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**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2015**

ANNUAL RESULTS HIGHLIGHTS

- Revenue increased by 7.4% in RM terms but decreased by 10.0% in USD terms year on year (“YoY”).
- Adjusted EBITDA^{1,2} increased by 12.5% in RM terms but decreased by 5.7% in USD terms YoY.
- Adjusted profit for the year² increased by 17.2% in RM terms but decreased by 1.7% in USD terms YoY.
- Adjusted profit margin for the year² increased to 30.9% in 2015 from 28.3% in 2014.
- Adjusted profit for the year attributable to owners of the Company² increased by 21.2% in RM terms and increased by 1.6% in USD terms YoY.
- Adjusted profit margin for the year attributable to owners of the Company² increased to 30.5% in 2015 from 27.0% in 2014.
- Contract sales increased by 14.1% in RM terms or decreased by 4.4% in USD terms YoY.
- In addition to the interim dividend of HKD0.03 per ordinary shares, a final dividend of HKD0.05 per ordinary share is recommended.

Set forth below is the comparison of performance for the years ended December 31, 2015 and 2014, respectively, in United States dollars (“USD”) and Malaysian ringgit (“RM”) terms:

	USD Million ³			RM Million ³		
	2015	2014	Change (%)	2015	2014	Change (%)
Revenue	148.6	165.1	(10.0%)	580.4	540.3	7.4%
EBITDA ¹	102.8	56.1	83.2%	401.4	183.7	118.5%
Adjusted EBITDA ²	61.3	65.0	(5.7%)	239.4	212.8	12.5%
Profit for the year	87.4	37.8	131.2%	341.2	123.8	175.6%
Adjusted profit for the year ²	45.9	46.7	(1.7%)	179.2	152.9	17.2%
Profit for the year attributable to owners of the Company	86.8	35.8	142.5%	339.2	117.1	189.7%
Adjusted profit for the year attributable to owners of the Company ²	45.3	44.6	1.6%	177.2	146.2	21.2%
Contract sales	197.5	206.7	(4.4%)	771.7	676.6	14.1%

- 1 *EBITDA is calculated by adding finance cost and depreciation and amortisation to profit before taxation.*
- 2 *Adjusted to exclude (a) USD41.5 million (equivalent to RM162.0 million) of net foreign exchange gain in 2015, (b) USD3.3 million (equivalent to RM10.7million) in share-based payment expenses in 2014, (c) USD5.3 million (equivalent to RM17.3 million) Listing expenses in 2014, and (d) USD0.3 million (equivalent to RM1.1 million) of other expenses relating to the Listing in 2014.*
- 3 *The above amounts denominated in RM have been translated into USD at the exchange rates of 3.9064 and 3.2733 for 2015 and 2014, respectively.*

The board (“**Board**”) of directors (“**Directors**”) of Nirvana Asia Ltd (“**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (“**Group**”) for the financial year ended December 31, 2015 together with the comparative figures for the financial year ended December 31, 2014 as follows:

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	2015 <i>USD’000</i>	2014 <i>USD’000</i>
Revenue	3	148,576	165,064
Cost of sales and services		<u>(36,140)</u>	<u>(48,639)</u>
Gross profit		112,436	116,425
Other income	4	11,264	9,523
Other gains and losses	5	40,904	1,149
Selling and distribution expenses		(34,947)	(37,474)
Administrative expenses		(28,800)	(30,442)
Finance costs		(2,073)	(2,531)
Other expenses	6	<u>—</u>	<u>(5,287)</u>
Profit before taxation	7	98,784	51,363
Income tax expense	8	<u>(11,432)</u>	<u>(13,531)</u>
Profit for the year		87,352	37,832
Other comprehensive (expense)/income			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences arising on translation to presentation currency		(65,061)	(5,928)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		2,319	1,185
Fair value gain/(loss) on available-for-sale investments		2,006	(1,050)
Cumulative gain/(loss) reclassified from equity to profit or loss on disposal of available-for-sale investments		<u>(1,127)</u>	<u>806</u>
Other comprehensive expense for the year		<u>(61,863)</u>	<u>(4,987)</u>
Total comprehensive income for the year		<u>25,489</u>	<u>32,845</u>

	<i>Notes</i>	2015 <i>USD'000</i>	2014 <i>USD'000</i>
Profit for the year attributable to:			
Owners of the Company		86,837	35,764
Non-controlling interests		<u>515</u>	<u>2,068</u>
		<u>87,352</u>	<u>37,832</u>
Total comprehensive income/(expense) for the year attributable to:			
Owners of the Company		25,540	30,910
Non-controlling interests		<u>(51)</u>	<u>1,935</u>
		<u>25,489</u>	<u>32,845</u>
Dividends	9	<u>27,859</u>	<u>19,296</u>
Earnings per ordinary share attributable to owners of the Company	10		
— Basic (US cents per ordinary share)		<u>3.22</u>	<u>1.74</u>
— Diluted (US cents per ordinary share)		<u>3.20</u>	<u>1.74</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2015 <i>USD'000</i>	2014 <i>USD'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	11	10,659	12,918
Prepaid lease payments		208	267
Intangible assets		11,910	10,740
Land and development expenditure		53,219	14,218
Available-for-sale investments	12	13,839	14,313
Deferred acquisition cost		17,562	17,882
Trade and other receivables	13	34,016	39,447
Deferred tax assets		8,995	10,492
Total non-current assets		150,408	120,277
Current assets			
Inventories	14	126,508	113,575
Deferred acquisition cost		9,084	7,935
Prepaid lease payments		9	10
Trade and other receivables	13	40,070	48,007
Tax recoverable		2,700	864
Available-for-sale investments	12	17,369	15,429
Financial assets at fair value through profit or loss	15	11,058	29,730
Other financial assets		8,615	2,661
Bank balances and cash and cash equivalents	16	229,620	271,620
Total current assets		445,033	489,831
Total assets		595,441	610,108
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		26,989	26,988
Reserves		288,679	291,747
Equity attributable to owners of the Company		315,668	318,735
Non-controlling interests		4,920	4,530
Total equity		320,588	323,265

	<i>Notes</i>	2015 <i>USD'000</i>	2014 <i>USD'000</i>
Non-current liabilities			
Deferred tax liabilities		6,508	6,589
Trade and other payables	17	2,982	2,757
Deferred pre-need funeral contract revenue		72,295	74,754
Deferred maintenance income		30,409	34,616
Obligations under finance leases		<u>20</u>	<u>81</u>
Total non-current liabilities		<u>112,214</u>	<u>118,797</u>
Current liabilities			
Trade and other payables	17	107,667	100,455
Deferred pre-need funeral contract revenue		5,862	6,061
Deferred maintenance income		226	267
Obligations under finance leases		25	88
Borrowings		46,015	56,780
Tax liabilities		<u>2,844</u>	<u>4,395</u>
Total current liabilities		<u>162,639</u>	<u>168,046</u>
Total liabilities		<u>274,853</u>	<u>286,843</u>
Total equity and liabilities		<u>595,441</u>	<u>610,108</u>
Net current assets		<u>282,394</u>	<u>321,785</u>
Total assets less current liabilities		<u>432,802</u>	<u>442,062</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 23 September 2010 and its ordinary shares were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 17 December 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 and the address of the principal place of business in Hong Kong of the Company is 36th Floor, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

2. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

The consolidated financial statements for the year ended December 31, 2015 have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) issued by the International Accounting Standards Board and the applicable disclosures as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The principal accounting policies used in the preparation of the financial statements are consistent with those adopted in the annual consolidated financial statements for the year ended December 31, 2014.

For those IFRS amendments and interpretations which are effective for the Group’s annual accounting periods beginning on January 1, 2015, their adoption will not have material impact to the consolidated financial statements in the period of initial application and for those which are not yet effective, the Group is in the process of assessing their impact on the consolidated financial statements.

The 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 each reporting period.

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

3. 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:

	2015 USD'000	2014 USD'000
Sales of goods:		
Burial plot@	48,923	54,216
Niches*	51,454	59,791
Tomb	26,642	26,532
Provision of services:		
Funeral services	13,419	13,362
Other burial and niches related services	<u>8,138</u>	<u>11,163</u>
	<u>148,576</u>	<u>165,064</u>

@ Includes marketing agency fees for sales of burial services in Hui Zhou, China.

* 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.

