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 2015

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Tan Sri 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)*
Tan Sri' 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

AUTHORISED REPRESENTATIVES

Mr. SOO Wei Chian
Ms. NG Sau Mei

CORPORATE INFORMATION (CONTINUED)

JOINT COMPANY SECRETARIES

Ms. CHEN Huey Jiuan
Ms. NG Sau Mei

AUDITORS

Deloitte

COMPLIANCE ADVISER

REORIENT Financial Markets Limited

REGISTERED OFFICE

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

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

GROUP STRUCTURE

AS AT DECEMBER 31, 2015

- Incorporated in the British Virgin Islands
- Incorporated in China
- Incorporated in Hong Kong
- Incorporated in Indonesia
- Incorporated in Labuan
- Incorporated in Malaysia
- Incorporated in Singapore
- Incorporated in Thailand

* A company limited by guarantee

富貴生命國際有限公司
NIRVANA asia LTD

- NIRVANA ASIA SDN. BHD. **[100%]**
  - ASIA PREMIER PROPARTNERS SDN. BHD. **[100%]**
  - NIRVANA CHINA SDN. BHD. **[100%]**
  - NIRVANA MEMORIAL PARK SDN. BHD. **[100%]**
  - NIRVANA NORTH SDN. BHD. **[100%]**
  - NIRVANA THAILAND SDN. BHD. **[100%]**
  - NIR-WARNA DEVELOPMENT SDN. BHD. **[100%]**
  - NV ALLIANCE SDN. BHD. **[100%]**
  - NIRVANA CARE SDN. BHD. **[100%]**
  - NV INTERNATIONAL (L) LIMITED **[100%]**
  - NV JAKARTA MEMORIAL SDN. BHD. **[100%]**
  - NV PROPARTNERS SDN. BHD. **[100%]**
  - NV MULTI CAPITAL SDN. BHD. **[100%]**
  - NV MULTI CORPORATION BERHAD **[100%]**
  - NV MULTI CORPORATION (HONG KONG) LIMITED 富貴集團(香港)有限公司 **[100%]**
  - NIRVANA SINGAPORE PTE. LTD. **[100%]**
  - NIRVANA BISHAN PTE. LTD. **[100%]**
- LEAD CAPITAL INVESTMENTS LIMITED **[100%]**
  - GLOBAL FAITH (HONG KONG) LIMITED 寰信(香港)有限公司 **[100%]**
- CLEAR HARBOUR INTERNATIONAL LIMITED **[100%]**
  - PURITRANS SDN. BHD. **[100%]**
- VENTURE HILL LIMITED **[100%]**
  - GLOBAL HILL (HONG KONG) LIMITED 世峰(香港)有限公司 **[100%]**

FUTURE SPECTRUM SDN. BHD. **[100%]** — EVEREST FAIRWAY SDN. BHD. **[100%]**

KENMATRIX SDN. BHD. **[100%]**

HARMONY MAPLE SDN. BHD. **[100%]**

NIRVANA KL BERHAD **[100%]**

CENTURY PRECEPTS SDN. BHD. **[100%]**

NIRVANA HOLDINGS BERHAD **[100%]**

NIRVANA CENTRAL PARK SDN. BHD. **[100%]**

NIRVANA MEMORIAL PARK (KULAI) SDN. BHD. **[100%]**

NIRVANA MEMORIAL PARK (PENANG) SDN. BHD. **[100%]**

NIRVANA MEMORIAL PARK (SABAH) SDN. BHD. **[100%]**

NIRVANA MEMORIAL PARK (SEGAMAT) SDN. BHD. **[100%]**

NIRVANA MEMORIAL PARK (SHAH ALAM) SDN. BHD. **[100%]**

NIRVANA MEMORIAL PARK (SIBU) SDN. BHD. **[100%]**

NIRVANA MEMORIAL PARK (TIRAM) SDN. BHD. **[100%]**

NV MULTI (BEIJING) SDN. BHD. **[100%]**

TWIN EAGLE GARDEN SDN. BHD. **[100%]**

PARADIGM HECTARES SDN. BHD. **[100%]**

BLISSFUL WORLD SDN. BHD. **[100%]**

NIRVANA CENTER KLANG BERHAD **[100%]**

CLASSIC COTTAGE SDN. BHD. **[100%]**

NIRVANA MEMORIAL PARK (BUKIT MERTAJAM) BERHAD **[100%]**

NIRVANA MEMORIAL PARK (SG PETANI) BERHAD **[100%]**

NIRVANA MEMORIAL GARDEN CO., LTD. **[49.37%]** — NIRVANA MEMORIAL PARK CO., LTD. **[61%]**

[38.99%]

NV CARE (PENANG) SDN. BHD. **[100%]**

PINANG SEPADAN SDN. BHD. **[100%]**

PJMC SDN. BHD. **[100%]**

HARVEST CHINA HOLDINGS LIMITED 加茂集團有限公司 **[95%]**

ESSENTIAL SCOPE SDN. BHD. **[100%]** — PT NIRVANA MEMORIAL NUSANTARA **[70%]**

PT ALAM HIJAU LESTARI **[51%]**

EAGLE HERITAGE LIMITED **[100%]**

NIRVANA MEMORIAL GARDEN PTE. LTD. **[100%]** — MOUNT PRAJNA LTD.*

NIRVANA BUSINESS CONSULTANCY HUIZHOU CO. LTD **[100%]**
富貴生命商業信息諮詢(惠州)有限公司

FIVE YEARS FINANCIAL HIGHLIGHTS

Five Years Financial Summary for the year ended December 31

	2011 USD'000	2012 USD'000	2013 USD'000	2014 USD'000	**2015 USD'000**	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	**2015 RM'000**
Revenue	116,832	124,161	139,715	165,064	**148,576**	357,377	383,595	440,239	540,304	**580,397**
Contract sales	143,087	160,377	182,560	206,703	**197,542**	437,689	495,485	575,242	676,601	**771,678**
EBITDA[1]	29,984	41,615	55,602	56,124	**102,745**	91,718	128,570	175,201	183,710	**401,365**
Adjusted EBITDA[1&2]	31,085	43,901	55,008	65,010	**61,287**	95,086	135,632	173,329	212,797	**239,413**
Profit for the year	18,378	28,377	37,789	37,832	**87,352**	56,216	87,671	119,072	123,835	**341,232**
Adjusted profit for the year[2]	19,479	30,663	37,195	46,718	**45,894**	59,584	94,733	117,201	152,922	**179,280**
Profit for the year attributable to owners of the Company	17,185	24,953	35,289	35,764	**86,837**	52,567	77,092	111,195	117,066	**339,220**
Adjusted profit for the year attributable to owners of the Company[2]	18,286	27,239	34,695	44,650	**45,379**	55,935	84,155	109,323	146,153	**177,269**
Basic earnings per ordinary share (US cents per ordinary share)	0.89	1.30	1.84	1.74	**3.22**	2.72	4.02	5.80	5.71	**12.58**
Adjusted earnings per ordinary share (US cents per ordinary share)[2]	0.95	1.42	1.81	2.18	**1.68**	2.91	4.39	5.70	7.14	**6.57**
Non-current assets	76,696	91,932	99,107	120,277	**150,408**	243,663	281,128	324,625	420,549	**645,777**
Current assets	185,611	185,219	197,047	489,831	**445,033**	589,686	566,400	645,427	1,712,694	**1,910,749**
Non-current liabilities	111,041	123,749	125,610	118,797	**112,214**	352,777	378,424	411,436	415,374	**481,791**
Current liabilities	138,749	119,213	112,147	168,046	**162,639**	440,806	364,553	367,337	587,573	**698,291**
Net assets	12,517	34,189	58,397	323,265	**320,588**	39,767	104,550	191,279	1,130,296	**1,376,445**

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

2. Adjusted to exclude the followings, which are non-recurring

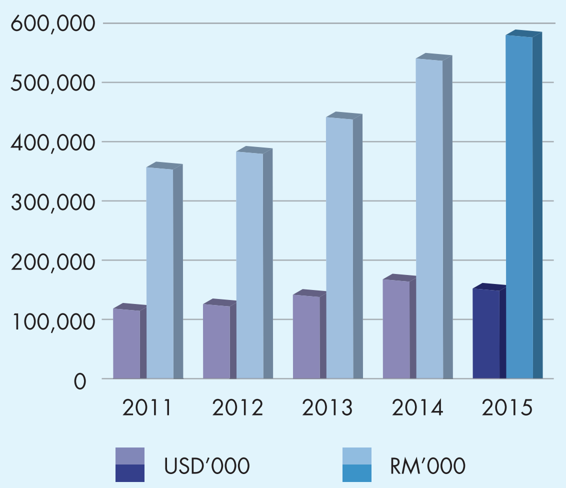
	USD'000	USD'000	USD'000	USD'000	**USD'000**	RM'000	RM'000	RM'000	RM'000	**RM'000**
(a) Net foreign exchange gain	—	—	—	—	**41,458**	—	—	—	—	**161,952**
(b) Share-based payment expenses	—	—	1,342	3,278	**—**	—	—	4,229	10,729	**—**
(c) Listing expenses	—	—	—	5,287	**—**	—	—	—	17,305	**—**
(d) Other expenses relating to the Listing	—	—	—	321	**—**	—	—	—	1,053	**—**
(e) (Reversal)/provision for quit rent and assessment	1,101	2,286	(1,936)	—	**—**	3,368	7,062	(6,101)	—	**—**

