi (Beijing) Sdn. Bhd.*	Malaysia	RM2	100	100	Development of cemeteries
NV Multi Capital Sdn. Bhd. *	Malaysia	RM100,000	80	80	Investment holding
NV Multi Corporation Berhad *	Malaysia	RM1,151,103	100	100	Investment holding
NV Multi Corporation (Hong Kong) Limited * 富貴集團(香港)有限公司	Hong Kong	HKD100,002	100	100	Investment holding
NV Multi Corporation (Singapore) Pte. Ltd. *	Singapore	SGD500,000	100	100	Investment holding
NV Propartners Sdn. Bhd.	Malaysia	RM2	100	100	Provision of management services
Perpetual Kulai Garden Sdn. Bhd.[4]	Malaysia@	RM2	100	100	Inactive
Pinang Sepadan Sdn. Bhd.*	Malaysia	RM2	100	100	Investment holding

19. INVESTMENT IN SUBSIDIARIES (Continued)

Name of company	Place of incorporation and operation	Issued and fully paid-up share capital	Proportion of nominal value of the issued share capital and voting power held by the Company 2014 %	2013 %	Principal activities
PJMC Sdn. Bhd.*	Malaysia@	RM100,000	100	100	Inactive
PT Alam Hijau Lestari*	Indonesia	Indonesia Rupiah ("IRD") 5,000,000	51	51	Development of cemeteries, and construction and sales of tombs
Puritrans Sdn. Bhd.*	Malaysia	RM2	100	100	Investment holding
Rantau Delima Sdn. Bhd.*	Malaysia	RM250,000	—	100	Property development
RHB Trustees Berhad (Account Nirvana Memorial Park Trust)*	Malaysia	N/A	100	100	Manage trust fund[5] for future maintenance services of Nirvana Memorial Park — Semenyih
RHB Trustees Berhad (Account Nirvana Memorial Park (Kulai-Johor) Trust)*	Malaysia	N/A	100	100	Manage trust fund[5] for future maintenance services of Nirvana Memorial Park Kulai — Johor
RHB Trustees Berhad (Account Nirvana Memorial Park (Sabah) Trust)*	Malaysia	N/A	100	100	Manage trust fund[5] for future maintenance services of Nirvana Memorial Park — Sabah

19. INVESTMENT IN SUBSIDIARIES (Continued)

Name of company	Place of incorporation and operation	Issued and fully paid-up share capital	Proportion of nominal value of the issued share capital and voting power held by the Company 2014 %	2013 %	Principal activities
RHB Trustees Berhad (Account Nirvana Memorial Park (Segamat) Trust)*	Malaysia	N/A	100	100	Manage trust fund[5] for future maintenance services of Nirvana Memorial Park — Segamat
RHB Trustees Berhad (Account Nirvana Memorial Park (Shah Alam) Sdn. Bhd. Trust)*	Malaysia	N/A	100	100	Manage trust fund[5] for future maintenance services of Nirvana Memorial Park — Shah Alam
RHB Trustees Berhad (Account Nirvana Memorial Park (Sibu) Trust)*	Malaysia	N/A	100	100	Manage trust fund[5] for future maintenance services of Nirvana Memorial Park — Sibu
RHB Trustees Berhad (Account Nirvana Memorial Park (Tiram) Sdn. Bhd. Trust)*	Malaysia	N/A	100	100	Manage trust fund[5] for future maintenance services of Nirvana Memorial Park — Tiram
RHB Trustees Berhad (Account Blissful Memorial Park Berhad Trust)*	Malaysia	N/A	100	—	Manage trust fund[5] for future maintenance services of Blissful Memorial Park Berhad

19. INVESTMENT IN SUBSIDIARIES (Continued)

Name of company	Place of incorporation and operation	Issued and fully paid-up share capital	Proportion of nominal value of the issued share capital and voting power held by the Company 2014 %	2013 %	Principal activities
RHB Trustees Berhad (Account Blissful Memorial Park (SP) Berhad Trust)*	Malaysia	N/A	100	—	Manage trust fund[5] for future maintenance services of Blissful Memorial Park (SP) Berhad
RHB Trustees Berhad (Account NV Care Trust)*	Malaysia	N/A	100	100	Manage trust fund for pre-need funeral services package of NV Care Sdn. Bhd.
Rockwills Trustee Ltd. Nirvana Memorial Garden Trust*	Singapore	N/A	100	100	Manage trust fund[5] for future maintenance services of Nirvana Memorial Garden Pte Ltd
Yayasan Lestari Memorial Park*	Indonesia	N/A	100	—	Manage trust fund[5] for future maintenance services of PT Alam Hijau Lestari

* Audited by other firms of auditors

@ As the company is inactive, therefore place of operation is not applicable

19. INVESTMENT IN SUBSIDIARIES (Continued)

Notes:

(1) Mount Prajna Limited ("MPL") was incorporated in Singapore as a company limited by guarantee with no share capital. The liabilities of the members of MPL are limited to SGD10 each as stated in its Memorandum of Association in the event of its winding up. The Group has 100% voting rights in the members' meeting of MPL after the acquisition of the remaining 30% equity interest in Nirvana Memorial Garden Pte. Ltd. ("NMG Singapore") in September 2014, has the ability to appoint all of its representative on the board of MPL and can control the relevant activities of MPL. Accordingly, MPL is accounted for as a wholly owned subsidiary of the Group.

(2) Nirvana Memorial Garden Co., Ltd. ("NMG Thailand") was acquired in January 2014 on the subscription of 19,500 class B shares of THB100 each by the Group representing 49.37% of its nominal equity interest; however, as the sole holder of the class B preference shares, the Group is entitled to 90% of the dividends, 90.7% of the voting power, and the rights to nominate all directors for appointment to the board of NMG Thailand. Accordingly, the Group is able to exercise power over the relevant activities of NMG Thailand and NMG Thailand is regarded as a subsidiary of the Group. Details are set out in note 39 (i).

(3) The Group subscribed 39,000 class C shares in Nirvana Memorial Park Co., Ltd ("NMP Thailand") in December 2013 representing 39% of its voting power and equity interest and was accounted for as an associate of the Group as at December 31, 2013. In January 2014, NMP Thailand became a subsidiary of the Group when the Group obtained its controlling interests through acquisition of NMG Thailand, resulting in the Group having an effective equity interest and holding power of around 58% in NMP Thailand and the rights to appoint a majority member on its board. Details are set out in note 39 (i).

(4) The company has been under liquidation since May 2012 but has been withdrawn from the liquidation status by November 21, 2014.

(5) The Group sets up a trust fund for each of its cemeteries in relation to treasury management for its maintenance service contracts and a trust fund in relation to treasury management for its pre-need funeral service contracts. Pursuant to trust deeds executed between the Group and the respective trustees, the Group is required to provide 100% fundings to each of the trust funds, and each of the trust funds is managed by a management committee consisting of five members of which two shall be nominated by the trustees while the remaining three including the chairman shall be nominated by the Group. The Group has the majority votes of the management committee and hence can direct all the relevant activities of, and is exposed to variable returns in, each of the trust funds. Therefore, the trust funds are considered as subsidiaries of the Group.

20. INVESTMENT IN AN ASSOCIATE

Cost of unlisted investment in an associate:

	2014 USD'000	2013 USD'000
Cost of unlisted investment in an associate	—	129
Share of post-acquisition losses and other comprehensive expenses	—	(1)
Exchange adjustments	—	(5)
At end of year	—	123

20. INVESTMENT IN AN ASSOCIATE (Continued)

Details of the Group's associate as of December 31, 2013 are as follows:

Name of company	Form of entity	Place of incorporation and operation	Class of capital	Proportion of nominal value of the issued share capital and voting power held by the Group 2014 %	2013 %	Principal activities
NMP Thailand	Limited liability company	Thailand	Class C	Note	39	Sales and development of cemetery and construction and sale of tombs

Note : On December 13, 2013, the Group subscribed 39,000 "Class C" ordinary shares in NMP Thailand for a consideration of THB3,900,000 equivalent to approximately USD122,000, which represented 39% of the voting power in NMP Thailand. NMP Thailand was then in the process of acquiring a parcel of land in Thailand for the development of a cemetery and had not commenced its business.

On January 3, 2014, NMP Thailand became a subsidiary of the Group when the Group obtained its controlling interests through acquisition of NMG Thailand and details are set out in note 39(i).

Summarised financial information of the associate is set out below and represents accounts shown in the associate's financial statements prepared in accordance with IFRS.

The associate was accounted for using the equity method in the consolidated financial statements.

	2014 USD'000	2013 USD'000
Current assets	—	41
Non-current assets	—	3,086
Current liabilities	—	(9)
Non-current liabilities	—	(2,790)
Net assets	—	328

20. INVESTMENT IN AN ASSOCIATE (Continued)

Note : (Continued)

	2014 USD'000	2013 USD'000
Revenue for the year	—	—
Loss for the year	—	(3)
Other comprehensive expenses for the year	—	—
Total comprehensive expenses for the year	—	(3)
Group share of total comprehensive loss for the year	—	(1)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements is set out as follows:

	2014 USD'000	2013 USD'000
Net assets of NMP Thailand	—	328
Interest in NMP Thailand	—	39%
Proportion of the Group's ownership interest	—	128
Exchange adjustments	—	(5)
Carrying amount of the Group's interest	—	123

21. AVAILABLE-FOR-SALE INVESTMENTS

	2014 USD'000	2013 USD'000
Available-for-sale investments, stated at fair value, comprise:		
Listed equity investments:		
Equity securities listed in Malaysia	**7,326**	7,882
Equity securities listed in Hong Kong	**3,188**	2,628
Equity securities listed in other jurisdictions (including Singapore and Indonesia)	**1,913**	2,464
Unlisted debt investments:		
Debentures in Malaysia	**597**	644
Debentures in Singapore	**1,289**	568
Unit trust funds in Malaysia	**15,429**	9,657
At end of year	**29,742**	23,843
Analysed as:		
Current assets	**15,429**	9,657
Non-current assets	**14,313**	14,186
	29,742	23,843

The unlisted debentures carry interest at fixed rates ranging from 5.13% to 5.3% and 5.13% to 5.3% per annum as at December 31, 2014 and 2013 respectively. The original maturity of these unlisted debentures ranges from 10 years to perpetual and these unlisted debentures will mature one year after the end of the reporting period.

22. DEFERRED ACQUISITION COST

	2014 USD'000	2013 USD'000
At beginning of year	**23,312**	19,498
Additions during the year	**15,716**	12,322
Charged to profit or loss (included in selling and distribution expenses)	**(11,466)**	(6,887)
Eliminated on disposal of subsidiaries (note 40)	**—**	(124)
Exchange adjustments	**(1,745)**	(1,497)
At end of year	**25,817**	23,312
Analysed as:		
Current assets	**7,935**	6,907
Non-current assets	**17,882**	16,405
	25,817	23,312

Deferred acquisition cost includes direct costs incurred to acquire the sales, primarily commissions and are charged to expense when the funeral services are performed or sales of products are recognised as income.