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. Burial services — Hong Kong, China
5. Funeral services — Malaysia

Burial services represent sale of goods, including supply of burial plots, niches and tomb, and provision of services related to cemeteries which include 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.

Segment revenues and results

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

For the year ended December 31, 2015

	Burial services				Funeral services	
				China — Hong Kong		
	Malaysia	Singapore	Indonesia	Kong	Malaysia	Total
	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>
Segment revenue	<u>110,855</u>	<u>17,957</u>	<u>6,033</u>	<u>312</u>	<u>13,419</u>	<u>148,576</u>
Segment profit	<u>83,616</u>	<u>15,937</u>	<u>4,436</u>	<u>156</u>	<u>8,291</u>	112,436
Other income						11,264
Other gains and losses						40,904
Selling and distribution expenses						(34,947)
Administrative expenses						(28,800)
Finance costs						<u>(2,073)</u>
Profit before taxation						<u><u>98,784</u></u>

For the year ended December 31, 2014

	Burial services				Funeral services	
				China — Hong Kong		
	Malaysia <i>USD'000</i>	Singapore <i>USD'000</i>	Indonesia <i>USD'000</i>	Kong <i>USD'000</i>	Malaysia <i>USD'000</i>	Total <i>USD'000</i>
Segment revenue	<u>127,209</u>	<u>18,151</u>	<u>6,342</u>	<u>—</u>	<u>13,362</u>	<u>165,064</u>
Segment profit	<u>88,438</u>	<u>16,261</u>	<u>4,582</u>	<u>—</u>	<u>7,144</u>	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						<u>(5,287)</u>
Profit before taxation						<u><u>51,363</u></u>

Segment assets and liabilities

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

2015

	Burial services				Funeral services	Segment Total	Unallocated	Elimination adjustments	Total
	Malaysia USD'000	Singapore USD'000	Indonesia USD'000	China — Hong Kong USD'000	Malaysia USD'000				
Assets									
Segment assets/ consolidated assets	<u>273,283</u>	<u>70,461</u>	<u>35,677</u>	<u>3,091</u>	<u>79,855</u>	<u>462,367</u>	<u>357,406</u>	(224,332)	<u>595,441</u>
Liabilities									
Segment liabilities/ consolidated liabilities	<u>(242,668)</u>	<u>(65,515)</u>	<u>(26,570)</u>	<u>(2,979)</u>	<u>(84,304)</u>	<u>(422,036)</u>	<u>(43,260)</u>	190,443	<u>(274,853)</u>
Total net assets									<u>320,588</u>

2014

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

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

- other than those incurred for central management purpose, including 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 and other unallocated payables and accruals, all liabilities are allocated to operating segments.

Other segment information

Burial services				Funeral services				
				China —	Segment			
Malaysia	Singapore	Indonesia	Hong Kong	Malaysia	Total	Unallocated	Total	
USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000

Amounts included in the measure of segment profit or segment assets:

2015

Capital expenditure	1,448	36	81	79	286	1,930	134	2,064
Depreciation	770	99	182	4	487	1,542	292	1,834
Amortisation	45	—	—	—	9	54	—	54

2014

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

Geographical information

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

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

Revenue from external customers:

	2015 USD'000	2014 USD'000
Malaysia	124,274	140,571
Singapore	17,957	18,151
Indonesia	6,033	6,342
China — Hong Kong	312	—
	<u>148,576</u>	<u>165,064</u>

Information about major customers

No single customer accounted for 10% or more of the Group's revenue during the financial years ended December 31, 2015 and 2014.

4. OTHER INCOME

	2015 USD'000	2014 USD'000
Interest income on short-term deposits	2,346	403
Imputed interest income on receivables under instalment arrangement	<u>6,775</u>	<u>6,624</u>
Total interest income	<u>9,121</u>	<u>7,027</u>
Dividend from listed equity securities	381	347
Dividend from unit trust funds	<u>351</u>	<u>228</u>
Total dividend income	<u>732</u>	<u>575</u>
Income from enlightenment ceremony	453	377
Others	<u>958</u>	<u>1,544</u>
	<u><u>11,264</u></u>	<u><u>9,523</u></u>

5. OTHER GAINS AND LOSSES

	2015 USD'000	2014 USD'000
Gain from changes in fair value on financial assets at fair value through profit or loss (“FVTPL”)	1,006	680
Gain from changes in fair value on derivative financial instrument — call option	—	25
Loss from changes in fair value on derivative financial instrument — earn-out arrangement	(2,650)	(744)
Gain on disposal of available-for-sale investments	1,127	806
Net foreign exchange gains	41,458	327
(Loss)/Gain on disposal of property, plant and equipment	(37)	112
Others	<u>—</u>	<u>(57)</u>
	<u><u>40,904</u></u>	<u><u>1,149</u></u>

6. OTHER EXPENSES

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

7. PROFIT BEFORE TAXATION

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

	2015 <i>USD'000</i>	2014 <i>USD'000</i>
Staff costs, including directors' remuneration:		
Salaries, wages and other benefits	18,140	16,522
Share-based payments	—	3,278
Contributions to employees provident fund	<u>1,735</u>	<u>1,653</u>
Total staffs cost	<u>19,875</u>	<u>21,453</u>
Auditors' remuneration	<u>217</u>	<u>289</u>
Amortisation of prepaid lease payments	9	10
Depreciation of property, plant and equipment	1,834	2,138
Amortisation of intangible assets	<u>45</u>	<u>82</u>
Total depreciation and amortisation	<u>1,888</u>	<u>2,230</u>
Cost of inventories recognised as expenses	26,875	37,551
Listing expenses (included in other expenses)	—	5,287
Minimum lease payment under operating lease in respect of:		
Premises	931	603
Equipment	74	93
Net impairment losses recognised/(reversed) on:		
Trade receivables	1,059	19
Other receivables	<u>—</u>	<u>(5)</u>

8. INCOME TAX EXPENSE

	2015 USD'000	2014 USD'000
Current tax:		
Malaysian income tax	10,421	12,747
Other jurisdictions	<u>898</u>	<u>1,200</u>
	<u>11,319</u>	<u>13,947</u>
(Over)/Underprovision in prior years:		
Malaysian income tax	(976)	246
Other jurisdictions	<u>195</u>	<u>1</u>
	<u>(781)</u>	<u>247</u>
Deferred tax:		
Current	1,138	(663)
Attributable to changes in tax rates	<u>(244)</u>	<u>—</u>
	<u>894</u>	<u>(663)</u>
	<u><u>11,432</u></u>	<u><u>13,531</u></u>

No provision for Hong Kong profits tax has been made as there is no assessable profit subject to Hong Kong profits tax for both the current and prior years.

Subsidiaries established in Malaysia, Singapore and Indonesia are subject to the respective countries' corporate income tax rates at 25%, 17% and 25% (2014: 25%, 17% and 25%) respectively.

The Finance (No. 2) Act, 2014 in Malaysia gazetted on 30 December 2014 enacts the reduction of corporate income tax rate from 25% to 24% with effect from year of assessment 2016 in Malaysia. Accordingly, the applicable tax rates to be used for the measurement of any applicable deferred tax in Malaysia will be the expected rates.

9. DIVIDENDS

Dividends recognised as distribution during the year:

	2015 <i>USD'000</i>	2014 <i>USD'000</i>
2014 interim dividend:		
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
2014 final dividend:		
HKD0.05 per each of ordinary share	17,412	—
2015 interim dividend:		
HKD0.03 per each of ordinary share	<u>10,447</u>	<u>—</u>
	<u>27,859</u>	<u>19,296</u>

The Board has recommended a final dividend of Hong Kong dollar (“**HKD**”) 0.05 per ordinary share for the year ended December 31, 2015. The proposed final dividend will be paid on June 23, 2016 subject to the approval of the shareholders of the Company at the forthcoming annual general meeting to be held on May 25, 2016 (the “**AGM**”). The consolidated financial statements for the year ended December 31, 2015 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, 2016.

10. 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:

	2015 <i>USD'000</i>	2014 <i>USD'000</i>
Profit for the year attributable to owners of the Company	<u>86,837</u>	<u>35,764</u>
	Number of ordinary shares '000	'000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	2,698,886	2,050,361
Effects of dilutive potential ordinary shares		
— Management warrants/share rights/sales agent share options	<u>13,861</u>	<u>7,956</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>2,712,747</u>	<u>2,058,317</u>

11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment have included USD625,000 and USD238,000 (2014: USD726,000 and USD231,000) held under trust funds in relation to pre-need funeral service contracts and maintenance service contracts, respectively.