3. The above amounts denominated in RM have been translated into USD at the exchange rates of

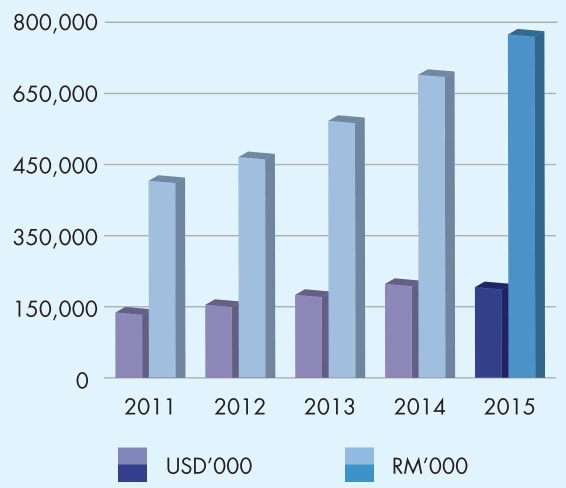
	3.0589	3.0895	3.1510	3.2733	**3.9064**

FIVE YEARS FINANCIAL HIGHLIGHTS (CONTINUED)

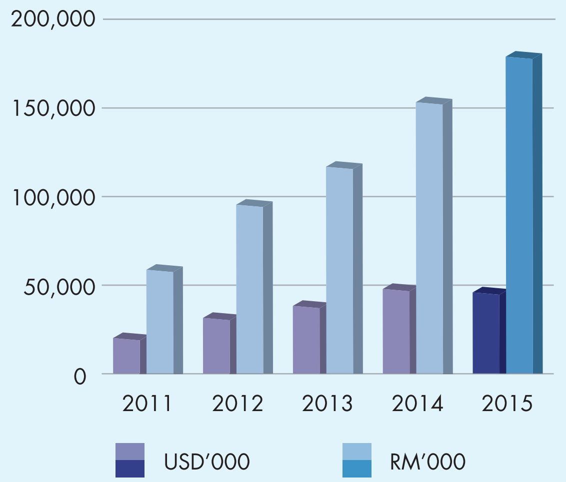
Revenue



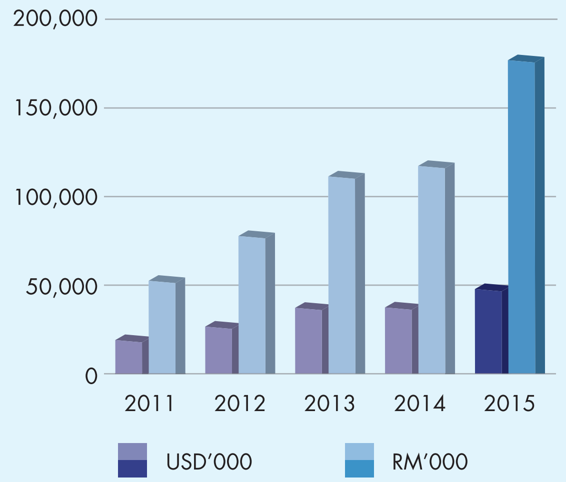
Contract sales



Adjusted profit for the year



Adjusted profit for the year attributable to owners of the Company



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board ("**Board**") of directors ("**Directors**") of Nirvana Asia Ltd ("**Company**"), I am pleased to report that the Company and its subsidiaries ("**Group**") has ended the financial year with another set of strong results, reflecting our resilience and strength in the bereavement care business.

Dato' FU Ah Kiow
Chairman

CHAIRMAN'S STATEMENT (CONTINUED)

FINANCIAL PERFORMANCE

Despite a challenging economic environment and a weaker Malaysia ringgit ("**RM**"), we recorded a steady growth in profits for the year ended December 31, 2015. Our flagship operations in Malaysia continues to be the main growth driver contributing approximately 83.6% to our Group's revenue. The contract sales contribution from our Singapore operations improved significantly to 16.7% in 2015 from 9.7% in the previous year while our start-ups in Thailand and China were still in the red.

Revenue improved by 7.4% in RM terms to RM580.4 million from last year but decreased by 10.0% in United States dollars ("**USD**") terms due to the weaker RM. Profit for the year attributable to the owners of the Company ("**Net Profit**") rose by 189.7% in RM terms to RM339.2 million and by 142.5% in USD terms to USD86.8 million in 2015.

Net Profit margin also improved to 58.4% in 2015 from 21.7% last year mainly due to the higher margin from the design and construction of the Group's tomb business that was acquired in March 2015, better cost management for the funeral services segment and net foreign exchange gains in 2015.

LOCAL AND OVERSEAS VENTURES

With a strong brand name and foundation, we are always pursuing opportunities to expand our business operations into new markets. 2015 saw many successful sales launches on both the local front and for new overseas ventures.

Locally, Nirvana Center, Kuala Lumpur, since launching its products in April 2015, has recorded contract sales of more than RM60.0 million (equivalent to approximately USD16.0 million) over nine months even though the columbarium and funeral home are still under construction. To further expand geographically, we acquired two parcels of land measuring approximately 100 hectares near the city of Klang, Malaysia, and approximately 32 kilometers from Kuala Lumpur with excellent connectivity to various populated suburbs via major highways. More importantly, this acquisition will complement our new columbarium complex and funeral home to be built in Klang.

In Singapore, the increase in built-up capacity of Nirvana Memorial Garden, Singapore ("**Nirvana Singapore**") from 11,000 square meters ("**sq.m.**") to 43,000 sq.m. and the extension of the lease period by 82 years to 2098 have further enhanced the value and marketability of our products and services.

Nirvana Memorial Park, Ban Bueng, Thailand which commenced sales in May 2015 contributed 1.1% of our Group's contract sales or the equivalent of USD2.2 million for the same period. Our Hong Kong sales office which was set up to facilitate sales of our products in Huizhou, Guangdong province, China, contributed approximately USD0.6 million to our Group's revenue in merely two months of operations.

In July 2015, we entered into an agreement to purchase a 70% equity interest in a company to develop a cemetery on approximately 40 hectares of land in Dong Nai Province, Vietnam. This will be our maiden project in the populous Vietnam and sales commencement is targeted for the first half of 2017.

CHAIRMAN'S STATEMENT (CONTINUED)

Indonesia has always been an important market for us. In 2015, we decided to expand beyond Jakarta and venture into Medan, Indonesia's third largest city, by subscribing for a 70% interest in a company that will develop cemeteries on approximately 75 hectares of land. The Greater Medan has a population of more than 4.0 million and has the largest Chinese community on Sumatra Island. We anticipate that sales will commence in the second quarter of 2016.

MOVING FORWARD

Although we have presence in most of the major countries in South East Asia, there is still much room to grow in these markets. In the immediate future, we are looking to expand the Nirvana brand to Klang Valley, Malaysia, Medan, Indonesia, Jakarta West, Indonesia, Bangkok, Thailand and Ho Chi Minh City, Vietnam.

In addition, China remains one of the attractive markets for us due to its growing and sizable elderly population, rising income levels and spending power. We are actively exploring mergers and acquisitions opportunities in China and will utilise our extensive operational know-how, networks and forward-looking vision to evaluate various opportunities which are in the interests of the Group and the shareholders of the Company ("**Shareholders**") as a whole.

DIVIDENDS

Given our current healthy cash flow, our Board has recommended a final dividend of Hong Kong dollars ("**HKD**") 0.05 per ordinary share for 2015. Together with the interim dividend declared in August 2015 of HKD0.03 per ordinary share, the total dividend for 2015 will be HKD0.08 per ordinary share (2014: HKD0.05 per ordinary share).

In light of our anticipated expansion plans, we are constantly mindful of the need to strike a balance between conserving resources for expansion and paying regular dividends.

INDUSTRY RECOGNITION

We are delighted and privileged to have been included as "Asia's Best Managed Companies Poll 2015" by FinanceAsia and "The Listed Enterprise Excellence Awards 2015" by Capital Weekly. These awards are testaments to the capabilities of our management team led by our Managing Director, Tan Sri KONG Hon Kong. We are confident that these awards will continue to motivate our team to achieve greater heights in financial performance, operational transparency and corporate governance.

CHAIRMAN'S STATEMENT (CONTINUED)

OUR COMMUNITY

We will continue to allocate appropriate resources to community and social organisations as part of our endeavours in shouldering our corporate social responsibilities. In collaboration with the NV Foundation, a private charitable entity, we donate niches and funeral services free of charge as part of the Love and Care program for the disadvantaged. We will also continue to sponsor charities that support healthcare needs and education. We believe our ongoing support to local communities in the markets where we operate is critical to our reputation and success.

APPRECIATION

Having the right team is key to the success of our business. I would like to pay tribute to our loyal management and staff who worked tirelessly to constantly improve and grow our business throughout this challenging business climate; without which, we would not have been able to achieve these results.

I thank our Directors for their invaluable guidance and contributions during the period.

Last but not least, on behalf of the Board, I would like to thank our customers, business associates and Shareholders for their strong support and confidence in us as we push ahead with the next phase of growth and aspire to transform our Group into a regional leader in bereavement care.

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

March 30, 2016

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's operation to a premium columbarium's operation, 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 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 urbanisation 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 Jaya, 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, Dong Nai 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 recognised 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:

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In USD — Year ended December 31,

	2015		2014		Change	
	USD'000	% of total	USD'000	% of total	USD'000	%
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	197,542	100.0	206,703	100.0	(9,161)	(4.4)

In RM — Year ended December 31,

	2015		2014		Change	
	RM'000	% of total	RM'000	% of total	RM'000	%
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	771,677	100.0	676,600	100.0	95,077	14.1

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 December 31,

	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	197,542	100.0	206,703	100.0	(9,161)	(4.4)

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In RM — Year ended December 31,

	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	771,677	100.0	676,600	100.0	95,077	14.1

Contract sales from burial plots increased by 10.6% in RM terms year on year ("**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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 December 31,

	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 December 31,

	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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 December 31,

	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 December 31,

	2015 USD	2014 USD	Change %	2015 RM	2014 RM	Change %
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:

(a) 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.

(b) 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.

(c) ASP per sq.m. for tomb increased by 4.0% YoY primarily due to higher ASP per sq.m. from Semenyih in Malaysia.