23. TRADE AND OTHER RECEIVABLES

	2014 USD'000	2013 USD'000
Trade receivables	**72,524**	47,906
Less: Allowance for doubtful debts	**(884)**	(920)
	71,640	46,986
Advances made to an associate (note 45)	**—**	1,838
Other receivables	**1,232**	2,857
Less: Allowance for doubtful debts	**(112)**	(124)
	1,120	4,571

23. TRADE AND OTHER RECEIVABLES (Continued)

	2014 USD'000	2013 USD'000
Deposits for acquisition of land for future cemetery development	**8,261**	3,103
Deposits for acquisition of a subsidiary (note 42)	**—**	496
Other deposits	**2,919**	517
Prepaid expenses	**3,514**	3,579
	87,454	59,252
Analysed as:		
Current assets	**48,007**	34,336
Non-current assets	**39,447**	24,916
	87,454	59,252

Trade receivables primarily comprise amounts receivable from the sale of pre-need cemetery merchandise, including burial plots, niches and tomb. It also includes receivables on rendering marketing agency services.

For sales of as-need cemetery merchandise, funeral services and other related services, customers are required to pay at the point of transactions.

For sales of pre-need funeral services, the Group generally allows the customers to settle the contract sum over a 2 to 48 months interest-free-period. The Group does not recognise revenue until the relevant services are performed, which typically take place after the entire sales price is received.

For sale of pre-need cemetery merchandise and marketing agency services, the Group generally allows the customers to settle the contract sum over a 2 to 48 months interest-free period. The instalment receivables are discounted at an effective interest rate of 8.5% and 8.5% per annum as at December 31, 2014 and 2013 respectively.

Billings are due immediately upon issuance except for instalment receivables which are due in accordance with agreed repayment plan.

23. TRADE AND OTHER RECEIVABLES (Continued)

The following is an aged analysis of trade receivables (before allowance) presented based on the invoice dates at the end of the reporting period:

	2014 USD'000	2013 USD'000
Instalment receivables not yet due	**69,610**	45,418
1–30 days	**907**	449
31–60 days	**555**	260
61–90 days	**350**	410
91–120 days	**23**	55
121 days and above	**1,079**	1,314
	72,524	47,906

Ageing of trade receivables, net which are past due but not impaired

	2014 USD'000	2013 USD'000
Pass due for:		
1–30 days	**907**	449
31–60 days	**555**	260
61–90 days	**350**	410
91–120 days	**23**	55
121 days and above	**195**	394
	2,030	1,568

Trade receivables disclosed above include amounts that are past due at the end of the reporting period but not impaired which the Group has not recognised an allowance for doubtful debts as there has not been a significant change in the credit quality of the receivable from the date credit was initially granted up to the end of the reporting period and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date that credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

The Group has provided fully for receivable that specifically considered to be unrecoverable.

23. TRADE AND OTHER RECEIVABLES (Continued)

Movement in allowance for doubtful debts

	2014 USD'000	2013 USD'000
Trade receivables:		
At beginning of year	920	822
Impairment losses recognised on trade receivables	510	572
Impairment losses reversed	(491)	(413)
Exchange adjustments	(55)	(61)
Balance at end of year	884	920
Other receivables:		
At beginning of year	124	183
Impairment losses recognised on other receivables	4	—
Impairment losses reversed	(9)	—
Amounts written off as uncollectible	—	(48)
Exchange adjustments	(7)	(11)
Balance at end of year	112	124

Included in the allowance for doubtful debts as at December 31, 2014 and 2013 are individually fully impaired trade receivables with an aggregate balance of USD884,000 and USD920,000 respectively, and other receivables with an aggregate balance of USD112,000 and USD124,000 respectively, with reference to the historical experience of these receivables, the collection of these receivables may not be probable. The Group does not hold any collateral over these balances.

24. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2014 USD'000	2013 USD'000
Deferred tax assets	**10,492**	9,142
Deferred tax liabilities	**(6,589)**	(5,664)
	3,903	3,478

The following are the major deferred tax liabilities and assets recognised and movements thereon during the reporting period:

	Property, plant and equipment USD'000	**Pre-need contracts under instalment arrangement** USD'000	**Inventories** USD'000	**Unused tax losses** USD'000	**Payables** USD'000	**Other financial assets** USD'000	**Fair value adjustments** USD'000 Note	**Total** USD'000
At January 1, 2013	(733)	5,123	164	1,390	—	—	(886)	5,058
Effect of change in tax rate	—	(167)	—	—	—	—	—	(167)
Credit/(Charge) to profit or loss for the year	84	(800)	—	(132)	—	—	147	(701)
Acquisition of a subsidiary (note 39)	(8)	—	—	—	—	—	(466)	(474)
Disposal of a subsidiary (note 40)	52	(43)	—	—	—	—	—	9
Exchange differences	43	(301)	(12)	(47)	—	—	70	(247)
At December 31, 2013	(562)	3,812	152	1,211	—	—	(1,135)	3,478
Credit/(Charge) to profit or loss for the year	(26)	55	64	63	675	(310)	142	663
Exchange differences	37	(245)	(13)	(56)	(44)	20	63	(238)
At December 31, 2014	(551)	3,622	203	1,218	631	(290)	(930)	3,903

Note: Fair value adjustments mainly refer to the surplus on valuation of inventories upon acquisition of business of NV Multi Corporation Berhad ("NVMC") in 2010 and the surplus on valuation of development right and inventories upon acquisition of Blissful Memorial Park Berhad and Blissful Memorial Park (SP) Berhad in 2013.

24. DEFERRED TAXATION (Continued)

The Group has unused tax losses of approximately USD7,078,000 and USD8,621,000 as at December 31, 2014 and 2013, respectively, available for offsetting against future profits. The amount of unused tax losses is subject to agreement by the tax authorities.

As at December 31, 2013, no deferred tax asset has been recognised on the tax losses of USD3,777,000 due to the unpredictability of future profit streams.

As at December 31, 2014 and 2013, the aggregate amount of temporary differences associated with undistributed earnings of a subsidiary in Indonesia for which deferred tax liabilities have not been recognised was USD7,863,000, and USD7,079,000, respectively. No liability has been recognised in respect of these temporary differences as the management of the parent company has determined that those earnings will not be distributed in the near future.

25. INVENTORIES

	2014 USD'000	2013 USD'000
Land and development expenditure for cemetery properties		
— under development	**33,102**	30,403
— completed development	**70,331**	67,512
Tomb work in progress	**8,226**	3,541
Others	**1,916**	2,030
	113,575	103,486

During the year ended December 31, 2014, interest charged by non-controlling interest amounting to USD98,131 has been capitalised as part of the cost of development expenditure for cemetery properties — under development.

26. FINANCIAL ASSETS AT FVTPL

	2014 USD'000	2013 USD'000
Financial assets at FVTPL include:		
Unit trust funds in Malaysia	**29,730**	15,160

The investment is designated as at FVTPL on initial recognition.

27. OTHER FINANCIAL ASSETS AND LIABILITIES

	2014 USD'000	2013 USD'000
Earn-out arrangement (a)	2,661	89
Call option (b)	—	132
Put option liabilities (c)	—	(1,894)
	2,661	(1,673)
Analysed as:		
Current assets	2,661	221
Non-current liabilities	—	(1,894)
	2,661	(1,673)

(a) Earn-out arrangement

Pursuant to a construction agreement entered into by the Group in June 2011, the Group was engaged to design and build a columbarium complex in Malaysia and the agreement contained an earn-out provision pursuant to which the construction consideration is contingent and determined based on a fixed rate per unit of niche sold.

The earn-out arrangement is classified as a derivative financial instrument and the fair value of the earn-out arrangement is determined by the use of discounted cash flow method that captures the present value of the expected future economic benefits that will flow to the Group arising from the contingent consideration at an appropriate discount rate. The above amounts include the Group's work in progress, net of the portion of proceeds from the sales or pre-sale of the columbarium complex collected by the Group as at the reporting date, as well as the earn out derivative.

(b) Call option

Pursuant to the share sales agreement entered by Nirvana North Sdn. Bhd. ("NNSB") in 2013 ("BWSB Agreement"), NNSB was granted a call option at a payment of RM10 to the vendor to acquire the remaining 20% equity interest in BWSB (the "Call Option") in which the Call Option is exercisable at any time during the first 24 months from the completion date of BWSB acquisition ("Completion Date"). BWSB acquisition was completed on August 31, 2013.

If the Call Option is exercised at any time within the first year from the Completion Date, the consideration to be paid by NNSB shall be the sum of approximately USD1,832,000, equivalent to approximately RM6,000,000 together with interest to be computed on a daily basis at the rate of 10% per annum from the Completion Date until the date of actual payment of consideration.

If the Call Option is exercised at any time within the second year from the Completion Date, the consideration to be paid by NNSB shall be the sum of approximately USD2,015,000, equivalent to approximately RM6,600,000 together with interest to be computed on a daily basis at the rate of 10% per annum from the first anniversary of the Completion Date until the date of actual payment of consideration.

27. OTHER FINANCIAL ASSETS AND LIABILITIES (Continued)

(b) Call option (Continued)

On March 15, 2014, NNSB exercised the Call Option with carrying amount of approximately USD157,000, equivalent to approximately RM513,000, immediately before the exercise of the Call Option, and acquired the remaining 20% of the equity interest in BWSB for a cash consideration of approximately USD1,951,000, equivalent to approximately RM6,368,000. The net difference of approximately USD157,000, equivalent to approximately RM513,000, between the consideration paid to non-controlling interest and the fair value of Call Option and Put Option (defined below) at the date of derecognition has been debited to equity.

The Binomial Model has been used to estimate the fair value of the Call Option and the key inputs used are as follows:

	15.03.2014	31.12.2013
Exercise price	Approximately USD1,832,000, equivalent to approximately RM6,000,000 plus 10% interest per annum on a daily basis for the 1st to 24 months	
Underlying asset value	**USD1,966,000**	USD1,825,000
Expected volatility	**23.75%**	23.19%
Expected life	**1.42 years**	1.67 years
Risk-free rate	**3.10%**	3.13%
Expected dividend yield	**0%**	0%
Financial assets with fair value in USD	**157,000**	132,000

The fair values of the Call Option are estimated by Asset Appraisal Limited, a firm of independent qualified valuer not connected to the Group. The professional valuer from Asset Appraisal Limited is a member of the Hong Kong Institute of Surveyors Business Valuation Forum. The address of Asset Appraisal Limited is Room 901, 9/F, On Hong Commercial Building, 145 Hennessy Road, Wanchai, Hong Kong.

(c) Put option

Pursuant to the BWSB Agreement, the seller was granted a put option at a payment of RM10 to NNSB to sell the remaining 20% equity interest in BWSB (the "Put Option") in which the Put Option is exercisable at any time from the first date of the third year to the last date of the fourth year from the Completion Date.