12. AVAILABLE-FOR-SALE INVESTMENTS

	2015 USD'000	2014 USD'000
Available-for-sale investments, stated at fair value, comprise of the following:		
Listed equity investments:		
Equity securities listed in Malaysia	5,171	7,326
Equity securities listed in Hong Kong, China	3,636	3,188
Equity securities listed in other jurisdictions (including Singapore and Indonesia)	2,796	1,913
Unlisted debt investments:		
Debentures in Malaysia	480	597
Debentures in Singapore	1,756	1,289
Unit trust funds in Malaysia	<u>17,369</u>	<u>15,429</u>
At end of year	<u>31,208</u>	<u>29,742</u>
Analysed as:		
Current assets	17,369	15,429
Non-current assets	<u>13,839</u>	<u>14,313</u>
	<u>31,208</u>	<u>29,742</u>

Available-for-sale (“AFS”) investments of the Group has included USD16,476,000 and USD14,732,000 (2014: USD14,234,000 and USD15,508,000) held under trust funds in relation to pre-need funeral service contracts and maintenance service contract, respectively.

The unlisted debentures carry interest at fixed rates ranging from 3.18% to 7.28% (2014: 5.13% to 5.3%) per annum. The original maturity of these unlisted debentures ranges from 10 years to perpetual and these unlisted debentures will not mature one year after the end of the reporting period.

The unit trust funds are very liquid investment and are an alternative to bank deposits.

13. TRADE AND OTHER RECEIVABLES

	2015 USD'000	2014 USD'000
Trade receivables	56,966	72,524
Less: Allowance for doubtful debts	<u>(1,712)</u>	<u>(884)</u>
	<u>55,254</u>	<u>71,640</u>
Other receivables	2,969	1,232
Less: Allowance for doubtful debts	<u>(91)</u>	<u>(112)</u>
	<u>2,878</u>	<u>1,120</u>
Deposits for acquisition of land for future cemetery development	7,259	8,261
Other deposits	3,402	2,919
Prepaid expenses	<u>5,293</u>	<u>3,514</u>
	<u><u>74,086</u></u>	<u><u>87,454</u></u>
	2015 USD'000	2014 USD'000
Analysed as:		
Current assets	40,070	48,007
Non-current assets	<u>34,016</u>	<u>39,447</u>
	<u><u>74,086</u></u>	<u><u>87,454</u></u>

Trade receivables primarily comprise amounts receivable from the sale of burial services and receivables on rendering marketing agency services.

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

For sale of burial services 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 ranging from 6.8% to 13.5% (2014: 8.5%) per annum.

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

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

	2015 <i>USD'000</i>	2014 <i>USD'000</i>
Instalment receivables not yet due	54,261	69,610
1–30 days	496	907
31–60 days	125	555
61–90 days	331	350
91–120 days	10	23
121 days and above	1,743	1,079
	<u>56,966</u>	<u>72,524</u>

14. INVENTORIES

	2015 <i>USD'000</i>	2014 <i>USD'000</i>
Land and development expenditure for cemetery properties		
— under development	45,842	33,102
— completed development	67,699	70,331
Tomb work in progress	10,799	8,226
Others	2,168	1,916
	<u>126,508</u>	<u>113,575</u>

During the year ended December 31, 2015, interest charged by non-controlling interest amounting to USD420,000 (2014: USD98,000) has been capitalised as part of the cost of development expenditure for cemetery properties — under development.

15. FINANCIAL ASSETS AT FVTPL

	2015 <i>USD'000</i>	2014 <i>USD'000</i>
Financial assets at FVTPL include:		
Unit trust funds in Malaysia	4,465	4,423
Unit trust funds in Singapore	<u>6,593</u>	<u>25,307</u>
	<u>11,058</u>	<u>29,730</u>

The investment is designated as FVTPL on initial recognition.

The unit trust funds are very liquid investment and are an alternative to bank deposits.

16. BANK BALANCES AND CASH AND CASH EQUIVALENTS

	2015 <i>USD'000</i>	2014 <i>USD'000</i>
Short-term deposits with banks (<i>note i</i>)		
— Pledged	50,701	86
— Unpledged	150,211	247,470
Cash on hand and at banks (<i>note ii</i>)	<u>28,708</u>	<u>24,064</u>
	229,620	271,620
Deposits with maturity over three months with banks (<i>note iii</i>)	(82,258)	(201,515)
Restricted cash with banks (<i>note iv</i>)	(135)	—
Restricted funds (<i>note v</i>)	<u>(56,301)</u>	<u>(8,907)</u>
	<u>90,926</u>	<u>61,198</u>

Notes:

- i The short-term deposits with banks carry interest at market rates which range from 0.01% to 10.00% (2014: 0.05% to 10.00%) per annum. Certain of the deposits are pledged to secure bank guarantee facilities granted to subsidiaries.
- ii The Group's bank balances carry interest at market rates which range from 0.25% to 3.75% (2014: 0.58% to 1.25%) per annum.
- iii The deposits with maturity over three months with banks carry interest at market rates which range from 0.6% to 3.25% (2014: 0.62% to 10.0%) per annum and represent deposits with original maturity dates of 120 days to 368 days (2014: 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 used to secure the credit facilities and is non-interest bearing. The entire amount is included in cash on hand and at bank in note (ii) above.
- v The restricted funds of the Group relate to:
 - pre-need funeral service contracts and maintenance service contracts are USD453,000 (2014: USD1,362,000) and USD5,146,000 (2014: USD7,545,000), respectively. Details of the trust arrangement are set out in note 21. The entire amount is included in unpledged short-term deposits with banks in note i above;
 - approximately USD50,702,000 (2014: Nil) which has been pledged as deposits to banks carrying market interest rates ranging from 0.65% to 3.85% (2014: Nil) to secure banking facilities.

17. TRADE AND OTHER PAYABLES

	2015 <i>USD'000</i>	2014 <i>USD'000</i>
Trade payables	12,239	19,774
Other payables	26,642	10,262
Amount due to a Director (<i>note 20(b)</i>)	—	206
Amount due to non-controlling interests (<i>note 20(b)</i>)	2,394	1,367
Accrued expenses	10,804	13,779
Customers' deposits and advance billings (<i>note i</i>)	44,507	46,480
Commission and promotion expenses payable (<i>note ii</i>)	<u>14,063</u>	<u>11,344</u>
	<u>110,649</u>	<u>103,212</u>
Analysed as:		
Current liabilities	107,667	100,455
Non-current liabilities	<u>2,982</u>	<u>2,757</u>
	<u>110,649</u>	<u>103,212</u>

Notes:

- i. Advances and deposits from customers principally arise from the pre-need sales of burial services under instalment plans and such amount will be recognised as revenue when the relevant revenue recognition criteria are met.
- ii. The Group's obligations of commission and promotion payments under pre-need instalment sales of burial services arise upon contracts entered into with customers. Since the amount of payments to sales agents are associated with the timing of customers' receipts, the balance of sales agents' commission payable was discounted to its present value at 12.3% (2014: 8.5%) per annum, 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:

	2015	2014
	USD'000	USD'000
0–30 days	9,768	16,944
31–60 days	1,438	1,894
61–90 days	357	62
91 and above	676	874
	<u>12,239</u>	<u>19,774</u>

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

Other payables of the Group represented the balance land acquisition price, the balance business and assets of a tomb contractor acquisition consideration, miscellaneous payables and accrued expenses as at the end of the reporting period.

18. 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, 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 associated 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.

19. FINANCIAL INSTRUMENTS

Financial risk management objective and policies

The Group's major financial instruments include restricted cash, bank balances and cash, borrowings, trade and other receivables, trade and other payables, 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.

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, other than certain short-term deposits with banks are denominated in USD and HKD.

(ii) *Interest rate risk*

The Group is exposed to fair value interest rate risk in relation to interest free instalments receivables, floating-rate bank borrowings, and advances from non-controlling interests.

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.

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.

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 arises 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 does not have any other significant concentration of credit risk. The Group's trade receivables consist of a large number of customers.

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.