(d) 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(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 December 31,

	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	120,516	81.1	134,683	81.6	(14,167)	(10.5)
Total revenue	148,576	100.0	165,064	100.0	(16,488)	(10.0)

In RM — Year ended December 31,

	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	470,782	81.1	440,858	81.6	29,924	6.8
Total revenue	580,396	100.0	540,304	100.0	40,092	7.4

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

In USD — Year ended December 31,

	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	8,138	5.5	11,163	6.8	(3,025)	(27.1)
Burial services and others	135,157	91.0	151,702	91.9	(16,545)	(10.9)
Funeral services	13,419	9.0	13,362	8.1	57	0.4
Total	148,576	100.0	165,064	100.0	(16,488)	(10.0)

In RM — Year ended December 31,

	2015		2014		Change	
	RM'000	% of total	RM'000	% of total	RM'000	%
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	31,790	5.5	36,541	6.8	(4,751)	(13.0)
Burial services and others	527,979	91.0	496,565	91.9	31,414	6.3
Funeral services	52,417	9.0	43,739	8.1	8,678	19.8
Total	580,396	100.0	540,304	100.0	40,092	7.4

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 December 31,

	2015		2014		Change	
	USD'000	% of total	USD'000	% of total	USD'000	%
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	312	0.2	—	0.0	312	100.0
Total	148,576	100.0	165,064	100.0	(16,488)	(10.0)

In RM — Year ended December 31,

	2015		2014		Change	
	RM'000	% of total	RM'000	% of total	RM'000	%
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	1,220	0.2	—	0.0	1,220	100.0
Total	580,396	100.0	540,304	100.0	40,092	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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 December 31,			
	2015		2014	
	USD'000	% to revenue	USD'000	% to revenue
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 utilisation, 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 December 31,			
	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	8,291	61.8	7,144	53.5
Total	112,436	75.7	116,425	70.5

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 December 31,	
	2015 USD'000	2014 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	1,411	1,921
Total	11,264	9,523

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

e. Other Gains and Losses

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

	Year ended December 31,	
	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 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	40,904	1,149

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

f. Selling and Distribution Expenses

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

	Year ended December 31,			
	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	34,947	23.5	37,474	22.8

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 recognised 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 December 31,			
	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 amortisation	1,843	1.2	2,148	1.3
Others	4,463	3.1	3,694	2.2
Total	28,800	19.4	30,442	18.4

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

h. Finance Costs

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

	Year ended December 31,	
	2015 USD'000	2014 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	1,185	1,134
Total	2,073	2,531

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 capitalised, for the listing of the Company's ordinary shares (the "**Shares**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (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 Net Profit ("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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 FVTPL 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 USD'000	2014 USD'000
Fixed deposits, bank balances and cash	229,620	271,620
Financial instruments classified under FVTPL	11,058	29,730
	240,678	301,350
Available-for-sale investments	31,208	29,742

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 incentivised 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 hospitalisation 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	30	237
	2,030	237

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 Nirvana Singapore is erected thereon from August 13, 2029 to August 13, 2098. The lease extension premium of approximately USD32.7 million equivalent to Singapore Dollars ("**SGD**") 47.0 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 operations are 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 recognises 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.

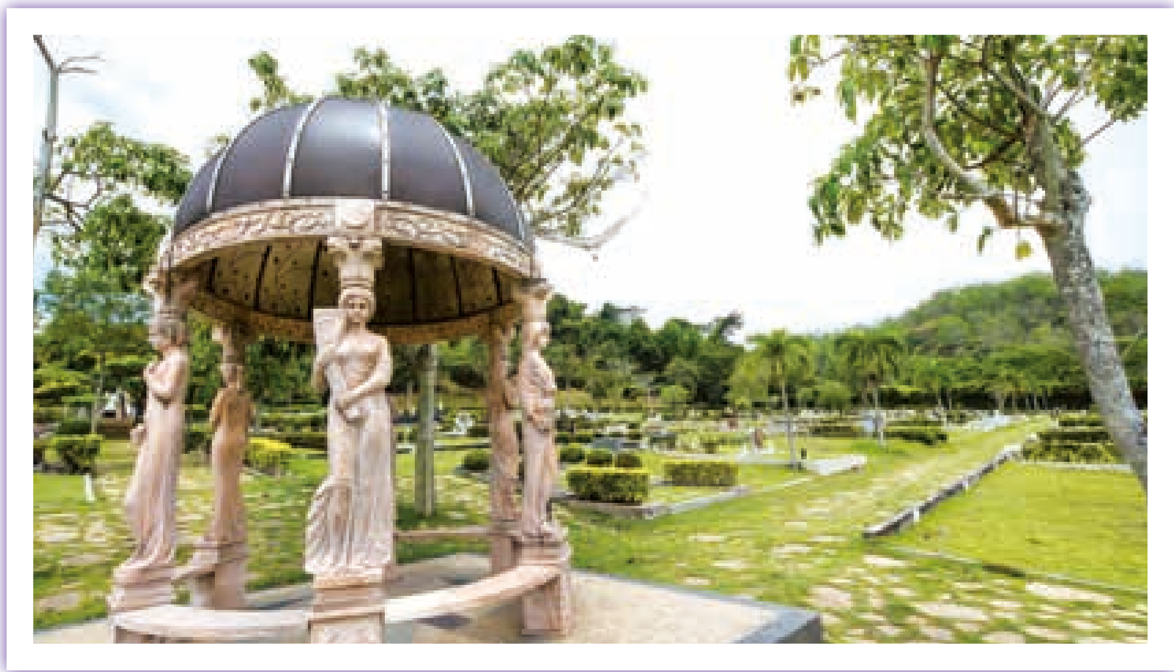
Due to the fluctuations in the exchange rates of the Group's functional currencies against USD, the financial performance of the Group's operations may not be accurately reflected in the Group's unaudited consolidated financial statements. Any fluctuations in the functional currencies against USD exchange rate in future reporting year may also affect the comparability of the Group's results of operations with the 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 Notes 36 and 37 to the audited consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)



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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 utilised 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 recognised 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.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Tan Sri KONG Hon Kong (丹斯里鄺漢光*) ("Tan Sri Kong"), aged 61, 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, Tan Sri 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. Tan Sri Kong is currently a director of various principal operating subsidiaries of our Group.

Prior to founding our Group in September 1990, Tan Sri 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.

Tan Sri Kong has been the honorary advisor of a number of organisations in Malaysia, including the Federation of Chinese Association of Malaysia.

Tan Sri 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**"). Tan Sri 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*) ("Mr. Kong Yew Foong"), aged 37, has been our executive Director since August 2005 and is primarily responsible for overseeing the overall management of the business operations, management information systems and human resources affairs 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 Tan Sri Kong as well as the brother of Mr. Kong Yew Lian, both being executive Directors.

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Mr. SOO Wei Chian (蘇偉權*) ("Mr. Soo"), aged 46, has been our executive Director since August 2005 and is primarily responsible for overseeing the overall finance, business planning and development of our Group. Mr. Soo has worked for our Group for more than 20 years. He has been a director of various principal operating subsidiaries of our Group. Mr. Soo is a director of Ryian S Ltd. which holds the management warrants granted under the Pre-IPO Incentive Schemes as defined in the prospectus of the Company dated December 4, 2014 (the "**Prospectus**") 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*) ("Mr. Kong Yew Lian"), aged 33, 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 10 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 Tan Sri Kong as well as the brother of Mr. Kong Yew Foong, both being executive Directors.

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Non-Executive Directors

Dato' FU Ah Kiow @ Oh (Fu) Soon Guan (拿督胡亞橋*) ("Dato' Fu"), aged 67, has been the chairman of our Group since February 2009. He was appointed as our Director in October 2013 and re-designated 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 privatisation in December 2010 and voluntary delisting in 2012 and a director of our principal operating subsidiary, Nirvana 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 (privatised and voluntarily delisted in 2012) and NV Multi Corporation Berhad (privatised 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 Media Group Berhad (*formerly known as 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.

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Mr. LI Gabriel (李基培) ("Mr. Li"), aged 48, 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 18 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 has been the Vice Chairman of Ctrip.com International since August 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. Li is an existing director of OA-Nirvana Investment Limited, 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 and AREO Holdings Limited, which have discloseable interests in the shares of the Company under Part XV of the SFO.

Mr. ANG Teck Shang (洪德尚*) ("Mr. Ang"), aged 45, 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.

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Mr. TSE Po Shing Andy (謝寶檻) ("Mr. Tse"), aged 49, 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., 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. Tse is an existing director of Transpacific Ventures Limited, Neverland Global Limited and AIF Capital Asia IV GP Limited, which have discloseable interests in the shares of the Company under Part XV of the SFO.

Mr. BARNES II, William Wesley ("Mr. Barnes"), aged 39, 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 Managing Director of AIF Capital Limited on April 27, 2015. 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.

Mr. Barnes, the alternate Director to Mr. Tse, is an existing director of Transpacific Ventures Limited and Neverland Global Limited, which have discloseable interests in the shares of the Company under Part XV of the SFO.

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Independent Non-Executive Directors

Tan Sri CHAN Kong Choy (丹斯里陳廣才*) ("Tan Sri Chan"), 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. 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, Telecommunication & 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*) ("Mr. Ng"), aged 61, 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 Proctect Group Berhad *(formerly known as 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 Pelikan 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 was admitted as a fellow member of the Institute of Chartered Accountants in England and Wales in January 1983.

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Mr. FOONG Soo Hah (馮蘇哈*) ("Mr. Foong"), aged 65, 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 MRCB Quill Management Sdn. Bhd. *(formerly known as Quill Capital Management Sdn. Bhd.)*, the manager of MRCB Quill REIT *(formerly known as Quill Capita Trust)* (a Real Estate Investment Trust) listed on the Bursa Malaysia Securities Berhad, since April 2013. Mr. Foong is a director of Aviva Ltd, an insurance provider in Singapore and a director of Private Pension Administration, an institution sponsored by the Securities Commission of Malaysia ("**SC**") to provide administration support to those mutual fund companies licensed by the SC to market private pension schemes in Malaysia since December 2014. 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*) ("Ms. Chew"), aged 49, 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 Holdings 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 appointed as a director of Yi-Lai Berhad, a tile production company, and K-One Technology Berhad, a company listed on ACE Market of Bursa Malaysia Securities Berhad, on January 4, 2016 and April 11, 2016 respectively.