If the Put Option is exercised at any time within the third year from the Completion Date, the consideration to be paid by NNSB shall be the sum of approximately USD2,216,000, equivalent to approximately RM7,260,000 together with interest to be computed on a daily basis at the rate of 10% per annum from the second anniversary of the Completion Date until the date of actual payment of consideration.

If the Put Option is exercised at any time within the forth year from the Completion Date, the consideration to be paid by NNSB shall be the sum of approximately USD2,438,000, equivalent to approximately RM7,986,000 together with interest to be computed on a daily basis at the rate of 10% per annum from the third anniversary of the Completion Date until the date of actual payment of consideration.

27. OTHER FINANCIAL ASSETS AND LIABILITIES (Continued)

(c) Put option (Continued)

At initial recognition, the obligation arising from the Put Option to the Seller represents the present value of the obligation to deliver the share redemption amount at a discount rate of 10%, and amounted to approximately USD1,832,000 (equivalent to RM6,000,000). This amount has been recognised as a liability measured at amortised cost in the consolidated statement of financial position.

The carrying value of the liability as at December 31, 2013 approximated USD1,894,000 (equivalent to RM6,204,000) was determined based on discounted cash flow method.

28. BANK BALANCES AND CASH AND CASH EQUIVALENTS

	2014 USD'000	2013 USD'000
Short-term deposits with banks (note i)		
— Pledged	**86**	92
— Unpledged	**247,470**	12,587
Cash on hand and at banks (note ii)	**24,064**	13,879
	271,620	26,558
Deposits with maturity over three months with banks (note iii)	**(201,515)**	(2,146)
Restricted cash with banks (note iv)	**—**	(9)
Restricted funds (note v)	**(8,907)**	(5,719)
Cash and cash equivalents	**61,198**	18,684

Notes:

i The short-term deposits with banks carry interest at market rates which range from 0.05% to 10.00% and 0.05% to 9.25% per annum as at December 31, 2014 and 2013, respectively. Certain of the deposits are pledged to secure bank guarantee facility granted to a subsidiary.

ii The Group's bank balances carry interest at market rates which range from 0.58% to 1.25% per annum as at December 31, 2014 and 2013.

iii The deposits with maturity over three months with banks carry interest at market rates which range from 0.62% to 10.0% and 3.1% to 9.5% per annum, respectively and represent deposits with original maturity dates of 90 days to 365 days from inception. The whole amount is included in unpledged short-term deposits with licensed banks in note i above.

iv The restricted cash with banks represents the Debt Service Reserve Account ("DSRA") pledged to secure the credit facilities granted as disclosed in note 36 and is non-interest bearing. The entire amount is included in unpledged short-term deposits with banks in note i above.

v The restricted funds of the Group represents amounts segregated and held under trust accounts pursuant to the trust deeds to service the costs for fulfilling the Group's obligations under the pre-need funeral service contracts and maintenance service contracts and are not utilised for the Group's other cash and treasury management activities. Details of the trust arrangements are set out in note 46(a). The entire amount is included in unpledged short-term deposits with banks in note i above.

29. SHARE CAPITAL

	Ordinary shares		Class A shares		Class B shares		Total	
	Number of shares '000	Amount USD'000	Number of shares '000	Amount USD'000	Number of shares '000	Amount USD'000	Number of shares '000	Amount USD'000
Authorised:								
Shares of USD1 each at January 1, 2013	50	50	—	—	—	—	50	50
Redesigned and reclassification to class A and class B shares during the year (note a)	(20)	(20)	13	13	7	7	—	—
Shares of USD1 each at December 31, 2013	30	30	13	13	7	7	50	50
Increase of authorised share capital (note c)	318	318	142	142	70	70	530	530
Sub-division of 1 existing share of USD1 each to 100 shares of USD0.01 each (note c)	34,452	—	15,389	—	7,579	—	57,420	—
Conversion of class A and class B shares (note 30)	23,200	232	(15,544)	(155)	(7,656)	(77)	—	—
Increase of authorised share capital (note d)	3,942,000	39,420	—	—	—	—	3,942,000	39,420
Shares of USD0.01 each at December 31, 2014	4,000,000	40,000	—	—	—	—	4,000,000	40,000
Issued and fully paid:								
Shares of USD1 each at January 1, 2013	*	*	—	—	—	—	*	*
Allotment of shares (note b)	1	1	@	@	^	^	1	1
Shares of USD1 each at December 31, 2013	1	1	@	@	^	^	1	1
Sub-division of 1 existing share of USD1 each to 100 shares of USD0.01 each (note c)	59	—	27	—	13	—	99	—
Bonus issues of 499 shares for each existing share held (note c)	29,940	299	13,373	134	6,587	66	49,900	499
Exercised of warrants (note 30)	—	—	1,806	18	889	9	2,695	27
Conversion of class A and class B shares (note 30)	22,695	227	(15,206)	(152)	(7,489)	(75)	—	—
Issue of shares by capitalisation of share premium account	1,971,401	19,714	—	—	—	—	1,971,401	19,714
Issue of shares at premium through initial public offerings	674,699	6,747	—	—	—	—	674,699	6,747
	2,698,795	26,988	—	—	—	—	2,698,795	26,988

* represent 10 and USD10, respectively

@ represent 268 and USD268, respectively

^ represent 132 and USD132, respectively

29. SHARE CAPITAL (Continued)

a. On October 23, 2013, the Company redesignated and reclassified 20,000 authorised ordinary shares of USD1 each from its authorised share capital into 13,400 class A authorised shares of USD1 each and 6,600 class B authorised shares of USD1 each.

   The details of the terms of class A and class B shares are set out in Note 29 of Appendix I to the Company's prospectus dated December 4, 2014 (the "Prospectus").

b. On October 23, 2013, the Company issued and allotted a total of 990 shares, representing 590 ordinary shares of USD1 each, 268 class A shares of USD1 each and 132 class B shares of USD1 each in the Company at par. 590 ordinary shares of USD1 each was allotted to Rightitan Sdn Bhd. while 268 class A shares of USD1 each and 132 class B shares of USD1 each were allocated to OA-Nirvana Investment Limited ("OA-Nirvana") and Transpacific Ventures Limited ("TVL"), respectively, which were then controlled by Dermot Limited, an entity controlled by Rightitan Sdn. Bhd. before each of them were subsequently transferred to two independent third parties on October 25, 2013 and January 13, 2014, respectively.

c. Pursuant to written resolutions of the members and the Directors of the Company dated June 30, 2014, the following share capital changes were effected:

   i. The authorised share capital of the Company was increased from USD50,000, represented by 30,000 ordinary shares of USD1 each, 13,400 class A shares of USD1 each and 6,600 class B shares of USD1 each, to USD580,000, represented by 348,000 ordinary shares of USD1 each, 155,440 class A shares of USD1 each and 76,560 class B shares of USD1 each;

   ii. Upon the increase of authorised share capital of the Company from USD50,000 to USD580,000 as stated in (i) above, the authorised and issued share capital of the Company was sub-divided from 348,000 ordinary shares of USD1 each, 155,440 class A shares of USD1 each and 76,560 class B shares of USD1 each to 34,800,000 ordinary shares of USD0.01 each, 15,544,000 class A shares of USD0.01 each and 7,656,000 class B shares of USD0.01 each; and

   iii. Following the sub-division of authorised share capital of the Company in (ii) above, there were bonus issues of 499 ordinary shares of USD0.01 each for each existing ordinary share of USD0.01 each held, 499 class A shares of USD0.01 each for each existing class A share of USD0.01 each held, and 499 class B shares of USD0.01 each for each existing class B share of USD0.01 each held.

d. Pursuant to written resolutions of the members and the Directors of the Company dated November 24, 2014, the authorised share capital of the Company was increased from USD580,000, represented by 58,000,000 ordinary shares of USD0.01 each to USD4,000,000, represented by 4,000,000,000 ordinary shares of USD0.01 each.

On December 16, 2014, an additional 1,971,401,065 shares were allotted and issued, credited as fully paid at par value, by way of capitalisation of share premium.

On December 17, 2014, the Company issued a total of 674,699,000 new ordinary shares of USD0.01 each at the price of HKD3.00 per share by means of initial public offering.

All the new ordinary shares issued during the reporting year rank pari passu in all respects with then existing ordinary shares of the Company.

30. WARRANTS

On October 25, 2013, in conjunction with the completion of acquisition of the entire equity interest in OA-Nirvana, the holder of class A shares in the Company, by an independent third party from Dermot Limited, the Company issued 36 class A warrants to OA-Nirvana pursuant to which OA-Nirvana is entitled to convert the class A warrants into class A shares of the Company on a one-to-one basis for an aggregate subscription price of USD13,646,476 ("Class A Warrant(s)").

On January 13, 2014, the Company issued 18 class B warrants to TVL, the holder of class B shares in the Company, upon the completion of acquisition of the entire equity interest in TVL by another independent third party from Dermot Limited. The warrants are convertible into class B shares in the Company on a one-to-one basis for at an aggregate subscription price of USD6,721,399 ("Class B Warrant(s)").

As these warrants are issued at nil consideration to its shareholders, the fair value of the Class A Warrants and Class B Warrants of approximately USD2,731,000 and USD1,003,000, respectively, are accounted for as deemed distributions to shareholders on the date of issuance.

The key terms related to Class A Warrants and Class B Warrants and valuation details of warrants at date of issuance are set out in Note 30 of Appendix I to the Prospectus.

No warrants were exercised during the year ended December 31, 2013.

Following the bonus share issuance of the Company on June 30, 2014, an additional 1,805,570 Class A Warrants and 889,311 Class B Warrants were granted by the Company to OA-Nirvana and TVL, respectively, pursuant to their anti-dilution rights under the respective purchaser warrant instruments.

On July 18, 2014, OA-Nirvana and TVL each exercised all of their respective Class A Warrants and Class B Warrants for consideration of USD13,646,476 and USD6,721,399, respectively, in exchange for 1,805,606 class A shares and 889,329 class B shares, respectively. As a result, OA-Nirvana and TVL then held 15,205,606 class A shares and 7,489,329 class B shares, respectively.

On September 8, 2014, OA-Nirvana and TVL each converted all of their respective 15,205,606 class A shares and 7,489,329 class B shares into ordinary shares of the Company on a one-to-one basis. The class A shares and class B shares were cancelled upon conversion into ordinary shares of the Company.

All the warrants were exercised during the year ended December 31, 2014.