20. RELATED PARTY TRANSACTIONS

The following are the transactions entered into by the Group with related parties during the year ended December 31, 2015 and 2014 respectively:

(a) Related parties transactions:

	2015 <i>USD'000</i>	2014 <i>USD'000</i>
Interest expense arising from advance from:		
Non-controlling interests:		
PT Bentara Bumi Morawa	6	—
Vilailux Development Company Limited	63	98
Rental expense:		
Company under common control by a Director, Tan Sri' Kong Hon Kong:		
KHK Capital Holdings Sdn Bhd	193	204
Agency expense:		
Close family members of a member of senior management of a principal operating subsidiary, Dato' Chan Loong Fui	187	161

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.

(b) Amounts due to related parties:

	2015 <i>USD'000</i>	2014 <i>USD'000</i>
Director		
— Tan Sri' Kong Hon Kong	<u>—</u>	<u>206</u>
Non-controlling interests		
— PT Bentara Bumi Morawa	2,394	—
— Vilailux Development Company Limited	<u>—</u>	<u>1,367</u>
	<u>2,394</u>	<u>1,367</u>

Amount owing to Tan Sri' Kong Hon Kong in 2014 represented accrued and unpaid director's remuneration, which is unsecured and interest free.

Amounts due to non-controlling interests represent advances received and is unsecured, interest-free and repayable on demand except for the amount due to PT Bentara Bumi Morawa of approximately USD2,394,000 as at December 31, 2015, with interest rate at 10.50% per annum.

The amount owing to Vilailux Development Company Limited in 2014 and bore a fixed interest rate at 7.25% per annum had been fully settled during the year.

The advances by PT Bentara Bumi Morawa and 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.

(c) Compensation of key management personnel:

The compensation paid or payable to key management personnel (excluding the Directors) of the Group are shown below:

	2015 <i>USD'000</i>	2014 <i>USD'000</i>
Salaries, wages and bonuses	896	1,169
Post-employment benefits	45	44
Share-based payments	<u>—</u>	<u>1,107</u>
	<u>941</u>	<u>2,320</u>

The remuneration of the key management personnel is determined by having regard to the performance of individuals and the Group and market trends.

21. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

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 a professional trustee, which will be invested in equity securities, fixed income securities, unit trust funds and properties, plant and equipment.

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 are as follows:

	2015 USD'000	2014 USD'000
Property, plant and equipment	625	726
Available-for-sale investment	16,476	14,234
Bank balances and cash and cash equivalents	453	1,362
Other assets	<u>4</u>	<u>36</u>
	<u>17,558</u>	<u>16,358</u>

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 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 principal of the Maintenance Funds.

The net assets of the funds included in the consolidated statement of financial position are as follows:

	2015 <i>USD'000</i>	2014 <i>USD'000</i>
Property, plant and equipment	238	231
Available-for-sale investment	14,732	15,508
Bank balances and cash and cash equivalents	5,146	7,545
Other assets/(liabilities)	<u>1,121</u>	<u>(680)</u>
	<u>21,237</u>	<u>22,604</u>

22. REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE

The consolidated financial statements of the Group for the year ended December 31, 2015 have been reviewed with no disagreement by the Audit Committee of the Company and have been agreed with the Company's auditor, Deloitte.

The figures in respect of the preliminary announcement of the Group's consolidated results for the year ended December 31, 2015 have been compared by the Company's auditor, Deloitte, to the amounts set out in the Group's consolidated accounts for the year and the amounts were found to be in agreement.

MANAGEMENT DISCUSSION AND ANALYSIS

A. Business review

We believe what differentiates us from other companies in our industry is our ability to enter new markets at opportune times and embrace globalisation in the challenging economic and social environment.

Thirteen years ago in 2003, we began to diversify by expanding beyond Malaysian shores and entering the new Indonesia's bereavement care market. Then six years later in 2009, we successfully turned around a loss-making columbarium to our premium columbarium in Singapore ("**Nirvana Singapore**"). Today, we are a well regionalised company with operations in five countries namely Malaysia, Indonesia, Singapore, Thailand and Hong Kong, China. We are expecting to add Mainland China and Vietnam to our list of overseas operating portfolios.

2015 witnessed our successful expansion and sale launches in two new regions, namely Thailand and Hong Kong, China. Sales contribution from overseas operations increased by 8.1 percentage points to 21.4% from 13.3% in 2014. This is primarily due to strong sales growth from Singapore, and the newly launched Nirvana Memorial Park in Thailand and sales office in Hong Kong, China which contributed 1.1% and 0.3%, respectively, to the Group's contract sales in 2015.

Following the successful layout extension from 11,000 square meters ("**sq.m**") to 43,000 sq.m, we have also extended the lease period of our Nirvana Singapore to August 2098. This lease extension has enhanced the value and marketability of our products in Singapore.

The Thailand market is attractive due to its large Buddhist population of more than 60.0 million, and the urbanization in Thailand is dominated by the Bangkok urban area. In addition to our 99-acre cemetery in Chonburi, near Bangkok, our Group is exploring various options to set up a columbarium cum parlour in Bangkok.

In Indonesia, we have been acquiring lands in Tangerang, near Jakarta, for the development of a cemetery. As at December 31, 2015, we have accumulated land areas of approximately 270,000 sq.m. Meanwhile, we have also entered into an agreement to develop a cemetery measuring 75.2 hectares of land in Medan, the third largest city in Indonesia. Medan has an attractive market given its culturally rich ethnic Chinese population, and it having the largest ethnic Chinese community on Sumatra Island.

In addition to our overseas expansions and on-going acquisition of adjacent land banks and improvements to our existing facilities, we have also expanded into the downstream business of tomb design and construction. In Malaysia, we acquired the existing business of tomb design and construction from our tomb contractor at a consideration of RM15.0 million (equivalent to approximately USD4.0 million). This new business segment enhanced our profitability by improving the gross profit margin for the tomb design and construction in 2015. The acquisition will continue to strengthen the overall quality control which is aligned with our focus on delivering innovative burial services to our customers.

The South East Asian economic climate has been comparatively more challenging in 2015. For us, 2015 was nevertheless an opportune year in which we made important progresses in local and overseas expansions that will position us for stronger growth in years ahead.

Recent developments

China/Hong Kong	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. In November 2015, a marketing office was set up in Hong Kong to facilitate official sales launch of Huizhou's cemetery products and services.
Malaysia	In February 2015, the Group commenced the construction of a funeral parlour cum columbarium complex, Nirvana Center Kuala Lumpur, in the city center of Kuala Lumpur, Malaysia. The 12-storey building housing approximately 100,000 double niches equivalents is expected to complete by the end of 2017. The Group has commenced selling these niches on a pre-need basis in April 2015. In March 2015, the Group acquired the downstream business of tomb design and construction from its tomb contractor. This acquisition allowed our Group to strengthen our capabilities in the bereavement care industry value chain. In October 2015, the Group entered into an agreement to acquire approximately 66.8 hectares of land in Kuala Selangor, Malaysia. Together with the existing land banks of our Group in the same district, the Group will hold approximately 100.0 hectares of land in this district, which will provide growth potential for the Group's business in the new market catchment of north-western growth corridor of Klang Valley. This Project will accommodate 40,000 double burial plots equivalent and is targeted to commence sale of burial products on pre-need basis in the second half of 2016. In November 2015, the Group entered into a joint venture agreement with Klang Kwong Tung Association to develop a columbarium cum funeral homes on a piece of land measuring 2.1 acres in Klang city centre. This project is targeted to commence sale on pre-need basis in the second half of 2016.
Singapore	In May 2015, the Group received formal approval from the relevant authority to increase the built-up capacity of our existing columbarium, Nirvana Singapore from 11,000 sq.m to 43,000 sq.m. In January 2016, the Group accepted the letter of offer from the Singapore Land Authority to extend the lease period of Nirvana Singapore from August 2029 to August 2098.
Indonesia	In September 2015, the Group entered into a conditional sale and purchase agreement to acquire 63 parcels of lands measuring approximately 75.2 hectares in an area located in the Greater Medan, the third largest city in Indonesia, and the largest Indonesian city outside the island of Java, to develop a cemetery with a local partner. We target to commence sales in the second quarter of 2016.

Thailand	In May 2015, the Group started selling burial plots on a pre-need basis at our cemetery near Bangkok in Thailand. In September 2015, the Group acquired additional lands measuring 26,825 sq.m adjacent to the existing site.
Vietnam	In July 2015, the Group entered into an agreement with a local partner to develop a cemetery on a parcel of land located at Quang Trung Commune, Thong Nhat District, Dongnai Province, Vietnam measuring an area of approximately 40.5 hectares and target to commence sales in the first half of 2017.