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

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

SENIOR MANAGEMENT

Ms. GIAM Seu Gek (嚴秀玉*) ("Ms. Giam"), aged 56, 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 subsidiaries. She is also one of the directors and shareholders of Charm Wealth Global Limited, being an entity established to facilitate the establishment of the Pre-IPO Incentive Schemes as defined in the Prospectus for our employees and sales agents.

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*) ("Mr. Hoo"), aged 53, 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 more than 15 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.

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Dato' YU Chia Chang Jerry (游家昌*) ("Dato' Jerry Yu"), aged 57, 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. Dato' Jerry Yu has over 21 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. Dato' Jerry Yu joined our Group in February 2008 as the business development executive advisor of Nirvana Memorial Park Sdn. Bhd.

Prior to joining our Group, Dato' Jerry 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, Dato' Jerry 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.

Dato' Jerry 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.

Dato' Jerry 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*) ("Ms. Chan"), aged 45, has been the chief operating officer of Nirvana Care Sdn. Bhd. (formerly known as 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 21 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 Nir-Warna 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

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the Corporate Governance Report of the Company for the year ended December 31, 2015.

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 applied and 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 (the "**Listing Rules**") throughout 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 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 year ended December 31, 2015.

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 four Board committees including the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**"), the nomination committee (the "**Nomination Committee**") and risk management committee (the "**Risk Management 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 REPORT (CONTINUED)

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 make 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 2 of this Annual Report. The biographies of the Directors are set out under the section headed "Directors and Senior Management" on pages 36 to 44 of this Annual Report.

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

Independence and Relationship

During the year ended December 31, 2015 and up 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.

Tan Sri Kong, executive Director, Managing Director and Chief Executive Officer of the Company, is the father of the 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 36 to 44 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, the Nomination Committee and the Risk Management Committee.

Induction and Continuous Professional Development

All Directors are keep abreast of their responsibilities as a Director and of the conduct, business activities and development of the Company. Each newly appointed Director is provided with necessary induction and information on the first occasion of his/her appointment, so as 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. Such induction is normally supplemented with visits to the Company's key business sites.

The Company also arrange briefings to the Directors to update them on the 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 individual Directors 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, 2015, an induction inclusive of two site visits has been conducted for the newly appointed Directors and certain non-executive Directors, and briefings to the Directors covering the latest development and changes in the Listing Rules and other relevant legal and regulatory requirements have been organised. All Directors on their own participated in continuous professional development relating to risk management, internal control, corporate governance, latest amendments on the listing rules at different jurisdictions and were provided with reading materials on the latest industry outlook, regulatory update, etc.

Chairman and Chief Executive Officer

The Chairman of the Board and the Chief Executive Officer are currently two separate positions held by Dato' Fu and Tan Sri 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.

The Chairman of the Board had met up once with the non-executive Directors (including independent non-executive Directors) without the presence of executive Directors during the year ended December 31, 2015.

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).

CORPORATE GOVERNANCE REPORT (CONTINUED)

In accordance with the articles of association of the Company (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 four Board meetings in total during the year ended December 31, 2015. The attendance of each Director at Board meetings for the year ended December 31, 2015 is set out in the table below:

Directors	Board meetings attended/held
Dato' FU Ah Kiow @ Oh (Fu) Soon Guan	4/4
Tan Sri KONG Hon Kong	4/4
Mr. KONG Yew Foong	4/4
Mr. SOO Wei Chian	4/4
Mr. KONG Yew Lian	3/4
Mr. LI Gabriel	4/4
Mr. ANG Teck Shang	4/4
Mr. TSE Po Shing Andy	3/4
Tan Sri CHAN Kong Choy	3/4
Mr. NG Soon Lai @ Ng Siek Chuan	4/4
Mr. FOONG Soo Hah	4/4
Ms. Anita CHEW Cheng Im	4/4

Save for Tan Sri Kong and Mr. Li, all other Directors attended the 2015 annual general meeting held on May 28, 2015. There was no other general meeting held during the year ended December 31, 2015.

BOARD COMMITTEES

The Board has established four committees, namely the Nomination Committee, the Remuneration Committee, the Audit Committee and the Risk Management Committee, for overseeing particular aspects of the affairs of our Company. These Board Committees are established with written terms of reference. Except for the terms of reference of the Risk Management Committee, the terms of reference of the Audit Committee, Nomination Committee and Remuneration Committee 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 (chairman), Mr. Ng and Ms. Chew, an executive Director, namely Mr. Kong Yew Foong and a non-executive Director, namely Mr. Li.

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.

The Nomination Committee held three meetings in total during the year ended December 31, 2015 to assess the independence of independent non-executive Directors and consider the re-appointments of the retiring Directors. The Nomination Committee has also reviewed the structure, size and composition of the Board during the meetings.

The attendance record of the Nomination Committee meetings held during the year ended December 31, 2015 is set out in the table below:

Name of Members	Nomination Committee meetings attended/held
Mr. FOONG Soo Hah	3/3
Mr. KONG Yew Foong	3/3
Mr. LI Gabriel	2/3
Mr. NG Soon Lai @ Ng Siek Chuan	3/3
Ms. Anita CHEW Cheng Im	3/3

CORPORATE GOVERNANCE REPORT (CONTINUED)

Pursuant to code provision A.5.6 of the CG Code, listed issuers are required to adopt a board diversity policy and the Board had adopted a board diversity policy ("**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 (chairman), Mr. Ng and Mr. Foong, an executive Director, namely Tan Sri Kong, and a non-executive Director, namely Mr. Tse.

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.

The Remuneration Committee held three meetings in total during the year ended December 31, 2015 to discuss and review the remuneration packages for Directors and senior management of the Company, and to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

CORPORATE GOVERNANCE REPORT (CONTINUED)

The attendance record of the Remuneration Committee meetings held during the year ended December 31, 2015 is set out in the table below:

Name of Members	Remuneration Committee meetings attended/held
Tan Sri CHAN Kong Choy	2/3
Tan Sri KONG Hon Kong	2/3
Mr. TSE Po Shing Andy	3/3
Mr. NG Soon Lai @ Ng Siek Chuan	3/3
Mr. FOONG Soo Hah	3/3

Details of the remuneration by band of the members of the senior management of our Company, whose biographies are set out on pages 36 to 44 of this Annual Report, for the year ended December 31, 2015 are set out below:

Remuneration band	Number of individuals
HKD500,000 to HKD1,000,000	1
HKD1,000,001 to HKD1,500,000	2
HKD1,500,001 to HKD2,000,000	—
HKD2,000,001 to HKD2,500,000	—
HKD2,500,001 to HKD3,000,000	—
HKD3,000,001 to HKD3,500,000	—
HKD3,500,001 to HKD4,000,000	—
HKD4,000,001 to HKD4,500,000	—
HKD4,500,001 to HKD5,000,000	—
HKD5,000,001 to HKD5,500,000	1

Audit Committee

The Audit Committee comprises three members, namely Mr. Ng (chairman), Mr. Foong and Ms. Chew, 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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

The Audit Committee held four meetings in total during the year ended December 31, 2015 to review 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 to consider 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 the external auditor.

The Audit Committee 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 the final results of the Group for the year ended December 31, 2014 as well as the audit report prepared by the external auditor relating to accounting issues and major findings during the course of audit, and the interim results of the Group for the six months ended June 30, 2015. There are proper arrangements for employees to raise concerns in confidence about possible improprieties in financial reporting, internal control and other matters.

The attendance record of the Audit Committee meetings held during the year ended December 31, 2015 is set out in the table below:

Name of Members	Audit Committee meetings attended/held
Mr. NG Soon Lai @ Ng Siek Chuan	4/4
Mr. FOONG Soo Hah	4/4
Ms. Anita CHEW Cheng Im	4/4

RISK MANAGEMENT COMMITTEE

The Risk Management Committee was set up in November 2015 and comprise of four members, namely, Ms Chew (chairperson), Mr. Kong Yew Lian, Mr. Ang and Mr. Tse. The Risk Management Committee held one meeting during the year ended December 31, 2015 and all Risk Management Committee members were present in the said meeting. The main duties and responsibilities' the Risk Management Committee include reviewing the risk management and internal control systems of the Company.

AUDITOR'S REMUNERATION

Annual audit fee of the Group for the year ended December 31, 2015 payable to the external auditor is approximately USD217,000. For the year ended December 31, 2015, the Company did not engage 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 Group'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 Group 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, 2015 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 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 77 and 78 of this Annual Report.

JOINT COMPANY SECRETARIES

Ms. CHEN Huey Jiuan ("**Ms. Chen**"), 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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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 ("**Ms. Ng**"), senior 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 contact person at the Company is Ms. Chen.

For the year ended December 31, 2015, 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 has from time to time, been updated with written training materials provided by the external lawyers and compliance adviser of the Company during the year ended December 31, 2015. The Company considers that her training was in compliance with Rule 3.29 of the Listing Rules. She will continue to attend relevant professional training in compliance with Rule 3.29 of the Listing Rules for the year ending December 31, 2016.

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 recognises the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make informed investment decisions.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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 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

There was no change in the Memorandum and Articles of Association of the Company during the year ended December 31, 2015.

PORTFOLIO OF PROPERTIES

AS AT DECEMBER 31, 2015

A. 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, Malaysia.	100%	2,738,885	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 Center, Corporate Office** Located at Wisma Nirvana, No. 1, Jalan 1/116A, Off Jalan Sungai Besi, 57100 Kuala Lumpur, Wilayah Persekutuan, Malaysia.	100%	3,295	11,831	Funeral parlour service/office/ ceremonial hall/ ancillary purposes	Completed.
3.	**Nirvana Memorial Park, Shah Alam** Located at Taman Perkuburan, Section 21, Jalan Pusaka 21/1, Off Persiaran Jubli Perak, 40300 Shah Alam, Selangor, 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.
4.	**Nirvana Center, Kuala Lumpur** Located at Lot 568, Section 69, Jalan Dewan Bahasa, 50460 Kuala Lumpur, Wilayah Persekutuan, Malaysia.	–[2]	8,094	37,027	Funeral parlour/ columbarium/ office/ancillary purposes/future development purposes	Several buildings are under construction with different estimated completion dates from 2017 onwards.