31. RESERVES

	Capital reserve USD'000	Investment revaluation reserve USD'000	Warrant reserve USD'000	Share-based payments reserve USD'000	Translation reserve USD'000	Retained earnings USD'000	Total USD'000
As of January 1, 2013	276	(1,582)	—	—	67	26,815	25,576
Profit for the year	—	—	—	—	—	35,289	35,289
Other comprehensive (expense)/income	—	388	—	—	(2,990)	—	(2,602)
Total comprehensive (expense)/ income for the year	—	388	—	—	(2,990)	35,289	32,687
Dividend recognised as distributions	—	—	—	—	—	(9,806)	(9,806)
Effect of share-based payments	—	—	—	1,342	—	—	1,342
Deemed distribution to equity holders	—	—	2,731	—	—	(2,731)	—
As of December 31, 2013	276	(1,194)	2,731	1,342	(2,923)	49,567	49,799

	Share premium USD'000	Capital reserve USD'000	Investment revaluation reserve USD'000	Warrant reserve USD'000	Share-based payments reserve USD'000	Other reserve USD'000	Translation reserve USD'000	Retained earnings USD'000	Total USD'000
As of January 1, 2014	—	276	(1,194)	2,731	1,342	—	(2,923)	49,567	49,799
Profit for the year	—	—	—	—	—	—	—	35,764	35,764
Other comprehensive expense	—	—	(245)	—	—	—	(4,609)	—	(4,854)
Total comprehensive (expenses)/ income for the year	—	—	(245)	—	—	—	(4,609)	35,764	30,910
Dividend recognised as distributions	—	—	—	—	—	—	—	(19,296)	(19,296)
Acquisition of additional interest in existing subsidiaries	—	—	—	—	—	(18,594)	—	—	(18,594)
Bonus issue of shares	—	—	—	—	—	—	—	(499)	(499)
Effect of share-based payments	—	—	—	—	3,278	—	—	—	3,278
Deemed distribution to equity holders	—	—	—	1,003	—	—	—	(1,003)	—
Exercised of warrants	24,075	—	—	(3,734)	—	—	—	—	20,341
Issue of shares by capitalisation of share premium	(19,714)	—	—	—	—	—	—	—	(19,714)
Issue of shares at premium through initial public offerings	254,293	—	—	—	—	—	—	—	254,293
Transaction costs attributable to issue to new shares	(8,771)	—	—	—	—	—	—	—	(8,771)
As of December 31, 2014	249,883	276	(1,439)	—	4,620	(18,594)	(7,532)	64,533	291,747

Note: Capital reserve represents waiver of amount due to a former shareholder, Portwell Investments Limited, during the year ended December 31, 2012, which was regarded as deemed contribution from the shareholder.

32. TRADE AND OTHER PAYABLES

	2014 USD'000	2013 USD'000
Trade payables	**19,774**	11,070
Other payables	**10,262**	6,712
Amount due to a Director (note 45(c))	**206**	220
Amount due to a non-controlling interests (note 45(c))	**1,367**	289
Accrued expenses	**13,779**	10,411
Customers' deposits and advance billings (note i)	**46,480**	34,469
Commission and promotion expenses payable (note ii)	**11,344**	14,742
	103,212	77,913
Analysed as:		
Current liabilities	**100,455**	75,463
Non-current liabilities	**2,757**	2,450
	103,212	77,913

Notes:

i. Advances and deposits from customers are principally arising from the pre-need sales under instalment plans and such amount will be recognised as revenue when the relevant revenue recognition criteria are met (note 3).

ii. The Group's obligations of commission and promotion payments under pre-need instalment sales arise upon contracts entered into with customers. Since the amount of payments to sales agents are associated with the timing of customers' receipts, at December 31, 2014 and 2013, the balance of sales agents' commission payable is discounted to its present value at 8.5% and 8.5% per annum, respectively, based on the expected timing of cash outflow.

The following is an aging analysis of trade payables presented based on the invoice dates at the year end:

	2014 USD'000	2013 USD'000
0–30 days	**16,944**	6,571
31–60 days	**1,894**	1,346
61–90 days	**62**	240
91 days and above	**874**	2,913
	19,774	11,070

The average credit term period on purchase of goods is 30 to 90 days.

Other payables of the Company represented miscellaneous payables and accrued expenses as at the end of the reporting period.

33. DEFERRED PRE-NEED FUNERAL CONTRACT REVENUE

	2014 USD'000	2013 USD'000
At beginning of year	**71,523**	62,925
Amounts received during the year	**20,528**	19,734
Exercised and recognised during the year	**(5,773)**	(5,951)
Eliminated on disposal of subsidiaries (note 39)	**—**	(502)
Exchange adjustments	**(5,463)**	(4,683)
At end of year	**80,815**	71,523
Analysed as:		
Current liabilities	**6,061**	5,364
Non-current liabilities	**74,754**	66,159
	80,815	71,523

The Group enters into pre-need funeral contracts with customers and allows settlement to be made by monthly instalments over periods not exceeding four years. As at December 31, 2014 and 2013, such contracts with an aggregate contract sum of approximately USD99,405,000 and USD94,025,000, respectively, have not yet been completed, of which deposits and instalments of approximately USD80,815,000 and USD71,523,000 have been received by the Group and recognised as liabilities under deferred pre-need funeral contract revenue on the consolidated statement of financial position.

34. DEFERRED MAINTENANCE INCOME

	2014 USD'000	2013 USD'000
At beginning of year	**29,423**	29,090
Recognised during the year	**7,981**	3,071
Released during the year	**(267)**	(120)
Exchange adjustments	**(2,254)**	(2,618)
At end of year	**34,883**	29,423
Analysed as:		
Current liabilities	**267**	120
Non-current liabilities	**34,616**	29,303
	34,883	29,423

35. OBLIGATIONS UNDER FINANCE LEASES

	2014 USD'000	2013 USD'000
Analysed for reporting as:		
Current liabilities	88	116
Non-current liabilities	81	216
	169	332

It is the Group's policy to lease certain of its motor vehicles under finance leases. The average term of leases is 5 to 10 years. Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 4.02% to 7.30% per annum, as at December 31, 2014 and 2013.

	Minimum Lease Payments	
	2014 USD'000	2013 USD'000
Amounts payable under finance leases		
Within one year	98	129
In more than one year but not more than two years	49	110
In more than two years but not more than five years	39	127
	186	366
Less: Future finance charges	(17)	(34)
Present value of lease obligations	169	332
Less: Amount due for settlements within 12 months (shown under current liabilities)	(88)	(116)
Amount due for settlement after 12 months	81	216

The Group's obligations under finance leases are secured by a charge over the leased assets disclosed in note 15.

36. BORROWINGS

	2014 USD'000	2013 USD'000
Revolving credit	**56,780**	2,372
Term loans	**—**	27,631
	56,780	30,003
Secured	**56,780**	27,631
Unsecured	**—**	2,372
	56,780	30,003
Carrying amount repayable:		
Within one year	**56,780**	10,079
More than one year, but not exceeding two years	**—**	7,881
More than two years, but not exceeding five years	**—**	12,043
	56,780	30,003
Less: amounts shown as current liabilities	**(56,780)**	(10,079)
Amounts shown under non-current liabilities	**—**	19,924

As at December 31, 2013, the carrying amount of bank loan that are not repayable within one year from the end of the reporting period but contains repayable on demand clause amounted to USD19,924,000.

The Directors of the Company have sought legal opinion and given to understand that, in accordance with the case laws established in Malaysia, it is determined that the mere inclusion of a repayment on demand clause in a long term loan agreement governed under the laws of Malaysia would not allow the banks to early terminate the facilities granted and to seek immediate repayment from the borrower unless there is a breach by the borrower, as the clause would not override other terms and conditions provided in the term loan agreement. Accordingly, the liability associated with the term loans of the Group raised in Malaysia that contained a repayable on demand clause is classified as current and/or non-current liability during the financial year ended December 31, 2013 in accordance with other terms and conditions as stated in the respective term loan agreement.

Any change to the precedence established by the Courts of Law in Malaysia relating to the interpretation of the repayment on demand clause in the future may have an impact to the classification of the term loans of the Group.

36. BORROWINGS (Continued)

Revolving Credit

	2014 USD'000	2013 USD'000
Revolving credit 1	—	2,372
Revolving credit 2	56,780	—
	56,780	2,372

The revolving credit 1 with facility of SGD3,000,000 (equivalent to approximately USD2,271,000 as at December 31, 2014) was granted to a foreign indirect subsidiary by a foreign bank and is secured by a corporate guarantee from Nirvana Asia Sdn. Bhd. (formerly known as NV Multi Asia Sdn. Bhd.) ("NASB"). The revolving credit 1 facility expires 12 months from the first drawdown date and bears interest at Singapore Swap Offering Rate plus 2.55% per annum. At December 31, 2013, the revolving credit 1 facility bears interest at 2.76% per annum and the SGD3,000,000 (equivalent to approximately USD2,372,000) was drawn down from that facility. The revolving credit 1 facility was fully repaid in July 2014.

In June 2014, a revolving credit 2 with facility of SGD75,000,000 (equivalent to approximately USD56,780,000) was granted to NV Multi Corporation (Singapore) Pte. Ltd. ("NVMC Singapore") by a foreign bank and is secured by a corporate guarantee from the Company, a fixed and floating charge over all the assets, rights and interests, both present and future, of NVMC Singapore, and an assignment and charge of DSRA by NVMC Singapore. The revolving credit 2 facility expires 12 months from the first drawdown date and bears interest at Singapore Swap Offering Rate plus 1.5% per annum. At December 31, 2014, the revolving credit 2 facility bears interest ranging from 1.63% to 2.05% per annum.

Term Loan

	2014 USD'000	2013 USD'000
Term loan	—	27,631

In June 2011, the Group has arranged with the lending bank to convert its then existing RM150,000,000 (equivalent to approximately USD42,900,000) secured revolving credit facility to a term loan facility, and accordingly, all the then outstanding balance under the revolving credit facility was converted into a term loan. The term loan was secured by a Standby Letter of Credit ("SBLC") issued by a financial institution up to RM150,000,000 (equivalent to approximately USD42,900,000).

36. BORROWINGS (Continued)

Term Loan (Continued)

The SBLC was secured by:

(i) a charge over the entire issued and paid up share capital of NASB and all its interest in its direct subsidiaries;

(ii) a fixed and floating charge over all the assets, rights and interests, both present and future, of NASB;

(iii) an assignment and charge of DSRA by NASB; and

(iv) subordination of all loans obtained by NASB to the term loan facility.

The term loan bears interest at Kuala Lumpur Interbank Offered Rate plus 0.5%. At December 31, 2014 and 2013, the term loan bore interest at 3.60% and 3.60% per annum, respectively. The term loan was repayable by 19 quarterly instalments, representing 17 instalments of RM6,500,000 (equivalent to approximately USD1,859,000) each and two final instalments of RM14,500,000 (equivalent to approximately USD4,147,000) and RM25,000,000 (equivalent to approximately USD7,150,000) respectively, commencing on December 27, 2011. During the current financial year, the term loan was fully repaid in June 2014 and refinanced by the aforesaid revolving credit 2 facility granted in June 2014 and the SBLC was cancelled accordingly.

37. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in note 36, net of cash and cash equivalents and equity attributable to owners of the Company which comprises issued share capital, reserves and retained earnings.