Our cemeteries and columbarium

As of December 31, 2015, the Group had approximately 3.0 million sq.m of net saleable burial land available for sale as burial plots and available for future development (excluding cemetery land of 400,000 sq.m in Vietnam), and approximately 400,000 units of niches for sales.

For the year under review, the Group acquired approximately 2.0 million sq.m of land for cemetery development and has received formal approval from the relevant authority to expand the built-up capacity of its columbarium in Singapore by 32,000 sq.m. As a result, Nirvana Singapore will have an unsold niches capacity of approximately 70,000 units.

B. Financial Review

a. Contract Sales and Revenue

The Group generates 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 pre-need services and products and requirement by the Group's accounting policies, there are timing differences between the sale of pre-need burial plots, niches and funeral services and the recognition of the corresponding revenue. Due to these timing differences, contract sales will not be fully recognized as revenue in the same reporting year.

Contract Sales by Need-type

Pre-need contract sales continue to rise from 83.8% to 86.6% in 2015, a proof of market's receptiveness to pre-planning of death care services. The following table sets forth the breakdown of contract sales by as-need and pre-need sales for the year under review in USD and RM terms:

In USD

	Year ended 31 December					
	2015		2014		Change	
	<i>USD'000</i>	<i>% of total</i>	<i>USD'000</i>	<i>% of total</i>	<i>USD'000</i>	<i>%</i>
As-need	26,453	13.4	33,487	16.2	(7,034)	(21.0)
Pre-need	171,089	86.6	173,216	83.8	(2,127)	(1.2)
Total contract sales	<u>197,542</u>	<u>100.0</u>	<u>206,703</u>	<u>100.0</u>	<u>(9,161)</u>	<u>(4.4)</u>

In RM

	Year ended 31 December					
	2015		2014		Change	
	<i>RM'000</i>	<i>% of total</i>	<i>RM'000</i>	<i>% of total</i>	<i>RM'000</i>	<i>%</i>
As-need	103,337	13.4	109,614	16.2	(6,277)	(5.7)
Pre-need	668,340	86.6	566,986	83.8	101,354	17.9
Total contract sales	<u>771,677</u>	<u>100.0</u>	<u>676,600</u>	<u>100.0</u>	<u>95,077</u>	<u>14.1</u>

Contract Sales by Business Segment

Contract sales decreased by 4.4% in USD terms, but increased by 14.1% in RM terms with growth recorded from all five countries that the Group is operating. The increase in RM terms was primarily due to the increase in sales from Singapore, and sales contributed from the newly launched Nirvana Center Kuala Lumpur in Malaysia, Thailand and Hong Kong. Lower contract sales in USD terms was due to the strengthening of USD against RM during the year ended December 31, 2015. The following tables set forth the breakdown of the Group's contract sales by business segment for the year under review in USD and RM terms:

In USD

	Year ended 31 December					
	2015		2014		Change	
	USD'000	% of total	USD'000	% of total	USD'000	%
Burial plots	57,517	29.1	62,047	30.0	(4,530)	(7.3)
Niches	76,820	38.9	61,725	29.9	15,095	24.5
Tomb design and construction	27,388	13.9	39,945	19.3	(12,557)	(31.4)
Others	7,229	3.6	15,059	7.3	(7,830)	(52.0)
Burial services and others	168,954	85.5	178,776	86.5	(9,822)	(5.5)
Funeral services	28,588	14.5	27,927	13.5	661	2.4
Total	<u>197,542</u>	<u>100.0</u>	<u>206,703</u>	<u>100.0</u>	<u>(9,161)</u>	<u>(4.4)</u>

In RM

	Year ended 31 December					
	2015		2014		Change	
	RM'000	% of total	RM'000	% of total	RM'000	%
Burial plots	224,683	29.1	203,099	30.0	21,584	10.6
Niches	300,089	38.9	202,644	29.9	97,445	48.1
Tomb design and construction	106,990	13.9	130,752	19.3	(23,762)	(18.2)
Others	28,240	3.6	48,691	7.3	(20,451)	(42.0)
Burial services and others	660,002	85.5	585,186	86.5	74,816	12.8
Funeral services	111,675	14.5	91,414	13.5	20,261	22.2
Total	<u>771,677</u>	<u>100.0</u>	<u>676,600</u>	<u>100.0</u>	<u>95,077</u>	<u>14.1</u>

Contract sales from burial plots increased by 10.6% in RM terms YoY, primarily contributed by (1) higher sales from (a) Bukit Mertajam and Kulai in Malaysia, and (b) Indonesia, and (2) the newly launched (a) Nirvana Memorial Park in Thailand, and (b) sales office in Hong Kong, China.

Niche sales increased by 24.5% in USD terms and 48.1% in RM terms YoY, largely attributed to sales growth from Singapore and the newly launched Nirvana Center Kuala Lumpur in Malaysia.

Lower contract sales for tomb design and construction services and others in 2015 was primarily due to higher promotion activities for pre-need tomb construction in 2014 in conjunction with the auspicious Chinese Lunar Year in 2014.

Contract sales from funeral services increased by 2.4% in USD terms and 22.2% in RM terms YoY, mainly due to higher sales from as-need funeral services.

Contract Sales by Country

The contributions from countries outside Malaysia continued to grow. It increased by 8.1 percentage points from 13.3% in 2014 to 21.4% in 2015. The following tables set out a breakdown of the Group's contract sales by country for the year under review in USD and RM terms:

In USD

	Year ended 31 December					
	2015		2014		Change	
	USD'000	% of total	USD'000	% of total	USD'000	%
Malaysia	155,204	78.6	179,313	86.7	(24,109)	(13.4)
Overseas countries:						
Singapore	32,998	16.7	20,083	9.7	12,915	64.3
Indonesia	6,455	3.3	7,307	3.6	(852)	(11.7)
Thailand	2,247	1.1	—	—	2,247	100.0
China — Hong Kong	638	0.3	—	—	638	100.0
Total overseas countries	42,338	21.4	27,390	13.3	14,948	54.6
Total	197,542	100.0	206,703	100.0	(9,161)	(4.4)

In RM

	Year ended 31 December					
	2015		2014		Change	
	RM'000	% of total	RM'000	% of total	RM'000	%
Malaysia	606,284	78.6	586,945	86.7	19,339	3.3
Overseas countries:						
Singapore	128,903	16.7	65,737	9.7	63,166	96.1
Indonesia	25,218	3.3	23,918	3.6	1,300	5.4
Thailand	8,779	1.1	—	—	8,779	100.0
China — Hong Kong	2,493	0.3	—	—	2,493	100.0
Total overseas countries	165,393	21.4	89,655	13.3	75,738	84.5
Total	771,677	100.0	676,600	100.0	95,077	14.1

Average sales prices (“ASP”) by Business Segment

The following table sets forth the sales volume and the ASP of the Group’s products for the year under review in USD and RM terms:

Sales Volume	Year ended					
	2015	2014	Change			
			%			
Burial plots (sq.m)	98,368	90,501	8.7			
Tomb design and construction (sq.m)	52,299	66,474	(21.3)			
Niches (units)	12,365	8,850	39.7			
Funeral services (cases)	5,610	4,617	21.5			

ASP	Year ended 31 December					
	In USD			In RM		
	2015	2014	Change	2015	2014	Change
	USD	USD	%	RM	RM	%
Burial plots (sq.m)	585	686	(14.7)	2,284	2,244	1.8
Tomb design and construction (sq.m)	524	601	(12.8)	2,046	1,967	4.0
Niches (unit)	6,213	6,974	(10.9)	24,269	22,898	6.0
Funeral services (case)	5,096	6,000	(15.1)	19,906	19,640	1.4

Lower ASP in USD terms for all business segments YoY was primarily due to the strengthening of USD against RM, however, in RM terms:

- ASP per sq.m for burial plots increased by 1.8% YoY largely due to increase in ASP from Semenyih in Malaysia and Indonesia, but partly offset by lower ASP in Thailand during the initial product launch before the site is ready for interment. Excluding Thailand, ASP per sq.m for burial plots would have increased by 3.6% YoY.
- The Group sold 12,365 units of niches in 2015 representing an increase of 39.7% YoY. ASP for niches increased by 6.0% YoY primarily due to a higher sales contribution from the Group’s columbarium in Singapore which has a higher ASP.
- ASP per sq.m for tomb increased by 4.0% YoY primarily due to higher ASP per sq.m from Semenyih in Malaysia.
- The Group sold 5,610 funeral services packages in 2015, an increase of 21.5% YoY. Higher ASP by 1.4% YoY was primarily due to increase in ASP of as-need funeral service.