PORTFOLIO OF PROPERTIES (CONTINUED)

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 Center, Johor Bahru** Located at Lot No. 2966 (KM3), Jalan Gelang Patah, 81300 Skudai, Johor, Malaysia.	—[2]	19,063	3,151	Funeral parlour service/ceremonial hall/office/ ancillary purposes	Completed.
6.	**Nirvana Memorial Park, Kulai** Located at Lot 766 & 767, KM 5, Jalan Kota Tinggi, 81000 Kulai, Johor, Malaysia.	100%	414,038	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.
7.	**Nirvana Memorial Park, Tiram** Located at Lot 338, Off 20th Mile, Jalan Sungai Tiram, 81800 Ulu Tiram, Johor, 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.
8.	**Nirvana Memorial Park, Segamat** Located at Lot 3870-3888, GRN 97628-97647 and GRN 101706, Lot 681 GRN 214842 Jementah, Segamat, Johor, 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.
9.	**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.

PORTFOLIO OF PROPERTIES (CONTINUED)

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 Park, Sg Petani** Located at C19, Lorong 8, Taman Sejata Indah, 08000 Sungai Petani, Kedah, 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.
11.	**Kek Lok Si West Lake Garden Columbarium** 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.
12.	**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.
13.	**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.
14	**Nirvana Center, Klang** Located at Mukim Klang, Daerah Klang, Selangor, Malaysia.	—[2]	8,423	—	Columbarium/funeral parlour/office/ancillary purposes/future development purposes	Development in progress with different estimated completion dates from 2017 onwards.

PORTFOLIO OF PROPERTIES (CONTINUED)

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
15.	**Nirvana Memorial Park, Klang** Located at Lot 9987 Mukim Jeram, Daerah Kuala Selangor, Selangor, Malaysia.	100%	967,019	—	Burial plots/ columbarium/ office/ancillary purposes/future development purposes	Application for conversion in progress

B. 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
16.	**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.
17.	**Nirvana Memorial Park, Tangerang** Located at Kelwahan Jambe, Kecamatan Tigaraksa, Kabupaten Tangerang, Indonesia.	51%	270,000	—	Future development purposes	Vacant.
18.	**Nirvana Memorial Park, Medan** Located at Desa Bingkawan, Kecamatan Sibolangit, Kabupaten Deli Serdang, Sumatera Utara, Indonesia.	70%	746,577	—	Future development purposes	Vacant.

PORTFOLIO OF PROPERTIES (CONTINUED)

C. 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
19.	**Nirvana Memorial Garden, Singapore** Located at 950 Old Choa Chu Kang Road, Singapore 699816	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.

D. 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
20.	**Nirvana Memorial Park, Ban Bueng** Located at Sai Ban Khaophai, Ban Noen Nueng, Ban Nongpaknam Road, Nong-Irun Subdistrict, Banbueng District, Chonburi Province, Thailand.	69%	394,440	—	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.

REPORT OF THE DIRECTORS

The Board is pleased to present its report together with the audited consolidated financial statements for the year ended December 31, 2015.

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 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, Indonesia, Thailand and China. Analysis of the principal activities of the Group during the year ended December 31, 2015 is set out in Note 19 to the audited consolidated financial statements.

RESULTS

The results of the Group for the year ended December 31, 2015 are set out in the audited consolidated financial statements on pages 79 to 184 of this Annual Report.

BUSINESS REVIEW

To comply with the Schedule 5 of the Hong Kong Companies Ordinance (Cap. 622) (the "**Companies Ordinance**"), the following disclosures are set out in the respective pages of this Annual Report:

(a) A review of the business of the Group during the year and a discussion on the Group's future business development are stated in the section headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 8 to 35 of this Annual Report.

(b) Description of possible risks and uncertainties that the Group may be facing are stated in the section headed "Management Discussion and Analysis" on pages 33 to 35 of this Annual Report.

(c) Financial risk management objectives and policies of the Group can be found in Note 37 to the audited consolidated financial statements.

(d) Particulars of important events affecting the Group that have occurred since the end of the year ended December 31, 2015 are stated in Note 47 to the audited consolidated financial statements.

(e) An analysis of the Group's performance during the year using financial key performance indicators is disclosed in the Five Years Financial Highlight set out on pages 6 to 7 of this Annual Report; and

(f) Discussions on the Group's environmental policies and performance, relationships with its key stakeholders, compliance with relevant laws and regulations which have a significant impact on the Group and the sustainability review are contained in the section headed "Management Discussion and Analysis", the "Corporate Governance Report" and this "Directors' Report" on the respective pages in this Annual Report.

REPORT OF THE DIRECTORS (CONTINUED)

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HKD0.05 per Share for the year ended December 31, 2015 (the "**Final Dividend**") (2014: HKD0.05). The Final Dividend will be payable on June 23, 2016 and is subject to the approval of the Shareholders at the forthcoming Annual General Meeting of the Company to be held on May 25, 2016 (the "**AGM**"). Shareholders registered under the register of member 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 dates inclusive, in order to determine the entitlement of Shareholders registered under the register of member to attend the AGM. 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 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.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five 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, 2015 amounted to approximately USD187,000 (2014: USD364,240).

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the Listing amounted to approximately 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 purpose. The remaining net proceeds are intended to be used in the manner consistent with that set out in the Prospectus.

REPORT OF THE DIRECTORS (CONTINUED)

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, 2015, the Group's five largest suppliers accounted for 40.5% (2014: 56.9%) of the Group's total purchases and our single largest supplier accounted for 15.1% (2014: 19.3%) of the Group's total purchases.

For the year ended December 31, 2015, the Group's revenue attributable to the Group's five largest customers was less than 30.0%.

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, 2015 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, 2015 are set out in Note 28 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, 2015 are set out in Notes 30 and 46 to the audited consolidated financial statements, respectively.

DISTRIBUTABLE RESERVES

As at December 31, 2015, the Company's reserves available for distribution to the Shareholders, calculated in accordance with the requirements of the International Financial Reporting Standards ("**IFRSs**"), amounted to approximately USD261.7 million (2014: USD251.9 million).

REPORT OF THE DIRECTORS (CONTINUED)

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at December 31, 2015 are set out in the section headed "Management Discussion and Analysis" in this Annual Report and Notes 34 and 35 to the audited consolidated financial statements.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in Section 469 of the Companies Ordinance) for the benefit of the Directors is currently in force and was in force throughout the year ended December 31, 2015.

The Company has taken and maintained Directors' and officers' liability insurance throughout the year ended December 31, 2015 and up to the date of this annual report, which provides appropriate coverage for certain legal actions brought against its Directors and officers.

EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements are set out in the section headed "Share Schemes" on pages 67 to 71 of this Annual Report.

DIRECTORS

The Directors during the year ended December 31, 2015 and up to the date of this Annual Report are:

Executive Directors

Tan Sri 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

REPORT OF THE DIRECTORS (CONTINUED)

In accordance with article 25.1 of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Details of the Directors to be re-elected at the AGM are set out in the circular to the Shareholders dated April 22, 2016.

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 36 to 44 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 year ended December 31, 2015 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 TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in Note 44 to the audited consolidated financial statements, no Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries or fellow subsidiaries was a party during the year ended December 31, 2015 and up to the date of this Annual Report.

REPORT OF THE DIRECTORS (CONTINUED)

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, 2015 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, 2015 are set out in Note 12 to the audited consolidated financial statements.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS AND SENIOR MANAGEMENT

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 publication date of the Company's interim report for the six months ended June 30, 2015:

(a) Ms. Chew was appointed as an independent non-executive Director of Yi-Lai Berhad and K-One Technology Berhad on January 4, 2016 and April 11, 2016 respectively.

(b) The name of Star Publications (Malaysia) Berhad had been changed to Star Media Group Berhad in May 2015 in the biographical details of Dato' Fu.

(c) The name of Tune Ins Holdings Berhad had been changed to Tune Protect Group Berhad in September 2015 in the biographical details of Mr. Ng.

(d) The job responsibilities had been changed to include the management information systems and human resources affairs of the Group in the biographical details of Mr. Kong Yew Foong.

(e) The job responsibilities had been changed to cease overseeing human resources affairs of the Group in the biographical details of Mr. Soo.

(f) Tan Sri Kong was conferred the title of "Tan Sri" with effect from September 22, 2015.

(g) Dato' Jerry Yu was conferred the title of "Dato" with effect from August 20, 2015.

(h) The following paragraphs have been inserted to the respective biographical details of Mr. Li, Mr. Tse and Mr. Barnes:

(i) Mr. Li is the existing Director of OA-Nirvana Investment Limited, 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 and AREO Holdings Limited, which have discloseable interests in the shares of the Company under Part XV of the SFO.

(ii) Mr. Tse is the existing Director of Transpacific Ventures Limited, Neverland Global Limited and AIF Capital Asia IV GP Limited, which have discloseable interests in the shares of the Company under Part XV of the SFO.

(iii) Mr. Barnes, the alternate Director to Mr. Tse, is the existing Director of Transpacific Ventures Limited and Neverland Global Limited, which have discloseable interests in the shares of the Company under Part XV of the SFO.

(i) The name of NV Care Sdn. Bhd. had been changed to Nirvana Care Sdn. Bhd. on March 24, 2016 in the biographical details of Ms. Chan.

SHARE SCHEMES

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, and the remaining life of the ESR Scheme is around 3 years and 9 months. 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 Tan Sri 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 are incapable of being granted or accepted after the Listing. 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, 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, after which an offer not accepted would automatically lapse.

REPORT OF THE DIRECTORS (CONTINUED)

A Share Rights or Management Warrants 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 shares 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.

Prior to the Listing, 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.