The Directors of the Company review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

38. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2014 **USD'000**	2013 USD'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**344,380**	78,115
Financial assets designated as at FVTPL	**29,730**	15,160
Available-for-sale investments	**29,742**	23,843
Derivative financial assets	**2,661**	221
Financial liabilities		
Amortised cost	**99,902**	83,499

Financial risk management objective and policies

The Group's major financial instruments include restricted cash, bank balances and cash, borrowings, trade and other receivables, dividend payable, trade and other payables, amount due to a former shareholder, amount due to ultimate holding company, amount due to a Director, amounts due to non-controlling interests, obligations under finance leases, financial assets at FVTPL, available-for-sale investments and derivative financial instruments.

The risks associated with these financial instruments include market risk (foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

38. FINANCIAL INSTRUMENTS (Continued)

Market risk

(i) Currency risk

The primary economic environment in which the Company's principal subsidiaries operate is Malaysia and their functional currency is Malaysian Ringgit.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities other than in the functional currency of the group entity at the end of the reporting period are immaterial, and no summary table and sensitivity analysis are presented.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to interest free instalments receivables (note 23), fixed-rate bank borrowings (note 36), advances from non-controlling interests (note 45), amount due to ultimate holding company (note 45) and amount due to a Director (note 45).

The Group is exposed to cash flow interest rate risk in relation to variable rates bank balances and bank borrowings during the year. It is the Group's policy to keep certain of its bank balances and borrowings at floating rate of interests so as to minimise the fair value interest rate risk. The Company does not have material interest-bearing balances at the end of the reporting period, such that it does not have significant cash flow interest rate risk.

The management considered that interest rate risk in bank balances is insignificant and therefore they are excluded from the following sensitivity analysis.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Singapore Swap Offering Rate arising from the Group's borrowings.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point increase or decrease is used and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2014 and 2013 would decrease/increase by USD296,000 and USD150,000, respectively. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

38. FINANCIAL INSTRUMENTS (Continued)

Other price risk

The Group is exposed to price risk through its investments in listed equity securities, debentures and unit trust funds. The management manages this exposure by maintaining a portfolio of investments with different risks and diversifies its portfolio in various financial institutions.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity and unit trust fund price risks at the reporting date. The carrying amounts of the Group's debentures at the end of the reporting period are immaterial, and no summary table and sensitivity analysis are presented.

If the prices of the respective listed equity instruments had been 6% higher/lower and the unit trust fund price had been 6% higher/lower the pre-tax profit or investment valuation reserve will increase/decrease by:

	2014 **USD'000**	2013 USD'000
Pre-tax profit (note i)	**1,784**	910
Investment valuation reserve (note ii)	**1,671**	1,358

Notes:

(i) This is attributable to the changes in fair value of financial assets at FVTPL.

(ii) This is attributable to the changes in fair value of other available-for-sale investments.

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position at the end of the reporting period.

The Group generally allows customers for pre-need cemetery merchandise to settle the contract sum over a 2 to 48 months interest-free period upon receipt of deposit of 10% to 20% of the total contract sum when the contracts are signed. Allowance is made for the excess of the carrying amount of outstanding receivables over the present value of estimated future cash flows discounted at original effective interest rate. In addition, interment and usage of products sold are only available when the contract sum is fully settled. In this regard, the Directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group do not have any other significant concentration of credit risk. The Group's trade receivables consist of a large number of customers.

38. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

The Group's exposure to liquidity risk is minimal and is managed by maintaining adequate liquid cash balances and banking facilities, by continuous monitoring of forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest yield at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments.

The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis, and the undiscounted gross (inflows) and outflows on those derivatives that require gross settlement.

When the amount payable is not fixed, the amount disclosed has been determined by reference to the interest rates existing at the end of the reporting period.

38. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk (Continued)

Liquidity tables

	Note	Weighted average effective interest rate %	On demand USD'000	Within 1 year USD'000	1 to 5 years USD'000	Total undiscounted cash flows USD'000	Carrying amount USD'000
At December 31, 2014							
Non-derivative financial liabilities							
Trade and other payables	32	—	206	38,623	2,757	41,586	41,586
Amount due to non-controlling interests	32	7.25	1,558	—	—	1,558	1,367
Obligations under finance leases	35	4.02–7.30	—	98	88	186	169
Borrowings — variable	36	1.63–2.05	—	57,825	—	57,825	56,780
			1,764	96,546	2,845	101,155	99,902
At December 31, 2013							
Non-derivative financial liabilities							
Trade and other payables	32	—	220	28,802	3,722	32,744	32,744
Amount due to non-controlling interests	32	—	—	289	—	289	289
Amount due to ultimate holding company	45	—	18,187	—	—	18,187	18,187
Obligations under finance leases	35	5.65	—	129	237	366	332
Borrowings — variable	36	3.54	—	11,042	20,713	31,755	30,003
Put Option	27	10.00	—	—	2,216	2,216	1,894
			18,407	40,262	26,888	85,557	83,449

38. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/Financial liabilities	Fair value as at 2014	2013	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Unit trust funds classified as financial assets at FVTPL in the consolidated statement of financial position	**Assets — USD29,730,000**	Assets — USD15,160,000	Level 2	Quoted prices in over the counter market	N/A	N/A
Listed equity securities classified as available-for-sale investments in the consolidated statement of financial position	**Listed equity securities in Malaysia: — Construction industry — USD209,000 — Consumer products industry — USD516,000 — Hotel — USD54,000 — Finance industry — USD1,310,000 — Industrial products industry — USD972,000 — Infrastructure industry — USD537,000 — Oil and Gas industry — USD116,000 — Plantation industry — USD813,000 — Real Estate and Property industry — USD427,000 — Technology industry — USD365,000; and — Trading/Services industry — USD2,007,000**	Listed equity securities in Malaysia: — Construction industry — USD474,000 — Consumer products industry — USD351,000 — Finance industry — USD1,826,000 — Industrial products industry — USD913,000 — Infrastructure industry — USD767,000 — Oil and Gas industry — USD311,000 — Plantation industry — USD1,000,000 — Real Estate and Property industry — USD431,000; and — Trading/Services industry — USD1,809,000	Level 1	Quoted bid prices in an active market	N/A	N/A

38. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments (Continued)

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis. (Continued)

Financial assets/Financial liabilities	Fair value as at 2014	2013	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Listed equity securities classified as available-for-sale investments in the consolidated statement of financial position	**Listed equity securities in Hong Kong** **— Automotive industry — USD51,000** **— Construction industry — USD81,000** **— Consumer products industry — USD528,000** **— Finance industry — USD1,215,000** **— Industrial products industry — USD155,000** **— Infrastructure industry — USD252,000** **— Insurance industry — USD112,000** **— Oil and gas industry — USD109,000** **— Real Estate and Property industry — USD475,000; and** **— Trading/Services industry — USD210,000**	Listed equity securities in Hong Kong — Banking industry — USD185,000 — Consumer Products industry — USD264,000 — Finance industry — USD234,000 — Industrial products industry — USD403,000 — Infrastructure industry — USD274,000 — Insurance industry — USD185,000 — Real Estate and Property industry — USD476,000; and — Trading/Services industry — USD607,000	Level 1	Quoted bid prices in an active market	N/A	N/A

38. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments (Continued)

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis. (Continued)

Financial assets/Financial liabilities	Fair value as at 2014	2013	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Listed equity securities classified as available-for-sale investments in the consolidated statement of financial position	**Listed equity securities in other jurisdictions — Banking industry — USD126,000 — Consumer products industry — USD485,000 — Finance industry — USD250,000 — Industrial products industry — USD37,000 — Oil and gas industry — USD81,000 — Transportation and logistics industry — USD84,000 — Real estate and property industry — USD528,000; and — Trading/Services industry — USD322,000**	Listed equity securities in other jurisdictions — Construction industry — USD102,000 — Consumer products industry — USD442,000 — Finance industry — USD383,000 — Industrial products industry — USD127,000 — Infrastructure industry — USD121,000 — Real estate and property industry — USD749,000; and — Trading/Services industry — USD540,000	Level 1	Quoted bid prices in an active market	N/A	N/A
Debentures classified as available-for-sale investments in the consolidated statement of financial position	**Assets — USD1,886,000**	Assets — USD1,212,000	Level 2	Quoted prices in over the counter market	N/A	N/A
Unit trust funds classified as AFS in the consolidated statement of financial position	**Assets — USD15,429,000**	Assets — USD9,657,000	Level 2	Quoted prices in over the counter market	N/A	N/A
Derivative financial assets in the consolidated statement of financial position, call option	**N/A**	Assets — USD132,000	Level 3	Binomial Model The key inputs are: exercise price, underling asset value, expected volatility, expected life, risk free rate and expected dividend yield.	Volatility of 25.60% is applied for call option.	The higher the volatility, the higher the fair value
Derivative financial instruments, Earn-out arrangement	**Assets — USD2,661,000**	Assets — USD89,000	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow to the Group arising from the contingent consideration at an appropriate discount rate.	Probability adjusted revenues (Note 1)	The higher the revenue, the higher the fair value

38. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments (Continued)

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis. (Continued)

Note 1:

The Group does not have material carrying amount of derivative financial assets and earn-out arrangement at the end of the reporting period, hence no sensitivity analysis are presented.

As at December 31, 2014 and 2013, the Directors consider that the carrying amount of financial assets and liabilities carried at amortised cost in the consolidated financial statements approximate their fair values.

There were no transfers between Levels 1 and 2 during the years ended December 31, 2014 and 2013.

(ii) Reconciliation of Level 3 fair value measurements

2014

	Derivatives financial assets USD'000	Earn-out arrangement USD'000	Total USD'000
At beginning of year	132	89	221
Total gains charged to profit or loss	25	6,025	6,050
Settlement	—	(3,272)	(3,272)
Exercises	(157)	—	(157)
Exchange adjustments	—	(181)	(181)
At end of year	—	2,661	2,661

2013

	Derivatives financial assets USD'000	Earn-out arrangement USD'000	Total USD'000
At beginning of year	—	—	—
Issues	55	—	55
Total gains charged to profit or loss	82	3,292	3,374
Settlement	—	(3,200)	(3,200)
Exchange adjustments	(5)	(3)	(8)
At end of year	132	89	221

39. ACQUISITION OF SUBSIDIARIES

Acquisition made in 2014

i. Acquisition of 49.37% equity interest in NMG Thailand

On January 3, 2014, Nirvana Thailand Sdn Bhd ("Nirvana Thailand"), a wholly-owned subsidiary of the Group, subscribed for 19,500 "Class B" Preference Share of THB100 each in NMG Thailand representing a 49.37% equity interest in NMG Thailand for a consideration of approximately USD61,000, equivalent to approximately THB1,950,000. NMG Thailand is an investment holding company and holds a 20.99% equity interest in NMP Thailand. As the sole "Class B" Preference Shares holder in NMG Thailand, Nirvana Thailand is entitled to 90% of its dividends, 90.7% of its voting power, and has rights to nominate all Directors for appointment to its board. Accordingly, the Group is able to exercise power over the relevant activities of NMG Thailand and NMG Thailand is regarded as a subsidiary of the Group. In aggregation of the 39% equity interest in NMP Thailand directly held by Nirvana Thailand prior to such acquisition (note 20), the Group holds an effective equity interest and voting power of around 58% in NMP Thailand and has the right to appoint a majority member on its board; and hence, NMP Thailand becomes a subsidiary of the Group upon this acquisition. The acquisition was part of the Group's business development in Thailand to obtain control over NMP Thailand, which has not yet commenced business activities as of transaction date, and was accounted for as an asset acquisition.