(ii) Revenue

Revenue continued to grow across all major business segments and geographical regions in RM terms. Revenue for 2015 rose by 7.4% despite 14.1% growth in contract sales primarily due to contract sales from Nirvana Center Kuala Lumpur and substantial amount of contract sales from Singapore which have not been recognised as revenue in 2015. Lower revenue in USD terms was mainly due to the strengthening of USD against RM.

For 2015, pre-need revenue amounted to RM470.8 million, representing an increase of RM29.9 million or 6.8% compared to RM440.9 million for 2014. The following tables set forth the breakdown of revenue by as-need and pre-need revenue for the year under review in USD and RM terms:

In USD

	Year ended 31 December					
	2015		2014		Change	
	USD'000	% of total	USD'000	% of total	USD'000	%
As-need	28,060	18.9	30,381	18.4	(2,321)	(7.6)
Pre-need	<u>120,516</u>	<u>81.1</u>	<u>134,683</u>	<u>81.6</u>	<u>(14,167)</u>	<u>(10.5)</u>
Total revenue	<u>148,576</u>	<u>100.0</u>	<u>165,064</u>	<u>100.0</u>	<u>(16,488)</u>	<u>(10.0)</u>

In RM

	Year ended 31 December					
	2015		2014		Change	
	RM'000	% of total	RM'000	% of total	RM'000	%
As-need	109,614	18.9	99,446	18.4	10,168	10.2
Pre-need	<u>470,782</u>	<u>81.1</u>	<u>440,858</u>	<u>81.6</u>	<u>29,924</u>	<u>6.8</u>
Total revenue	<u>580,396</u>	<u>100.0</u>	<u>540,304</u>	<u>100.0</u>	<u>40,092</u>	<u>7.4</u>

The following table sets forth revenue by business segment for the year under review in USD and RM terms:

In USD

	Year ended 31 December					
	2015		2014		Change	
	USD'000	% of total	USD'000	% of total	USD'000	%
Burial plots	48,923	32.9	54,216	32.8	(5,293)	(9.8)
Niches	51,454	34.7	59,791	36.2	(8,337)	(13.9)
Tomb design and construction	26,642	17.9	26,532	16.1	110	0.4
Others	<u>8,138</u>	<u>5.5</u>	<u>11,163</u>	<u>6.8</u>	<u>(3,025)</u>	<u>(27.1)</u>
Burial services and others	135,157	91.0	151,702	91.9	(16,545)	(10.9)
Funeral services	<u>13,419</u>	<u>9.0</u>	<u>13,362</u>	<u>8.1</u>	<u>57</u>	<u>0.4</u>
Total	<u>148,576</u>	<u>100.0</u>	<u>165,064</u>	<u>100.0</u>	<u>(16,488)</u>	<u>(10.0)</u>

In RM

	Year ended 31 December					
	2015		2014		Change	
	<i>RM'000</i>	<i>% of total</i>	<i>RM'000</i>	<i>% of total</i>	<i>RM'000</i>	<i>%</i>
Burial plots	191,113	32.9	177,464	32.8	13,649	7.7
Niches	201,002	34.7	195,714	36.2	5,288	2.7
Tomb design and construction	104,074	17.9	86,846	16.1	17,228	19.8
Others	<u>31,790</u>	<u>5.5</u>	<u>36,541</u>	<u>6.8</u>	<u>(4,751)</u>	(13.0)
Burial services and others	527,979	91.0	496,565	91.9	31,414	6.3
Funeral services	<u>52,417</u>	<u>9.0</u>	<u>43,739</u>	<u>8.1</u>	<u>8,678</u>	19.8
Total	<u><u>580,396</u></u>	<u><u>100.0</u></u>	<u><u>540,304</u></u>	<u><u>100.0</u></u>	<u><u>40,092</u></u>	7.4

Increase in sales of burial services was mainly driven by higher sales contribution from Semenyih, Penang and Kulai in Malaysia and Singapore.

Increase in funeral services income was primarily attributed to higher rate of delivery for pre-need funeral service cases in 2015.

The following table sets forth the breakdown of revenue by country for the year under review in USD and RM terms:

In USD

	Year ended 31 December					
	2015		2014		Change	
	<i>USD'000</i>	<i>% of total</i>	<i>USD'000</i>	<i>% of total</i>	<i>USD'000</i>	<i>%</i>
Malaysia	124,274	83.6	140,571	85.2	(16,297)	(11.6)
Singapore	17,957	12.1	18,151	11.0	(194)	(1.1)
Indonesia	6,033	4.1	6,342	3.8	(309)	(4.9)
China — Hong Kong	<u>312</u>	<u>0.2</u>	<u>—</u>	<u>0.0</u>	<u>312</u>	100.0
Total	<u><u>148,576</u></u>	<u><u>100.0</u></u>	<u><u>165,064</u></u>	<u><u>100.0</u></u>	<u><u>(16,488)</u></u>	(10.0)

In RM

	Year ended 31 December					
	2015		2014		Change	
	<i>RM'000</i>	<i>% of total</i>	<i>RM'000</i>	<i>% of total</i>	<i>RM'000</i>	<i>%</i>
Malaysia	485,463	83.6	460,132	85.2	25,331	5.5
Singapore	70,146	12.1	59,413	11.0	10,733	18.1
Indonesia	23,567	4.1	20,759	3.8	2,808	13.5
China — Hong Kong	<u>1,220</u>	<u>0.2</u>	<u>—</u>	<u>0.0</u>	<u>1,220</u>	100.0
Total	<u><u>580,396</u></u>	<u><u>100.0</u></u>	<u><u>540,304</u></u>	<u><u>100.0</u></u>	<u><u>40,092</u></u>	7.4

Revenue from Malaysia increased by 5.5% YoY to RM485.5 million in RM terms. This was primarily driven by higher revenue contribution from Semenyih, Penang and Kulai.

Revenue from Singapore increased by 18.1% YoY in RM terms due to the increase in both ASP and the quantity of niches sold.

YoY increase in revenue from Indonesia by RM2.8 million or 13.5% was mainly due to higher revenue generated from tomb design and construction.

b. Cost of Sales and Services

Cost of sales and services as a percentage of revenue decreased from 29.5% for 2014 to 24.3% in 2015. The following table sets forth cost of sales and services by business segment for the year under review:

	Year ended 31 December			
	2015		2014	
	<i>USD'000</i>	<i>% to revenue</i>	<i>USD'000</i>	<i>% to revenue</i>
Land cost	1,942	1.3	3,454	2.1
Development expenditure	8,275	5.6	10,714	6.5
Total cost for burial plots	10,217	6.9	14,168	8.6
Niches	9,413	6.3	11,979	7.3
Tomb design and construction	9,073	6.1	13,957	8.4
Others	2,310	1.6	2,317	1.4
Burial services and others	31,013	20.9	42,421	25.7
Funeral services	5,127	3.4	6,218	3.8
Total	36,140	24.3	48,639	29.5

Burial Services

Cost of sales and services as a percentage of revenue for burial services decreased from 8.6% to 6.9% due to (i) economies of scale achieved from higher land utilization, and (ii) lower tomb design and construction cost following the acquisition of tomb design and construction business in March 2015.

Funeral Services

Cost of sales and services as a percentage of revenue for funeral services decreased by 0.4 percentage point YoY, primarily due to better product cost control.

c. Gross Profit and Gross Margin

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

	Year ended 31 December			
	2015		2014	
	Gross profit USD'000	Gross margin (%)	Gross profit USD'000	Gross margin (%)
Burial services and others	104,145	77.1	109,281	72.0
Funeral services	<u>8,291</u>	<u>61.8</u>	<u>7,144</u>	<u>53.5</u>
Total	<u><u>112,436</u></u>	<u><u>75.7</u></u>	<u><u>116,425</u></u>	<u><u>70.5</u></u>

Gross profit margin for both business segments in total increased by 5.2 percentage points from 70.5% for 2014 to 75.7% for 2015.

d. Other Income

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

	Year ended 31 December	
	2015	2014
	USD'000	USD'000
Imputed interest income on trade receivables under installment arrangement	6,775	6,624
Dividend income	732	575
Interest income on short-term deposits	2,346	403
Others	<u>1,411</u>	<u>1,921</u>
Total	<u><u>11,264</u></u>	<u><u>9,523</u></u>

Imputed interest income on trade receivables under installment arrangements is the interest income deemed accrued with respect to 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 maintenance funds and sinking fund on their investments.