For the year ended December 31, 2015, 693,898 Share Rights had lapsed pursuant to By-Law 14.2 of the By-Laws of the ERS Scheme whereas 142,000 ordinary shares of USD0.01 each had been issued and allotted in the share capital of the Company.

The following table sets forth the movements of the Share Rights granted to and accepted by Ryian S Ltd for the benefit of Mr. Soo, an executive Director of the Company and the employees under ESR Scheme for the Relevant Period:

			Number of Shares granted under the ESR Scheme						
Grantees	Date of Grant	Exercise Period	Balance at January 1, 2015	Exercised during year 2015	Forfeited during year 2015	Lapsed during year 2015	Balance at December 31, 2015	Exercise Price	Market value per share on exercise of Share Rights (USD)
Mr. Soo	June 30, 2014	Until December 31, 2019	20,703,345	Nil	Nil	Nil	20,703,345	0.20	Nil
Eligible Employees	June 30, 2014	Until December 31, 2019	24,381,704	142,000	Nil	693,898	23,545,806	0.20	2.527 [1]

Note:

(1) Being the weighted average closing price of the Company's ordinary shares immediately before the dates on which the Share Rights were exercised on 12 May 2015 and 16 June 2015 respectively.

REPORT OF THE DIRECTORS (CONTINUED)

(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, and the remaining life of the SASO Scheme is around 3 years and 9 months. 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 and Sales Agent Share Options not awarded prior to the Listing are incapable of being granted or accepted after the Listing. 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, after which an offer not accepted would automatically lapse.

Any Sales Agent Share Options shall be vested on the Eligible Sales Agent and exercisable only after the Listing 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% has vested 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 SASO 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 shares as of the date of this Annual Report.

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.

REPORT OF THE DIRECTORS (CONTINUED)

For the year ended December 31, 2015, no Sales Agent Share Options were exercised and none of which had lapsed or forfeited pursuant to By-Law 13.2 of the By-Laws of the SASO Scheme.

The following table discloses movements of the Sales Agent Share Options held by sales agents of the Company for the year ended December 31, 2015:

			Number of Shares granted under the SASO Scheme						Market value per share on exercise of Sales Agent Share Options (USD)
Grantees	Date of Grant	Exercise Period	Balance at January 1, 2015	Exercised during year 2015	Forfeited during year 2015	Lapsed during year 2015	Balance at December 31, 2015	Exercise Price	
Eligible Sales Agents	August 6, 2014	Until December 31, 2019	1,152,322	Nil	Nil	Nil	1,152,322	0.20	Nil

(iii) 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 and shall expire on November 23, 2024, subject to early termination by the Company in general meeting or by the Board, and the remaining life of the Share Option Scheme is around 8 years and 8 months. The purpose of the Share Option Scheme is to recognize the 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 offer for an Option must be accepted by the relevant Eligible Participant on a date not later than 30 days after the Option is offered for an Eligible Participant. An amount of HKD1.00 is payable as consideration for acceptance of the grant.

REPORT OF THE DIRECTORS (CONTINUED)

As at December 31, 2015, no Options have been granted, exercised, lapsed or cancelled under the Share Option Scheme. The maximum number of Shares available for and 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 269,893,700, representing 10% of the Shares in issue as at December 31, 2015. The maximum number of shares available for issue under the Share Option Scheme as at December 31, 2015 and the date of this Annual Report is as follows:

	As at December 31, 2015 and up to the date of this Annual Report
Total Shares in issue	2,698,937,000
10% of the Shares in issue	269,893,700
Less:	
Total no. of Shares which may be issued upon exercise of all Share Rights and Management Warrants under the ESR Scheme	44,249,151
Total no. of Shares which may be issued upon exercise of all Sales Agent Share Options under the SASO Scheme	1,152,322
Maximum no. of Shares available for issue under Share Option Scheme	224,492,227
Maximum no. of Shares available for issue under the Share Option Scheme as a % of Shares in issue	8.32%

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.

REPORT OF THE DIRECTORS (CONTINUED)

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

As at December 31, 2015, 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 taken 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
Tan Sri KONG Hon Kong	Interest in controlled corporation[1]	1,152,347,563	Long	42.70%
Mr. LI Gabriel	Interest of spouse[2]	584,071,435	Long	21.64%
Mr. SOO Wei Chian	Beneficial owner[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 Tan Sri Kong, Managing Director and Chief Executive Officer of the Company. Accordingly, Tan Sri Kong is deemed to be interested in the 1,152,347,563 Shares held by Rightitan Sdn. Bhd.

(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, a non-executive Director. Accordingly, Mr. Li 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, under the ESR Scheme.

Save as disclosed above, as at December 31, 2015, 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, a Director, beneficially owns the Share Rights granted under the ESR Scheme as set out in the section headed "Share Schemes — Pre-Listing Incentive Schemes (i) ESR Scheme" on pages 67 and 71 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, 2015 was the Company or any of its subsidiaries 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 was 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.

REPORT OF THE DIRECTORS (CONTINUED)

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

As at December 31, 2015, 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[1]	1,152,347,563	Long	42.70%
OA-Nirvana Investment Limited	Beneficial owner[2]	584,071,435	Long	21.64%
OA-NV Investment Limited	Interest in a controlled corporation[2]	584,071,435	Long	21.64%
Orchid Asia V, L.P.	Interest in a controlled corporation[2]	584,071,435	Long	21.64%
OAV Holdings, L.P.	Interest in a controlled corporation[2]	584,071,435	Long	21.64%
Orchid Asia V GP, Limited	Interest in a controlled corporation[2]	584,071,435	Long	21.64%
Orchid Asia V Group Management, Limited	Interest in a controlled corporation[2]	584,071,435	Long	21.64%
Orchid Asia V Group, Limited	Interest in a controlled corporation[2]	584,071,435	Long	21.64%
AREO Holdings Limited	Interest in a controlled corporation[2]	584,071,435	Long	21.64%
Ms. LAM Lai Ming	Interest in a controlled corporation[2]	584,071,435	Long	21.64%
Transpacific Ventures Limited	Beneficial owner[3]	287,677,002	Long	10.66%
Neverland Global Limited	Interest in a controlled corporation[3]	287,677,002	Long	10.66%
AIF Capital Asia IV, L.P.	Interest in a controlled corporation[3]	287,677,002	Long	10.66%
AIF Capital Asia IV GP Limited	Interest in a controlled corporation[3]	287,677,002	Long	10.66%

REPORT OF THE DIRECTORS (CONTINUED)

Notes:

(1) These Shares are held by Rightitan Sdn. Bhd., which is held as to approximately 99.90% by Tan Sri Kong, Managing Director and Chief Executive Officer. Accordingly, Tan Sri Kong is deemed to be interested in the 1,152,347,563 Shares held by Rightitan Sdn. Bhd.. The existing directors of Rightitan Sdn. Bhd. are Tan Sri Kong, Mr. Kong Yew Foong and Mr. Kong Yew Lian and three of them are the executive Directors of the Company.

(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, 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. Mr. Li is an existing director of OA-Nirvana Investment Limited, 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 and AREO Holdings Limited.

(3) The entire issued share capital of Transpacific Ventures Limited is held by Neverland Global Limited, which in turn is 63.64% 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. Mr. Tse is an existing Director of Transpacific Ventures Limited, Neverland Global Limited and AIF Capital Asia IV GP Limited. Mr. Barnes, the alternate Director to Mr. Tse, is an existing Director of Transpacific Ventures Limited and Neverland Global Limited.

Save as disclosed above, as at December 31, 2015, 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 year ended December 31, 2015, 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, 2015, 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 Tan Sri 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 recognised 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 year ended December 31, 2015.

CONNECTED TRANSACTIONS

Details of the significant related party transactions entered into by the Group during the year ended December 31, 2015 are disclosed in Note 44 to the audited 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 section headed "Corporate Governance Report" on pages 45 to 55 of this Annual Report.

REPORT OF THE DIRECTORS (CONTINUED)

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 year ended December 31, 2015 and as of the date of this Annual Report.

AUDITOR

Deloitte has acted as auditor of the Company for the year ended December 31, 2015.

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

SUBSEQUENT EVENT

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 30, 2016

INDEPENDENT AUDITORS' REPORT

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, 2015 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 79 to 184.

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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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, 2015 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 30, 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2015

	Notes	2015 USD'000	2014 USD'000
Revenue	5	148,576	165,064
Cost of sales and services		(36,140)	(48,639)
Gross profit		112,436	116,425
Other income	6	11,264	9,523
Other gains and losses	7	40,904	1,149
Selling and distribution expenses		(34,947)	(37,474)
Administrative expenses		(28,800)	(30,442)
Finance costs	8	(2,073)	(2,531)
Other expenses	9	–	(5,287)
Profit before taxation	10	98,784	51,363
Income tax expense	11	(11,432)	(13,531)
Profit for the year		87,352	37,832
Other comprehensive (expense)/income			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		(65,061)	(5,928)
Items that may be reclassified subsequently to profit or loss:			
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		(1,127)	806
Other comprehensive expense for the year		(61,863)	(4,987)
Total comprehensive income for the year		25,489	32,845
Profit for the year attributable to:			
Owners of the Company		86,837	35,764
Non-controlling interests		515	2,068
		87,352	37,832

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the year ended December 31, 2015

	Notes	2015 USD'000	2014 USD'000
Total comprehensive income/(expense) for the year attributable to:			
Owners of the Company		25,540	30,910
Non-controlling interests		(51)	1,935
		25,489	32,845
Earnings per ordinary share attributable to owners of the Company	13		
— Basic (US cents per ordinary share)		3.22	1.74
— Diluted (US cents per ordinary share)		3.20	1.74