The net assets acquired in the transaction are as follows:

	USD'000
Net assets acquired:	
Inventories	3,037
Trade and other receivables	107
Bank balances and cash	48
Trade and other payables	(2,869)
	323
Non-controlling interests	(139)
Transferred from interest previously held as an associate	(123)
	61
Satisfied by:	
Cash paid in 2014	61
Net cash outflow arising on acquisition:	
Cash consideration paid	61
Less: Bank balances and cash acquired	(48)
	13

39. ACQUISITION OF SUBSIDIARIES (Continued)

Acquisition made in 2014 (Continued)

i. Acquisition of 49.37% equity interest in NMG Thailand (Continued)

On January 28, 2014, Nirvana Thailand entered into an option agreement with the other three shareholders of NMG Thailand ("NMG Thailand Minority Shareholders") pursuant to which they granted Nirvana Thailand a call option to acquire their class A shares in NMG Thailand to the extent representing not more than 41% equity interest in NMG Thailand for an exercise price of THB100 per share. This call option is exercisable any time with 10 days' notice.

At the same time, NMG Thailand Minority Shareholders were granted a put option to sell all of their class A shares representing 50.63% equity interest in NMG Thailand for an exercise price of THB50 per share, and is exercisable after 4 years from the date of the option agreement.

In the opinion of the Directors, the fair value of the aforesaid call and put options at initial recognition and December 31, 2014 is insignificant.

ii. Acquisition of remaining 20% interest in Blissful World Sdn. Bhd. ("BWSB")

On March 15, 2014, NNSB acquired the remaining 20% of the equity interest in BWSB for a cash consideration of approximately USD1,951,000, equivalent to approximately RM6,368,000. The net difference of approximately USD157,000, equivalent to approximately RM513,000, between the consideration paid to non-controlling interest and the fair value of the call option and put option at the date of derecognition has been debited to other reserve. Details of the call option and put option are set out in note 27.

iii. Acquisition of remaining 30% interest in NMG Singapore

On September 24, 2014, Eagle Heritage Limited, a wholly-owned subsidiary of the Group, acquired the remaining 30% equity interest in NMG Singapore for a cash consideration of approximately USD24,537,000, equivalent to approximately SGD30,888,000. The net difference of approximately USD18,385,000 between the consideration paid to non-controlling interest and the carrying amounts of net assets attributable to the additional interest acquired of approximately USD6,152,000 at the date of acquisition was debited to other reserve.

iv. Acquisition of additional interest in existing subsidiaries

During the current year, the Group acquired additional equity interest in NV Care (Penang) Sdn. Bhd. and Nirvana Memorial Park (Tiram) Sdn. Bhd. for a total cash consideration of approximately USD41,000. The net difference of approximately USD52,000 between the consideration paid to non-controlling interest and the carrying amounts of net assets attributable to the additional interest acquired of USD11,000 at the date of acquisition was debited to other reserve.

39. ACQUISITION OF SUBSIDIARIES (Continued)

Acquisition made in 2013

v. Acquisition of 100% equity interest in NVMC

On January 7, 2013, NASB acquired 100% equity interest in NVMC from an independent third party for a cash consideration of approximately USD404,000, equivalent to approximately RM1,275,000. NVMC is engaged in investment holding and has no business activities as of transaction date. The acquisition was accounted for as an asset acquisition.

The net assets acquired in the transaction are as follows:

	USD'000
Net assets acquired:	
Trade and other receivables	1
Bank balances and cash	407
Trade and other payables	(4)
	404
Satisfied by:	
Cash paid in 2013	404
Net cash inflow arising on acquisition:	
Cash consideration paid	404
Less: Bank balances and cash acquired	(407)
	(3)

vi. Acquisition of 80% equity interest in BWSB

On August 31, 2013, NNSB acquired 80% equity interest in BWSB from an independent third party for a consideration of approximately USD4,989,000, equivalent to approximately RM15,720,000. The acquisition was accounted for using the acquisition method. BWSB and its subsidiaries are engaged in the development of cemetery and were acquired as part of the Group's expansion.

39. ACQUISITION OF SUBSIDIARIES (Continued)

Acquisition made in 2013 (Continued)

vi. Acquisition of 80% equity interest in BWSB (Continued)

The net assets acquired in the transaction are as follows:

	USD'000
Net assets acquired:	
Property, plant and equipment	9
Intangible assets	3,423
Inventories	6,110
Trade and other receivables	582
Tax recoverable	39
Bank balances and cash	681
Trade and other payables	(3,596)
Tax liabilities	(8)
Deferred tax liabilities	(474)
	6,766
Satisfied by:	
Cash paid in 2013	4,989
Add: Obligation arising from the put option (note 27(c))	1,832
Less: Deemed consideration for call option (note 27(b))	(55)
Net consideration on acquisition	6,766
Net cash inflow arising on acquisition:	
Cash consideration paid	4,989
Less: Bank balances and cash acquired	(681)
	4,308

Included in the profit for the year ended December 31, 2013 is approximately USD76,000 loss attributable to the additional business generated by BWSB and its subsidiaries. Revenue for the year ended December 31, 2013 includes approximately USD1,357,000 generated from BWSB and its subsidiaries.

Had the acquisition been completed on January 1, 2013, the Group's revenue for that year would have been approximately USD142,210,000, and profit for the year would have been approximately USD37,854,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2013, nor is it intended to be a projection of future results.

On March 15, 2014, NNSB exercised the Call Option (see Note 27(b) for details) and acquired the remaining 20% of the equity interests in BWSB for a cash consideration of approximately USD1,951,000, equivalent to approximately RM6,368,000.

40. DISPOSALS OF SUBSIDIARIES

Disposals in 2014

(i) Disposal of 100% equity interests in Genting Jelas Sdn. Bhd. ("Genting Jelas")

On April 21, 2014, NASB disposed of its 100% equity interest in Genting Jelas to Dato' Kong Hon Kong and Kong Yew Foong, Directors of the Company, for a consideration of approximately USD25,000, equivalent to approximately RM80,000.

The net assets disposed of in the transaction are as follows:

	USD'000
Net assets disposed:	
Trade and other receivables	23
Bank balances and cash	25
Trade and other payables	(23)
Total consideration received	25
Less: Bank balances and cash disposed of	(25)
Net cash outflow arising on disposal	—

(ii) Disposal of 100% equity interests in Rantau Delima Sdn. Bhd. ("Rantau Delima")

On April 21, 2014, NASB, disposed of its 100% equity interest in Rantau Delima to Dato' Kong Hon Kong and Kong Yew Foong for a consideration of approximately USD91,000, equivalent to approximately RM291,000.

The net assets disposed of in the transaction are as follows:

	USD'000
Net assets disposed:	
Trade and other receivables	88
Bank balances and cash	4
Trade and other payables	(1)
Total consideration received	91
Less: Bank balances and cash disposed of	(4)
Net cash outflow arising on disposal	87

40. DISPOSALS OF SUBSIDIARIES (Continued)

Disposals in 2013

(iii) Disposal of 51% equity interests in Eight Eleven Services Sdn. Bhd. ("EES")

On October 21, 2013, NV Care (Penang) Sdn. Bhd., an 80% owned subsidiary of the Group, disposed of its entire 51% equity interest in EES to a director of NV Care Sdn. Bhd., a wholly-owned subsidiary of the Group, for a cash consideration of approximately USD79,000, equivalent to approximately RM250,000.

The net assets disposed of in the transaction are as follows:

	USD'000
Net assets disposed of:	
Property, plant and equipment	209
Deferred acquisition costs	124
Inventories	30
Trade and other receivables	259
Bank balances and cash	236
Trade and other payables	(610)
Obligations under finance lease	(3)
Deferred pre-need funeral contract revenue	(502)
Deferred tax liabilities	(9)
Tax payables	(15)
Non-controlling interests	(55)
	(336)
Gain on disposal of subsidiaries	415
Total consideration received	79
Less: Bank balances and cash disposed of	(236)
Net cash outflow arising on disposal	(157)

40. DISPOSALS OF SUBSIDIARIES (Continued)

Disposals in 2013 (Continued)

(iv) Disposal of the entire 70% equity interests in Melati Aman Sdn. Bhd. ("MASB"), SND Teguh Enterprise Sdn. Bhd. ("SND") and Pullah PC Daud Sdn. Bhd. ("PPD")

On October 21, 2013, Nirvana Memorial Park Sdn. Bhd., a wholly-owned subsidiary of the Group, disposed of its entire 70% equity interest in MASB, SND and PPD to a company controlled by Dato' Kong Hon Kong and Kong Yew Foong for a consideration of approximately USD401,000 (equivalent to approximately RM1,263,000), USD596,000 (equivalent to approximately RM1,879,000) and USD596,000 (equivalent to approximately RM1,879,000), respectively.

The net assets disposed of in the transaction are as follows:

	MASB USD'000	SND USD'000	PPD USD'000
Net assets disposed of:			
Property, plant and equipment	564	—	—
Biological assets	4,442	56	24
Intangible assets	1,334	844	844
Trade and other receivables	524	14	15
Bank balances and cash	268	—	—
Trade and other payables	(4,932)	(63)	(32)
Non-controlling interests	(1,800)	(255)	(255)
	400	596	596
Gain on disposal of subsidiaries	1	—	—
Total consideration received	401	596	596
Less: bank balances and cash disposed of	(268)	—	—
Net cash inflow arising on disposal	133	596	596

40. DISPOSALS OF SUBSIDIARIES (Continued)

Disposals in 2013 (Continued)

(v) Disposal of 100% equity interest in NV Multi Resources Sdn. Bhd. ("NVMR")

On October 21, 2013, NASB disposed of its 100% equity interest in NVMR to Dato' Kong Hon Kong and Kong Yew Foong for a consideration of approximately USD0.31, equivalent to approximately RM1.

The net assets disposed of in the transaction are as follows:

	USD'000
Net assets disposed of:	
Property, plant and equipment	102
Inventories	1,501
Trade and other receivables	326
Bank balances and cash	101
Trade and other payables	(2,799)
Non-controlling interests	820
	51
Loss on disposal of subsidiaries	(51)
Total consideration received	—*
Less: bank balances and cash disposed of	(101)
Net cash outflow arising on disposal	(101)

* represent USD0.31, equivalent to RM1

41. OPERATING LEASE COMMITMENTS

As lessee

As at December 31, 2014 and 2013, the Group had commitments to make the following future minimum lease payments in respect of premises and office equipment rented under non-cancellable operating leases which fall due as follows:

	2014 USD'000	2013 USD'000
Within one year	515	352
In the second to fifth years inclusive	377	381
Over five years	—	1
	892	734

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of four years and rentals are fixed for an average of four years.