Other income increased by USD1.7 million, or 18.3%, from USD9.5 million for 2014 to USD11.3 million for 2015 primarily due to higher interest income from short-term deposits.

e. Other Gains and Losses

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

	Year ended 31 December	
	2015	2014
	USD'000	USD'000
Gain from changes in fair value on financial assets at fair value through profit or loss	1,006	680
Gain from changes in fair value on derivative financial instrument — call option	—	25
Loss from changes in fair value on derivative financial instrument — earn-out arrangement	(2,650)	(744)
Gain on disposal of available-for-sale investment	1,127	806
Net foreign exchange gains	41,458	327
(Loss) gain on disposal of property, plant and equipment	(37)	112
Others	—	(57)
Total	<u>40,904</u>	<u>1,149</u>

Other gains and losses increased by USD39.8 million or more than 3,460.0% YoY, mainly due to the increase in net foreign exchange gains arising from cash and cash equivalents denominated in USD and HKD, but partially offset by the loss from changes in fair value on derivative financial instrument arising from changes in the estimated revenue to be derived from the construction services of the Penang Island columbarium in Malaysia, following the change in design of the columbarium. The change also resulted in lower estimated cost of construction.

f. Selling and Distribution Expenses

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

	Year ended 31 December			
	2015		2014	
	USD'000	% of revenue	USD'000	% of revenue
Commissions	20,162	13.6	23,211	14.1
Incentives	4,243	2.9	4,849	3.0
Promotion and others	7,526	5.1	6,000	3.6
Advertising and newsletter	1,829	1.2	1,764	1.1
Event and function	1,187	0.8	1,650	1.0
Total	<u>34,947</u>	<u>23.5</u>	<u>37,474</u>	<u>22.8</u>

Selling and distribution expenses reduced by USD2.5 million, or 6.7%, from USD37.5 million in 2014 to USD34.9 million in 2015. The selling and distribution expenses to revenue increased by 0.7 percentage point from 22.8% for 2014 to 23.5% for 2015. The increase in promotion expenses to revenue is primarily driven by certain expenses in connection with the newly-launched cemeteries in Thailand and Nirvana Center Kuala Lumpur in Malaysia which cannot be deferred in proportion to contract sales not recognized as revenue during the year.

g. Administrative Expenses

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

	Year ended 31 December			
	2015		2014	
	USD'000	% of revenue	USD'000	% of revenue
Staff cost	16,952	11.4	18,539	11.2
Administrative and general expenses	5,542	3.7	6,061	3.7
Depreciation and amortization	1,843	1.2	2,148	1.3
Others	4,463	3.1	3,694	2.2
Total	<u>28,800</u>	<u>19.4</u>	<u>30,442</u>	<u>18.4</u>

Administrative expenses reduced by USD1.6 million, or 5.4%, from USD30.4 million for 2014 to USD28.8 million for 2015, primarily due to one-off share-based payment expenses of USD3.3 million in relation to pre-Listing employees share rights scheme, which were fully vested in 2014. The increase in staff cost in 2015 was mainly due to the integration of work force from the newly acquired tomb design and construction business in March 2015.

h. Finance Costs

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

	Year ended 31 December	
	2015	2014
	USD'000	USD'000
Bank loans, overdrafts and other borrowings	880	1,384
Obligation under finance leases	8	13
Imputed interest expenses on commission and certain promotion expenses payable	<u>1,185</u>	<u>1,134</u>
Total	<u>2,073</u>	<u>2,531</u>

Finance costs decreased by 18.1% from USD2.5 million for 2014 to USD2.1 million for 2015, primarily due to partial repayment and refinancing of a revolving credit facility which attracted a lower interest expense.

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 burial 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 2014 represented the Listing expenditures incurred, but not capitalized, for the Listing.

j. *Income Tax Expenses*

Effective income tax rate decreased from 26.3% for 2014 to 11.6% for 2015 primarily due to net foreign exchange gains of USD41.5 million in 2015 which was not subject to income tax, while share-based payment expenses and listing expenditures for the Listing totaling USD8.9 million were not deductible for tax in 2014.

k. *Adjusted Profit for the Year Attributable to Owners of the Company (“Adjusted Net Profit”)*

The Group’s Adjusted Net Profit increased by 21.2% in RM terms, from RM146.2 million to RM177.2 million or increased by 1.6%, in USD terms, from USD44.6 million to USD45.3 million compared to 2014. The Adjusted Net Profit margin increased by 3.5 percentage points to 30.5% in 2015, primarily due to (i) improved gross profit margin, (ii) lower effective income tax rate, and (iii) lower non-controlling interest in Singapore pursuant to the take-over of the remaining shareholding in September 2014.

C. *Financial Positions*

a. *Liquidity and Financial Resources*

As at December 31, 2015, the Group’s total fixed deposits, bank balances and cash, and financial instruments classified under financial assets through profit or loss were USD240.7 million (2014: USD301.4 million). The following table sets forth our total fixed deposits, bank balances and cash by accounts classification:

	2015	2014
	USD’000	USD’000
Fixed deposits, bank balances and cash	229,620	271,620
Financial instruments classified under financial assets through profit or loss	<u>11,058</u>	<u>29,730</u>
	<u>240,678</u>	<u>301,350</u>
Available-for-sale investments	<u>31,208</u>	<u>29,742</u>

The majority of the Group's fixed deposits were deposited with banks with maturity period up to 6 months with interests at market rates which ranged from 0.01% to 10.00% (2014: 0.05% to 10.0%) per annum.

The Group had interest-bearing bank borrowings of USD46.0 million (2014: USD56.8 million) that was due within one year and they were subject to effective interest rates which ranged from 0.9% to 2.5% (2014: 1.6% to 2.0%) per annum.

Included in the fixed deposits, bank balances and cash above there were restricted cash or funds of:

- i. USD0.1 million (2014: Nil) used to secure banking facilities and is non-interest bearing,
- ii. USD50.7 million (2014: Nil) pledged as deposits to banks carrying market interest rate ranging from 0.65% to 3.85% (2014: Nil) to secure banking facilities, and
- iii. USD5.6 million (2014: USD8.9 million) held under trust accounts.

Both the restricted cash of USD5.6 million and the available-for-sale investments of USD31.2 million (2014: USD29.7 million) represent amounts segregated and held under trust accounts pursuant to the trust deeds to service the costs of fulfilling the Group's obligations under the pre-need funeral service contract and maintenance service contracts.

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 period and multiplied by 100%.

As at December 31, 2015, excluding the restricted cash amount of USD5.6 million held under the pre-need funeral service contract and maintenance service contract's trust account, the Group had total fixed deposits, bank balances and cash, and financial instruments classified under financial assets through profit or loss of USD235.0 million and a bank borrowing of USD46.0 million. As at December 31, 2015 and 2014, the Group had no gearing.

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 year by revenue in that year and then multiplying by the number of days within the year.

As of December 31, 2015, the Group had trade receivables turnover days of 159 days (2014: 133 days). The increase was primarily due to an increasing number of clients electing for longer installment payment periods. To manage the increasing trade receivables, the Company has further incentivized sales agents to promote shorter installment periods to customers. As a result of installment payment, revenue is discounted at an effective interest rate ranging 6.8% to 13.5% (2014: 8.5%) per annum.

d. 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 year by cost of sales and services in that year and then multiplying by the number of days within the year.