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2015

	Notes	2015 USD'000	2014 USD'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	10,659	12,918
Prepaid lease payments	16	208	267
Intangible assets	17	11,910	10,740
Land and development expenditure	18	53,219	14,218
Available-for-sale investments	20	13,839	14,313
Deferred acquisition cost	21	17,562	17,882
Trade and other receivables	22	34,016	39,447
Deferred tax assets	23	8,995	10,492
Total non-current assets		150,408	120,277
Current assets			
Inventories	24	126,508	113,575
Deferred acquisition cost	21	9,084	7,935
Prepaid lease payments	16	9	10
Trade and other receivables	22	40,070	48,007
Tax recoverable		2,700	864
Available-for-sale investments	20	17,369	15,429
Financial assets at fair value through profit or loss	25	11,058	29,730
Other financial assets	26	8,615	2,661
Bank balances and cash and cash equivalents	27	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	28	26,989	26,988
Reserves	30	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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As of December 31, 2015

	Notes	2015 USD'000	2014 USD'000
Non-current liabilities			
Deferred tax liabilities	23	6,508	6,589
Trade and other payables	31	2,982	2,757
Deferred pre-need funeral contract revenue	32	72,295	74,754
Deferred maintenance income	33	30,409	34,616
Obligations under finance leases	34	20	81
Total non-current liabilities		112,214	118,797
Current liabilities			
Trade and other payables	31	107,667	100,455
Deferred pre-need funeral contract revenue	32	5,862	6,061
Deferred maintenance income	33	226	267
Obligations under finance leases	34	25	88
Borrowings	35	46,015	56,780
Tax liabilities		2,844	4,395
Total current liabilities		162,639	168,046
Total liabilities		274,853	286,843
Total equity and liabilities		595,441	610,108
Net current assets		282,394	321,785
Total assets less current liabilities		432,802	442,062

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2015

	Notes	Share capital USD'000	Share premium USD'000	Capital reserve USD'000	Investment revaluation reserve USD'000	Warrant reserve USD'000	Share-based payment reserve USD'000	Other reserve USD'000	Translation reserve USD'000	Retained earnings USD'000	Total USD'000	Non-controlling interests USD'000	Total equity USD'000
		Attributable to owners of the Company											
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	38	–	–	–	–	–	–	(18,594)	–	–	(18,594)	(6,141)	(24,735)
Acquisition of a subsidiary	38	–	–	–	–	–	–	–	–	–	–	139	139
Bonus issue of shares	28	499	–	–	–	–	–	–	–	(499)	–	–	–
Effect of share-based payment	42	–	–	–	–	–	3,278	–	–	–	3,278	–	3,278
Deemed distribution to equity holders	29	–	–	–	–	1,003	–	–	–	(1,003)	–	–	–
Exercise of warrants	28	27	24,075	–	–	(3,734)	–	–	–	–	20,368	–	20,368
Issue of shares by capitalisation of share premium	28	19,714	(19,714)	–	–	–	–	–	–	–	–	–	–
Issue of shares at premium through initial public offerings	28	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

	Notes	Share capital USD'000	Share premium USD'000	Capital reserve USD'000	Investment revaluation reserve USD'000	Share-based payment reserve USD'000	Other reserve USD'000	Translation reserve USD'000	Retained earnings USD'000	Total USD'000	Non-controlling interests USD'000	Total equity USD'000
		Attributable to owners of the Company										
As of January 1, 2015		26,988	249,883	276	(1,439)	4,620	(18,594)	(7,532)	64,533	318,735	4,530	323,265
Profit for the year		–	–	–	–	–	–	–	86,837	86,837	515	87,352
Other comprehensive expense		–	–	–	879	–	–	(62,172)	–	(61,293)	(570)	(61,863)
Total comprehensive (expense)/income for the year		–	–	–	879	–	–	(62,172)	86,837	25,544	(55)	25,489
Issue of ordinary shares pursuant to exercise of employee share rights		1	46	–	–	(19)	–	–	–	28	–	28
Lapse of employee share rights		–	–	–	–	(76)	–	–	76	–	–	–
Dividend recognised as distributions	14	–	–	–	–	–	–	–	(27,859)	(27,859)	–	(27,859)
Contribution from non-controlling interest		–	–	–	–	–	–	–	–	–	591	591
Acquisition of additional interest in existing subsidiaries	38	–	–	–	–	–	(780)	–	–	(780)	(146)	(926)
As of December 31, 2015		26,989	249,929	276	(560)	4,525	(19,374)	(69,704)	123,587	315,668	4,920	320,588

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2015

	2015 USD'000	2014 USD'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before taxation	98,784	51,363
Adjustments for:		
Amortisation of intangible assets	45	82
Amortisation of prepaid lease payments	9	10
Depreciation of property, plant and equipment	1,834	2,138
Impairment loss recognised/(reversed) on:		
— Trade receivables	1,059	19
— Other receivables	—	(5)
Finance costs	2,073	2,531
Fair value gain on financial asset at fair value through profit or loss	(1,006)	(680)
Loss on other financial assets and liabilities	2,650	776
Interest income from short term deposits	(2,346)	(403)
Dividend income from unit trust funds	(351)	(228)
Imputed interest income on receivables under instalment arrangement	(6,775)	(6,624)
Unrealised gain on foreign exchange	(40,858)	—
Gain on disposal of available-for-sale investments	(1,127)	(806)
Dividend income from listed equity securities	(381)	(347)
Loss/(Gain) on disposal of property, plant and equipment	37	(112)
Share-based payment expenses	—	3,278
Operating profit before working capital changes	53,647	50,992
Movements in working capital:		
(Increase)/Decrease in:		
Land and development expenditure	(31,723)	(6,042)
Inventories	(26,317)	(14,034)
Trade and other receivables	5,374	(26,090)
Other financial assets/liabilities	(9,737)	(3,158)
Deferred acquisition cost	(6,042)	(4,250)
Restricted funds	2,213	(1,033)
Increase in:		
Trade and other payables	3,906	14,864
Deferred pre-need funeral contract revenue	13,567	14,754
Deferred maintenance income	3,497	7,716
Cash generated from operations	8,385	33,719
Tax refunded	904	775
Tax paid	(14,713)	(13,430)
Net cash (used in)/from operating activities	(5,424)	21,064

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended December 31, 2015

	Notes	2015 USD'000	2014 USD'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Interest received from short-term bank deposits		2,346	403
Dividend received from available-for-sale investments		351	228
Dividend received from listed equity securities		381	347
Purchases of property, plant and equipment (note)		(2,045)	(2,613)
Proceeds from disposal of property, plant and equipment		228	401
Proceeds from disposal of subsidiaries	39	—	87
Acquisition of subsidiaries	38	(351)	(170)
Acquisition of business	38	(1,928)	—
Refund from acquisition of a subsidiary		—	496
Purchase of available-for-sale investments		(20,536)	(15,631)
Proceeds from disposal of available-for-sale investments		14,902	10,293
Purchase of financial assets at fair value through profit or loss		(517,170)	(151,238)
Proceeds from disposal of financial assets at fair value through profit or loss		532,698	136,325
Placement of bank deposits with maturity over three months		(227,852)	(205,340)
Withdrawal of bank deposits with maturity over three months		347,743	3,295
Net cash from/(used in) investing activities		128,767	(223,117)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Interest paid		(888)	(1,087)
Proceeds from issuance of shares		28	266,518
Proceeds from issuance of shares to a non-controlling interests		591	—
Acquisition of additional interest in subsidiaries		(926)	(26,529)
Additional contributions from non-controlling interests		2,395	1,078
Repayment to a non-controlling interests		(2,050)	—
Repayment to ultimate holding company		—	(18,545)
Dividend paid		(27,859)	(4,659)
Proceeds from borrowings		—	59,642
Repayment of borrowings		(7,571)	(30,411)
Repayment of obligations under finance leases		(124)	(151)
Additions in restricted funds		(50,594)	—
Net cash (used in)/from financing activities		(86,998)	245,856
NET INCREASE IN CASH AND CASH EQUIVALENTS		36,345	43,803
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		61,198	18,684
Effect of exchange differences		(6,617)	(1,289)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	27	90,926	61,198

Note: During the current financial year, the Group acquired property, plant and equipment with an aggregate cost of USD2,064,000 (2014: USD2,613,000) of which USD19,000 (2014: Nil) was acquired under obligations under finance lease arrangements. Cash payments for the acquisition of property, plant and equipment amounted to USD2,045,000 (2014: USD2,613,000).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its ordinary shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). 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

Wisma Nirvana
No. 1, Jalan 1/116A
Off Jalan Sungai Besi
57100 Kuala Lumpur, Wilayah Persekutuan
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. Headquarters in Hong Kong

Unit 06, 13/F., Tower 1, Lippo Centre
89 Queensway, Admiralty, 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, Indonesia, Thailand and China — Hong Kong.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Adoption of New and Revised IFRSs

In the current financial year, the Group has adopted a number of amendments to IFRSs issued by the International Accounting Standards Board ("**IASB**") that are mandatorily effective for an accounting period that begins on or after January 1, 2015 as follows:

IAS 19	Employee Benefits (Amendments relating to Defined Benefit Plans: Employee Contributions)
Amendments to IFRSs	Annual Improvements to IFRSs 2010–2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011–2013 Cycle

The adoption of these revised Standards and Amendments have not affected the amounts reported in the financial statements of the Group.

Standards and Amendments in Issue but Not Yet Effective

At the date of the authorisation for issue of these financial statements, the new and revised Standards and Amendments relevant to the Group which were in issue but not yet effective and not early adopted by the Group are as listed below:

IFRS 9	Financial Instruments[2]
IFRS 15	Revenue from Contracts with Customers[2]
IFRS 16	Leases[3]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to IAS 1	Disclosure Initiatives[1]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to IFRS 10 and IAS 28	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2012–2014 Cycle[1]

1 Effective for annual periods beginning on or after January 1, 2016

2 Effective for annual periods beginning on or after January 1, 2018

3 Effective for annual periods beginning on or after January 1, 2019

The Directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Standards and Amendments will have no material impact on the financial statements of the Group in the period of initial application except as discussed below:

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

IFRS 9 Financial Instruments

IFRS 9 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.

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 financial statements.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contract with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

IFRS 15 Revenue from Contracts with Customers (Continued)

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Directors are currently assessing the impact on adoption of IFRS 15 on the amounts reported and disclosures in the financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group completes a detailed review.