Other

For the cemeteries developed by the Group where the Group has no legal ownership of the land, the Group has entered into arrangements with owners of the cemetery land (the "Landowners") pursuant to which the Landowners granted the Group a right to use of the land for development and construction of scenic cemeteries in return for a contingent payment based on a fixed percentage of the net sale proceeds of the burial plots, niches and/or other products developed thereon. There are no minimum payments required by the Group under these arrangements.

42. CAPITAL COMMITMENTS

	2014 USD'000	2013 USD'000
Capital commitments contracted for but not provided in the financial statement in respect of:		
— acquisition of capital expenditure	237	—
— acquisition of a subsidiary (note)	—	5,877
	237	5,877

Note : On December 30, 2013, Puritrans Sdn. Bhd. ("PSB"), a wholly-owned subsidiary of the Group, has entered into a conditional agreement (as amended by a supplementary agreement of February 24, 2014, collectively referred to as the "Shares Sale Agreement") to acquire 100% equity interest in Ambience Estate Sdn. Bhd. for a consideration of USD6,373,000, equivalent to approximately RM20,874,000. Due to the non-fulfilment of the conditions precedent of the Shares Sale Agreement, the transaction was terminated on September 2, 2014 and the deposits amounting to USD496,000 as shown in note 23 has been refunded to the Group.

43. SHARE-BASED PAYMENTS

Share option scheme

Following the share capital changes effected on June 30, 2014, the shareholders of the Company also approved the adoption on the same date of the Nirvana Asia Ltd Employees Share Right Scheme ("Pre-IPO Employee Share Right Scheme") and Nirvana Asia Ltd Sales Agent Share Option Scheme ("Pre-IPO Sales Agent Share Option Scheme") for the purpose of incentivising, retaining and rewarding certain employees and sales agents of the Group for their contributions to the Group's business, and to align their interests with those of the Group.

Details of the above schemes were set out in Note 43 of Appendix I to the Prospectus.

Pre-IPO Employee Share Right Scheme

The scheme committee may select and identify suitable employees of the Group to be awarded share rights ("Share Right(s)") or management warrants ("Management Warrant(s)") under the Pre-IPO Employee Share Right Scheme to subscribe for newly-issued ordinary shares ("Share(s)") in the Company.

Share Rights

The following table discloses movements of the Share Rights held by employees during the year ended December 31, 2014:

				Number of Share Right	
Category of Grantees	**Date of Grant**	**Exercise Period**	**Exercise Price** USD	**Granted during the year ended December 31, 2014**	**Outstanding at December 31, 2014**
Employees	June 30, 2014	Until December 31, 2019	7.56#	634,750#	634,750
Exercisable at December 31, 2014					634,750

\# Represents an aggregate of 24,831,704 Shares at USD0.20 each to be issued on exercise of the Share Rights as a result of the adjustment due to the Listing.

The Share Rights were valued by the Directors with reference to the valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLLS"), on the grant date of the Share Rights. JLLS has appropriate qualifications and experiences in the valuation of similar financial instruments.

43. SHARE-BASED PAYMENTS (Continued)

Pre-IPO Employee Share Rights Scheme (Continued)

Share Rights (Continued)

The Directors have used the discounted cash flow model to determine the underlying equity fair value of the Company and adopted equity allocation method to determine the fair value of the underlying ordinary share. Key assumptions, such as discount rate and projections of future performance, are required to be determined by the Directors with best estimate.

Based on fair value of the underlying ordinary share, the Directors have used Binomial Model to determine the fair value of the Share Rights as of the grant date. The weighted average fair value of the Share Rights was approximately USD5.14 per Share Rights. The inputs into the model were as follows:

	June 30, 2014
Estimated fair value per original share	USD10.89
Expected life (Years)	5.51 and 7.33
Risk-free rate	1.830% and 2.285%
Expected volatility	33.0% and 36%
Expected dividend yield	0.00%
Exercise multiple	2.86x to 3.34x

Expected volatility was determined by using the historical share price movement of comparable companies over the expected holding period. The risk-free rate used was by reference to United States Sovereign Bond with duration close to the time to the expected holding period.

The total expense recognised in the consolidated statement of profit or loss and comprehensive income for the year ended December 31, 2014 for the Share Rights granted amounted to USD3.3 million.

43. SHARE-BASED PAYMENTS (Continued)

Pre-IPO Employee Share Rights Scheme (Continued)

Management warrants

The following table discloses movements of the Management Warrants held by a Director during the year ended December 31, 2014 and 2013:

Category of Grantees	Date of Grant	Exercise Period	Exercise Price	Granted during the year and balance at December 31, 2013	Number of Share Right	
					Adjustment during the period	Outstanding at December 31, 2014
			USD			
Director	October 25, 2013	Until December 31, 2019	379,069 (adjusted to USD7.56 since June 30, 2014)#	10.8	538,976.2#	538,987
Exercisable at December 31, 2014						538,987

As a result of the changes in share capital structure of the Company effected on June 30, 2014, an additional 538,976.2 Management Warrants were issued based on the 10.8 Management Warrants then held by the Director under the anti-dilution provisions of the Management Warrants arrangement and the exercise price is adjusted accordingly. Subsequently, as a result of the adjustment due to the Listing, a maximum of an aggregate of 20,703,345 Shares at USD0.20 each may be issued on exercise of the Management Warrants.

43. SHARE-BASED PAYMENTS (Continued)

Pre-IPO Sales Agent Share Option Scheme

The scheme committee may select and identify sales agents of the Group ("Eligible Sales Agents") to be awarded share options of the Company ("Sales Agent Share Options") under the Pre-IPO Sales Agent Share Option Scheme.

The following table discloses movements of the Sales Agent Share Options held by sales agents of the Company during the year ended December 31, 2014:

Category of Grantees	Date of Grant	Exercise Period	Exercise Price USD	Number of Share Options: Granted during the year ended December 31, 2014	Number of Share Options: Outstanding at December 31, 2014
Sales agents	August 6, 2014	Until December 31, 2019*	7.56#	30,000#	30,000
Exercisable at December 31, 2014					—

* A Sales Agent Share Option shall be vested on the Eligible Sales Agents and exercisable only after the date of the Listing and upon satisfaction of any applicable vesting conditions specified in the offer of Sales Agent Share Options. 50% of the Sales Agent Share Options will vest on January 31, 2015 and the remaining 50% will vest on January 31, 2016 based on the Eligible Sales Agents' respective annual sales achievement in year 2014 and year 2015, respectively, and upon satisfaction of any applicable vesting conditions specified in the offer of Sales Agent Share Options.

Represents an aggregate of 1,152,322 Shares at USD0.20 each to be issued on exercise of the Sales Agent Share Options as a result of the adjustment due to the Listing.

The Sales Agent Share Options were valued by the Directors with reference to the valuation carried out by JLLS, on the grant date of the Sales Agent Share Options. JLLS has appropriate qualifications and experiences in the valuation of similar financial instruments.

The Directors have used the discounted cash flow model to determine the underlying equity fair value of the Company to determine the fair value of the underlying ordinary share. Key assumptions, such as discount rate and projections of future performance, are required to be determined by the Directors with best estimate.

Based on fair value of the underlying ordinary share, the Directors have used binomial model to determine the fair value of the Sales Agent Share Options as of the grant date. The weighted average fair value of the Sales Agent Share Options was approximately USD5.17 per Sales Agent Share Option.

The inputs into the model were as follows:

Estimated fair value per original share	US$11.22
Expected life (Years)	5.34
Risk-free rate	1.79 %
Expected volatility	29.92 %
Expected dividend yield	0.00%
Exercise multiple	N/A

Expected volatility was determined by using the historical share price movement of comparable companies over the expected holding period. The risk-free rate used was by reference to United States Sovereign Bond with duration close to the time to the expected holding period.

On January 31, 2015, 7,750 Sales Agent Options granted under the Pre-IPO Sales Agent Share Option Scheme have been vested.

44. RETIREMENT BENEFITS PLANS

The Group makes contributions to a statutory Employees Provident Fund for all qualifying employees in Malaysia. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 12% to 16% of the relevant payroll costs to the scheme, which contribution is matched by employees.

The employees of the Group's subsidiaries which operate in Singapore are required to participate in the Central Provident Fund operated by the local government. These Singapore subsidiaries are required to contribute 6.5% to 16% of its basic payroll costs to the fund for the year ended December 31, 2014 and 2013.

The contributions are charged to profit or loss as they become payable in accordance with the rules of the fund.

For the years ended December 31, 2014 and 2013 the total expenses recognised in profit or loss, amounted to approximately USD1,653,000 and USD1,183,000, respectively, which represents contributions payable to these funds by the Group at rates specified in the rules of the plans.

45. RELATED PARTY TRANSACTIONS

(a) Apart from other arrangements with related parties disclosed elsewhere in the consolidated financial statements, during the years ended December 31, 2014 and 2013, the Group entered into the following transactions with related parties:

	2014 USD'000	2013 USD'000
Interest expense arising from advance from:		
Non-controlling interests:		
Khau Martin	**—**	17
Well Global Investments (Singapore) Pte. Ltd	**—**	1
Vilailux Development Company Limited	**98**	—
Rental expense:		
Company under common control by a Director, Dato' Kong Hon Kong:		
KHK Capital Holdings Sdn Bhd	**204**	29
Agency expense:		
Close family members of a member of senior management of a principal operating subsidiary, Dato' Chan Loong Fui	**161**	425

All the above related party transactions do not constitute connected or continuing connected transactions that are required to be disclosed under Chapter 14A of the Listing Rules.

45. RELATED PARTY TRANSACTIONS (Continued)

(b) Amount due from a related party

	2014 USD'000	2013 USD'000
Associate		
— NMP Thailand	—	1,838

Advance to NMP Thailand is non-trade in nature, unsecured, has no fixed term of repayment and bears interest at 7.25% per annum.

(c) Amounts due to related parties

	2014 USD'000	2013 USD'000
Ultimate holding company		
— Rightitan Sdn. Bhd.	—	18,187
Director		
— Dato' Kong Hon Kong	206	220
Non-controlling interests		
— Hsieh Ming-Hsun	—	289
— Vilailux Development Company Limited	1,367	—
	1,367	289

Amount due to Rightitan Sdn. Bhd. is non-trade in nature, unsecured, interest free and repayable on demand.

Amount due to Dato' Kong Hon Kong represented accrued and unpaid director's remuneration, which is unsecured, interest free and repayable on demand.