As of December 31, 2015, the Group had trade payables turnover days of 162 days (2014: 116 days). The increase was in line with the increase in trade receivables turnover period as payment to certain land owners of cemeteries in Malaysia were made after the Group collecting payments from customers.

e. Material Acquisitions or Disposals of Subsidiaries

The Group did not have any material acquisition or disposal of subsidiaries during the year ended December 31, 2015.

f. Employee and Remuneration Policy

As of December 31, 2015, the Group had approximately 740 full-time employees stationed in Malaysia, Indonesia, Singapore, Thailand, Hong Kong and China and incurred total employees' remuneration of USD19.9 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.

g. Capital Commitment

	2015 USD'000	2014 USD'000
Capital commitments contracted for but not provided in the financial statement in respect of:		
— acquisition of a subsidiary	2,000	—
— acquisition of capital expenditure	<u>30</u>	<u>237</u>
	<u>2,030</u>	<u>237</u>

h. Assets Pledged

As at December 31, 2015, there was no charge on any assets of the Group except for assets in the amount of USD56,000 held under finance leases, cash at bank and fixed deposits in the amount of USD50.7 million which have been pledged to secure bank facilities.

i. *Contingent Liabilities*

The Group was not aware of any material contingent liabilities as at December 31, 2015.

j. *Significant Event Subsequent to the Financial Year*

On January 15, 2016, a subsidiary of the Company, Mount Prajna Ltd., accepted the letter of offer from the Singapore Land Authority for the extension of the existing lease period in respect of its land located at No. 950, Old Choa Chu Kang Road, Singapore where the Group's columbarium, Nirvana Singapore is erected thereon from August 13, 2029 to August 13, 2098. The lease extension premium of approximately USD32.7 million equivalent to SGD47.0 million, together with 7% Goods and Services Tax has been settled on January 28, 2016.

D. *Key Risks and Uncertainties*

The followings are the key risks and uncertainties relating to our Group. Our business, financial condition and results of the operation could be affected by any of these risks and uncertainties.

a. *Operational Risk*

The Group's operation is subject to a number of risk factors in different countries in which the Group is operating. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Responsibility for managing operational risks basically rests with every function at divisional and departmental levels. The Group recognizes that operational risks cannot be eliminated completely and that it may not always be cost effective to do so.

Key functions in the Group are guided by their standard operating procedures, limits of authority and reporting framework. The Internal Audit Department will identify and assess key operational exposures and report such risk issues to senior management as early as possible so that appropriate risk response can be taken.

b. *Financial Risks*

The main risks arising from the Group's financial assets and liabilities are currency, interest rate, price, market, liquidity and increased credit risks.

Currency Risk

The primary economic environments in which the Group operates are Malaysia, Singapore and Indonesia and our functional currencies are RM, SGD and Indonesian rupiah. The Group's reporting currency is USD. 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 using the prevailing exchange rates at the end of each reporting year. Income and expenses were translated at the average exchange rates for the reporting year.

Due to the fluctuations in the exchange rates of the Group's functional currencies against USD, the financial performance of the Group's operations may not be accurately reflected in the Group's unaudited consolidated financial statements. Any fluctuations in the functional currencies against USD exchange rate in future reporting year may also affect the comparability of the Group's results of operations with prior year.

The Group's cash and cash equivalents, which are not denominated in USD, are exposed to fluctuations in the value of the USD against the currencies in which these cash and cash equivalents are denominated. Any significant appreciation or depreciation of the USD against these foreign currencies may result in significant exchanges losses or gain.

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.

Description of the other risks and uncertainties, and the capital and financial risk management objectives and policies of the Group could be found in Note 18 and 19 to the consolidated financial statements.

c. *Regional Expansion Risks*

The future growth of the Group depends to a certain extent on our ability to grow our overseas operations. This comes with considerable risks such as political and economic risks and risks in relation to repatriation of funds. Our business model may not be competitive in other new markets or under different regulatory frameworks.

d. *Partnership Relations*

The success of our strategic investments depend to a large extent on our relationships with and the strength of our investment partners. There is no guarantee that the Group will be able to maintain these relationships or that investment partners will remain committed to their partnerships.

e. *Acquisition Risks*

In acquisitions, the Group faces challenges arising from integrating newly acquired business with our own operations, managing these businesses in markets where we have limited experience. The Group also risks not being able to generate synergies from these acquisitions which may become a drain of capital resources.

The Group adopts a disciplined approach in our investment evaluation and decision-making process to identify attractive expansion opportunities and replicate our success in new markets using our experience in site selection, death care facilities design, development, management and maintenance, product design and sales and marketing.

f. Business Risks

Risk pertaining to the expansion of cemeteries

The Group's future growth depends on the ability to acquire land in areas that meet with the Group's criteria for cemeteries and other death care facilities at commercially acceptable prices. The Group relies on the Group's ability to acquire land that is within reasonable distances of the target customers and viable use as a cemetery. Any inability to acquire suitable land at commercially acceptable prices in the future could have an adverse effect on the Group's financial position and business operations. Historically, we have been able to source and acquire new land for expansion at commercially acceptable prices.

Risk pertaining to the sales agency network

The Group's results of operations and growth prospects rely on the sales agency network. If we fail to manage our sales agency network effectively, or the sales agency network becomes less productive, the results of operations and prospects of the Group could be affected. In order to grow and maintain the sales agency network, the Group will recruit, retain and support the sale agents on a continuous basis, maintain an attractive agency commission model, encourage existing sales agents to sponsor and train new sales agents and refine the marketing materials and death care services offerings.

Risk pertaining to the investment assets of sinking fund and maintenance funds

The investment assets of sinking fund and maintenance funds may not be sufficient to cover future death care services costs, or may suffer significant losses or experience sharp declines in their returns, which would affect the results of operations and ability to discharge the obligation under the sold pre-need funeral services packages and to properly maintain the cemeteries. To discharge these obligations, in Malaysia and Singapore, the Group appointed a committee and professional trustees to maintain and manage the maintenance and sinking funds that can only be utilized for such specific purposes.

Additionally, a portion of the investment assets are denominated in currencies other than the local currency of the respective operation countries, thereby, any fluctuation of the exchange rate would give rise to exchange gains or losses. The investment assets designated as FVTPL are stated at fair value. Any gains or losses arising from remeasurement are recognized in profit or loss.

Risk of unfavorable publicity may harm our reputation and operation results

Our operations relate to events involving emotional stress for our customers and their families. Our business is dependent on consumers' trust and confidence. Unfavorable publicity about our business generally or in relation to any specific location or customer complaints could affect our reputation and consumers' trust and confidence in our services, thereby having an adverse impact on our operation and financial results, as well as on the value of our brand.

g. Environmental Policies and Performance

The Group is committed to the protection of the environment, as well as the health and safety of its employees. The Group has appropriate risk management systems to ensure compliance with environmental legislation in all the countries in which the Group operates its business. During the year, our operations did not record any environmental incidents that were classed as major or catastrophic.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HKD0.05 per ordinary share for the year ended December 31, 2015. The proposed final dividend will be payable on June 23, 2016, subject to the approval of the shareholders of the Company at the AGM. Shareholders registered under the register of members 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 23, 2016 to May 25, 2016, both days inclusive, in order to determine the entitlement of the shareholders of the Company to attend the AGM to be held on May 25, 2016.

In order to qualify to attend and vote at the 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 20, 2016, for the purpose of effecting the share transfers.

The register of members of the Company will also be closed from June 2, 2016 to June 6, 2016, both days inclusive, in order to determine the entitlement of the shareholders of the Company 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 1, 2016, for the purpose of effecting the share transfers.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the Listing amounted to USD247.1 million. As at December 31, 2015, we have used approximately USD76.7 million for acquisition and development of cemeteries and columbarium, working capital and other general corporate purposes. The remaining net proceeds are intended to be used in the manner consistent with that set out in the prospectus of the Company dated December 4, 2014.

CORPORATE GOVERNANCE

The Company 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 Listing Rules during the year ended December 31, 2015. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

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 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 year ended December 31, 2015.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

During the year ended December 31, 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

ANNUAL GENERAL MEETING

The AGM will be held on May 25, 2016. Notice of the AGM will be published and dispatched to the shareholders of the Company in due course.

PUBLICATION OF THE CONSOLIDATED ANNUAL RESULTS AND 2015 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.nirvana-asia-ltd.com), and the 2015 annual report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Nirvana Asia Ltd
Tan Sri Kong Hon Kong
Managing Director and Chief Executive Officer

Hong Kong, March 30, 2016

As at the date of this announcement, the executive Directors are Tan Sri Kong Hon Kong, Kong Yew Foong, Soo Wei Chian and Kong Yew Lian; the non-executive Directors are Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan, Li Gabriel, Ang Teck Shang and Tse Po Shing Andy and the alternate Director to Tse Po Shing Andy is Barnes II, William Wesley; and the independent non-executive Directors are Tan Sri Chan Kong Choy, Ng Soon Lai @ Ng Siek Chuan, Foong Soo Hah and Anita Chew Cheng Im.