Amounts due to non-controlling interests represents advances received and is unsecured, interest-free with no fixed terms of repayment except for the amount due to Vilailux Development Company Limited of approximately USD1,367,000 as at December 31, 2014, with fixed interest rate at 7.25% per annum. The advances by Vilailux Development Company Limited constitute a connected transaction as defined in Chapter 14A of the Listing Rules. However, this transaction is fully exempt from the disclosure requirements in Chapter 14A of the Listing Rules.

45. RELATED PARTY TRANSACTIONS (Continued)

(d) Compensation of key management personnel

The compensation paid or payable to key management personnel (excluding the Directors) of the Group are shown below:

	2014 USD'000	2013 USD'000
Salaries, wages and bonuses	**1,169**	963
Post-employment benefits	**44**	40
Share-based payments	**1,107**	—
	2,320	1,003

The remuneration of the key management personnel is determined by having regard to the performance of individuals and the Group and market trends.

The remuneration of Directors of the Company, who are also key management personnel, is disclosed in note 12.

46. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

(a) Trust funds arrangements

Trust fund in relation to pre-need funeral services contract

The Group enters into contracts with its customers for pre-need funeral service under which the funeral services may be rendered years after the contracts are signed and fees collected. In order to ensure that the funds collected from such contracts are properly managed, and that the Group will have sufficient funds to discharge its obligations under the contracts and perform the funeral services as and when such obligation materialises, at the time of receiving the payment for each contract, the Group voluntarily allocates and deposits a portion of such collections into a trust fund managed by professional trustee, which will be invested in equity securities, fixed income securities and/or unit trust funds.

Under this arrangement, the Group will only use the fund for the purpose of discharging its funeral services obligations under the pre-need funeral service contracts in the future. The amount to be allocated and deposited into the fund is determined by an independent third-party actuarial firm, based on the cost for rendering the relevant funeral services, mortality rates and taking into consideration the return on investment and inflation. This amount is recalculated and updated by the independent third-party actuarial firm at the end of the reporting period, and if it is determined that the fund maintained is insufficient to cover the future estimated costs, the Group will make further contribution to the fund accordingly.

The net assets of the fund included in the consolidated statement of financial position as at December 31, 2014 and 2013 amounted to approximately USD16,358,000 and USD14,445,000, respectively.

46. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

(a) Trust funds arrangements (Continued)

Trust funds in relation to maintenance service contract

The Group enters into contracts with its customers for providing on-going maintenance services for burial plots and niches with an one-off payment of up-front maintenance and upkeep fee. In order to manage and invest the collections from such contracts to ensure sufficient funding for performing these ongoing and future obligations, the Group entered into trust deed to maintain funds with professional trustees for each of the cemeteries and voluntarily deposits such collections into the trust funds ("Maintenance Funds").

Under this arrangement, the trust accounts are under the management of professional trustees. In order to ensure that the Maintenance Funds are sustainable, the professional trustees are only allowed and obliged to use the investment returns from the Maintenance Funds pursuant to the trust deeds to fund the day-to-day maintenance of cemeteries and columbarium facilities. In the limited situations where certain capital expenditure is necessary for proper operations of such facilities, the professional trustees will be allowed to use the principals of the Maintenance Funds.

The net assets of the funds included in the consolidated statement of financial position as at December 31, 2014 and 2013 amounted to approximately USD22,604,000 and USD13,854,000, respectively.

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests ("NCI")

The table below shows details of non-wholly owned subsidiaries of the Group that have material NCIs:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership and voting rights held by NCI		Profit allocated to NCI		Accumulated NCI	
		2014 %	2013 %	2014 USD'000	2013 USD'000	2014 USD'000	2013 USD'000
Nirvana Memorial Garden Pte. Ltd	Singapore	—	30	1,338	1,404	—	4,872
PT Alam Hijau Lestari	Indonesia	49	49	619	1,109	3,678	3,075
Individually immaterial subsidiaries with NCI						852	650
						4,530	8,597

46. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

(c) Details of non-wholly owned subsidiaries that have material NCI

Summarised financial information before intra-group elimination in respect of each Group's subsidiary company that has material NCI is as follows:

	PT Alam Hijau Lestari		Nirvana Memorial Garden Pte. Ltd.	
	2014 USD'000	2013 USD'000	**2014 USD'000**	2013 USD'000
Current assets	**15,979**	12,304	**—**	18,256
Non-current assets	**3,085**	1,087	**—**	8,036
Current liabilities	**(9,804)**	(7,090)	**—**	(7,320)
Non-current liabilities	**(1,753)**	(26)	**—**	(2,731)
Equity attributable to owners of the Company	**3,829**	3,200	**—**	11,369
Non-controlling interests	**3,678**	3,075	**—**	4,872
Revenue	**6,342**	9,417	**12,559**	14,772
Expenses	**5,079**	7,153	**8,100**	10,093
Profit attributable to owners of the Company	**644**	1,155	**3,121**	3,275
Profit attributable to the NCI	**619**	1,109	**1,338**	1,404
Profit for the year	**1,263**	2,264	**4,459**	4,679
Other comprehensive income/(expenses) attributable to owners of the Company	**243**	(921)	**(122)**	(250)
Other comprehensive income/(expenses) attributable to the NCI	**234**	(887)	**(52)**	(107)
Other comprehensive income/(expenses) for the year	**477**	(1,808)	**(174)**	(357)
Total comprehensive income attributable to owners of the Company	**887**	234	**2,999**	3,025
Total comprehensive income attributable to the NCI	**853**	222	**1,285**	1,297
Total comprehensive income for the year	**1,740**	456	**4,284**	4,322

46. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

(c) Details of non-wholly owned subsidiaries that have material NCI (Continued)

Summarised statement of cash flows

	PT Alam Hijau Lestari		Nirvana Memorial Garden Pte. Ltd.	
	2014 USD'000	2013 USD'000	**2014 USD'000**	2013 USD'000
Net cash inflow/(outflow) from operating activities	**(718)**	2,070	**4,329**	3,554
Net cash inflow/(outflow) from investing activities	**(4,766)**	(1,248)	**43**	(108)
Net cash inflow/(outflow) from financing activities	**4,228**	—	**(2,501)**	(4,575)
Net cash inflow/(outflow)	**(1,256)**	822	**1,871**	(1,129)

47. INFORMATION OF FINANCIAL POSITIONS OF THE COMPANY

The statement of financial position of the Company as at December 31, 2014 and 2013 are as follows:

	2014 USD'000	2013 USD'000
ASSETS		
Non-current asset		
Investment in subsidiaries	**18,591**	19,845
Current assets		
Amount due from subsidiaries	**15,079**	1,162
Other receivables	**—**	1
Financial assets at fair value through profit or loss	**25,307**	—
Bank balances and cash and cash equivalents	**232,643**	92
Total current assets	**273,029**	1,255
Total assets	**291,620**	21,100
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	**26,988**	1
Reserves (note)	**251,926**	5,505
Total equity	**278,914**	5,506
Current liabilities		
Other payables	**3,036**	9
Amount due to a subsidiary	**9,670**	—
Amount due to ultimate holding company	**—**	15,585
Total current liabilities	**12,706**	15,594
Total equity and liabilities	**291,620**	21,100
Net current assets/(liabilities)	**260,323**	(14,339)
Total assets less current liabilities	**278,914**	5,506

47. INFORMATION OF FINANCIAL POSITIONS OF THE COMPANY (Continued)

Note:

	Share premium USD'000	Capital reserve USD'000	Warrant reserve USD'000	Share-based payment reserve USD'000	Translation reserve USD'000	Retained earnings USD'000	Total USD'000
As of January 1, 2014	—	276	2,731	1,342	(226)	1,382	5,505
Profit for the year	—	—	—	—	—	19,330	19,330
Other comprehensive income	—	—	—	—	(2,541)	—	(2,541)
Total comprehensive income for the year	—	—	—	—	(2,541)	19,330	16,789
Dividend recognised as distributions	—	—	—	—	—	(19,296)	(19,296)
Bonus issue of shares	—	—	—	—	—	(499)	(499)
Effect of share-based payments	—	—	—	3,278	—	—	3,278
Deemed distribution to equity holders	—	—	1,003	—	—	(1,003)	—
Exercised of warrants	24,075	—	(3,734)	—	—	—	20,341
Issue of shares by capitalisation of share premium	(19,714)	—	—	—	—	—	(19,714)
Issue of shares at premium through initial public offerings	254,293	—	—	—	—	—	254,293
Transaction costs attributable to issue of new shares	(8,771)	—	—	—	—	—	(8,771)
As of December 31, 2014	249,883	276	—	4,620	(2,767)	(86)	251,926

48. SUBSEQUENT EVENTS

Other than those disclosed elsewhere in the consolidated financial statements, the following events took place subsequent to December 31, 2014:

(a) On January 15, 2015, the Group has acquired 100% equity interest comprising 2 ordinary shares of RM1.00 each in Paradigm Hectares Sdn. Bhd. from a third party for a cash consideration of RM2. The company has not commenced operations todate.

(b) On January 21, 2015, the Group has acquired 100% equity interest comprising 1 ordinary share of USD1.00 in Lead Capital Investments Limited and Clear Harbour International Limited from third parties for a cash consideration of USD1, respectively. These companies have not commenced operations todate.

(c) On January 21, 2015, the Group has acquired 100% equity interest comprising 1 ordinary share of HKD1.00 in Global Faith (Hong Kong) Limited from a third party for a cash consideration of HKD1. The company has not commenced operations todate.

(d) On February 2, 2015, a subsidiary of the Company has entered into a binding cooperation agreement (the "Cooperation Agreement") with Huizhou Longyan Art Cemetery Development Co., Ltd. ("Huizhou Longyan") pursuant to which Huizhou Longyan grants

    (i) an exclusive right to the Group to provide services in relation to the management, operation and sales of niches in Huiyang District, Huizhou City, Guangdong Province, the People's Republic of China; and

    (ii) a non-exclusive right to the Group to provide services in relation to the sales of other death care products and facilities of Huizhou Longyan.

    for a term of 10 years from February 2, 2015 to February 1, 2025, subject to an automatic extension for a further term of five years in the event that any of the niches remains unsold upon the expiry of the 10-year term.

(e) On March 2, 2015, NMP entered into a sale and purchase agreement ("S&P") with WFS Memorial Tomb Management Sdn. Bhd., and Wong Chen Hoong and Wang Siew Yuen (collectively, the "Vendor"), to acquire the followings at an aggregate consideration of RM15,000,000 equivalent to approximately USD4,162,500:

    (i) all the business together with all goodwill and rights attached thereto, dealings or trade as a contractor for the design and construction of tombs at six memorial parks of the Group and throughout Malaysia, as conducted by the Vendor; and

    (ii) the business assets owned by the Vendor which include property, plant and equipment, inventories, licenses and permits.

    The Directors believe that this downstream acquisition would help create synergies with the Group's existing death care service business.

    The final consideration of the above acquisition is subject to the fulfilment of certain conditions in the S&P.

富貴生命國際有限公司

NIRVANA asia LTD