IFRS 16 Leases

IFRS 16 as issued by the IASB in January 2016 applies to annual reporting periods beginning on or after January 1, 2019 and specifies how the Group will recognise, measure, present and disclose leases then. This Standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases.

The Directors are currently assessing the impact of adoption of IFRS 16 on the amounts reported and the disclosures in the financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 16 until the Group completes a detailed review.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The consolidated financial statements have been prepared in accordance with the IFRSs 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.

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.

Basis of consolidation

The consolidated financial statements incorporate 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, including any goodwill, 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiaries (Continued)

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary/business unit's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary/business unit's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquire are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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;

- 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

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.

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

iii. Funeral services (Continued)

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.

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 26.

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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.

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.

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 payment 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 payment reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 right 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 payment 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 payment reserve will be transferred to retained earnings.

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 payment reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

(iii) Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units ("**CGUs**") that are expected to benefit from the synergies of the combination.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred acquisition cost

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

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.

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.

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. The impairment is allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis. An impairment loss is recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible and intangible assets (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit), other than goodwill, 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. Impairment loss on goodwill is not reversed in a subsequent period.

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.

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).

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 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 FVTPL, of which interest income is included in net gains or losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL

Financial assets at FVTPL represent those designated as FVTPL on initial recognition. A financial asset may be designated as 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 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 37.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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 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 FVTPL.

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 37.

Other financial liabilities

Other financial liabilities including trade and other payables, and borrowings are subsequently measured at amortised cost, using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

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 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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.

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 instalment 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, 2015 and 2014, the amounts of revenue recognised from the sale of pre-need burial plots and niches amounted to approximately USD76,614,000 and USD87,742,000, respectively.

As at December 31, 2015 and 2014, the related customers' deposits and advance billings received before the pre-need burial plots and niches sales are recognised as revenue amounted to USD17,890,000 and USD18,231,000, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

Critical judgements in applying accounting policies (Continued)

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 reporting period.

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 reporting 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, 2015 and 2014, the carrying amount of deferred maintenance income was USD30,635,000 and USD34,883,000, respectively as shown in note 33.

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, 2015 and 2014, the carrying amount of trade receivables was USD55,254,000 and USD71,640,000 (net of allowance for doubtful debts of USD1,712,000 and USD884,000), respectively as shown in note 22.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

Key sources of estimation uncertainty (Continued)

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, 2015 and 2014, the carrying amount of land and development expenditure was USD53,219,000 and USD14,218,000, respectively as shown in note 18. No impairment was recorded for land and development expenditure during the financial years ended December 31, 2015 and 2014.

Allowance for inventories

At the end of the reporting period, the Group 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, 2015 and 2014, the carrying amount of the Group's inventories was USD126,508,000 and USD113,575,000 as shown in note 24.

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

The Group 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 Group's experience of the actual useful lives of property, plant and equipment and intangible assets of similar nature and functions. In addition, the Group 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. The Group 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, 2015 and 2014, the carrying amounts of property, plant and equipment was approximately USD10,659,000 and USD12,918,000, respectively as shown in note 15. No impairment indicators on property, plant and equipment were identified during the financial years ended December 31, 2015 and 2014.

As at December 31, 2015 and 2014, the carrying amounts of intangible assets was approximately USD11,910,000 and USD10,740,000, respectively as shown in note 17. No impairment was recorded for the intangible assets during the financial years ended December 31, 2015 and 2014.

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 other than the extension lease in Singapore as disclosed in note 48.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

Key sources of estimation uncertainty (Continued)

Income taxes

As shown in note 23, as at December 31, 2015 and 2014, the deferred tax assets are USD725,000 and USD1,218,000, respectively, in relation to unused tax losses that have been recognised in the Group's consolidated statement of financial position. 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. The fair value of financial instruments that are not traded in an active market are determined using valuation techniques based on assumptions of market conditions existing at the reporting date, including reference to quoted market prices and independent dealer quotes for similar bonds and discounted cash flows method. Where the fair values of financial instruments cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible but where this is not feasible, a degree of judgement is required in establishing fair values. Note 26 and 37 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:

	2015 USD'000	2014 USD'000
Sales of goods:		
Burial plot	48,611	54,216
Niche	36,508	44,367
Tomb	26,642	26,532
Provision of services:		
Funeral services	13,419	13,362
Marketing agency services	3,742	8,654
Other burial and niches related services	8,138	11,163
Revenue from columbarium construction service	11,516	6,770
	148,576	165,064

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue from major products and services (Continued)

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 — China — Hong Kong
5. Funeral services — Malaysia

Burial services represent sales of goods, including burial plot, niche 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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.

2015

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

2014

	Burial services				Funeral services	
	Malaysia USD'000	Singapore USD'000	Indonesia USD'000	China-Hong Kong 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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:

2015

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

2014

	Burial services				Funeral services				
	Malaysia USD'000	Singapore USD'000	Indonesia USD'000	China-Hong Kong USD'000	Malaysia USD'000	Segment Total USD'000	Unallocated USD'000	Elimination adjustments USD'000	Total 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 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

2015

	Burial services				Funeral services			
	Malaysia USD'000	Singapore USD'000	Indonesia USD'000	China-Hong Kong USD'000	Malaysia USD'000	Segment Total USD'000	Unallocated USD'000	Total USD'000
Amounts included in the measure of segment profit or loss or segment assets:								
Capital expenditure	1,448	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

	Burial services				Funeral services			
	Malaysia USD'000	Singapore USD'000	Indonesia USD'000	China-Hong Kong USD'000	Malaysia USD'000	Segment 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

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

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	—
	148,576	165,064

The majority of the non-current assets (excluding financial instruments and certain deferred tax assets) are related to operations 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, 2015 and 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. 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 (note 22)	6,775	6,624
Total interest income	9,121	7,027
Dividend from listed equity securities	381	347
Dividend from unit trust funds	351	228
Total dividend income (note a)	732	575
Income from enlightenment ceremony (note b)	453	377
Others	958	1,544
	11,264	9,523

Notes:

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

	2015 USD'000	2014 USD'000
Available-for-sale financial assets	732	575

Income recognised in respect of financial assets designated as 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. OTHER GAINS AND LOSSES

	2015 USD'000	2014 USD'000
Gain from changes in fair value on 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 AFS	1,127	806
Net foreign exchange gains	41,458	327
(Loss)/Gain on disposal of property, plant and equipment	(37)	112
Others	—	(57)
	40,904	1,149

8. FINANCE COSTS

	2015 USD'000	2014 USD'000
Interest expense on borrowings wholly repayable within five years:		
Bank loans, overdrafts and other borrowings	880	1,384
Obligation under finance leases	8	13
Imputed interest expenses on commissions and certain promotion expenses payable (note 31)	1,185	1,134
Total finance costs	2,073	2,531

9. OTHER EXPENSES

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. PROFIT BEFORE TAXATION

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

	2015 USD'000	2014 USD'000
Staff costs, including Directors' remuneration (note 12):		
Salaries, wages and other benefits	18,140	16,522
Share-based payment	–	3,278
Contributions to employees provident fund	1,735	1,653
Total staffs cost	19,875	21,453
Amortisation of prepaid lease payments	9	10
Depreciation of property, plant and equipment	1,834	2,138
Amortisation of intangible assets	45	82
Total depreciation and amortisation	1,888	2,230
Auditors' remuneration	217	289
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	–	(5)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. INCOME TAX EXPENSE

	2015 USD'000	2014 USD'000
Current tax:		
Malaysian income tax	10,421	12,747
Other jurisdictions	898	1,200
	11,319	13,947
(Over)/Underprovision in prior years:		
Malaysian income tax	(976)	246
Other jurisdictions	195	1
	(781)	247
Deferred tax (note 23):		
Current	1,138	(663)
Attributable to changes in tax rates	(244)	—
	894	(663)
	11,432	13,531

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

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.

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

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

11. INCOME TAX EXPENSE (Continued)

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

	2015 USD'000	2014 USD'000
Profit before taxation	98,784	51,363
Tax at applicable statutory tax rate of 25%	24,696	12,841
Tax effect of income not taxable for tax purpose	(13,406)	(1,289)
Tax effect of expenses not deductible for tax purpose	1,334	3,287
(Over)/Underprovision in prior year	(781)	247
Tax effect of tax loss not recognised	—	6
Utilisation of tax losses previously not recognised	—	(637)
Decrease in opening deferred taxation resulting from a decrease in applicable tax rate	(244)	—
Effect of different tax rate of subsidiaries operating in other jurisdictions	(140)	(660)
Others	(27)	(264)
Income tax expense for the year	11,432	13,531

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' remuneration consists of:

	2015 USD'000	2014 USD'000
Directors' fees	141	285
Salaries and other benefits	1,286	1,284
Contributions to retirement benefit scheme	225	216
	1,652	1,785

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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:

2015

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
Executive Directors					
Tan Sri' Kong Hon Kong	–	474	307	145	926
Kong Yew Foong	–	109	33	25	167
Kong Yew Lian	–	125	16	14	155
Soo Wei Chian	–	151	71	41	263
Non-Executive Directors					
Dato' Fu Ah Kiow @ On (Fu) Soon Guan	45	–	–	–	45
Li Gabriel	3	–	–	–	3
Ang Teck Shang	3	–	–	–	3
Tse Po Shing, Andy	3	–	–	–	3
Independent Non-Executive Directors					
Tan Sri Chan Kong Choy	21	–	–	–	21
Ng Soon Lai @ Ng Siek Chuan	24	–	–	–	24
Foong Soo Hah	21	–	–	–	21
Anita Chew Cheng Im	21	–	–	–	21
	141	859	427	225	1,652

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(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
Executive Directors					
Tan Sri' 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
Non-Executive Directors					
Dato' Fu Ah Kiow @ On (Fu) Soon Guan	57	5	–	–	62
Li Gabriel	#	–	–	–	#
Ang Teck Shang	#	–	–	–	#
Tse Po Shing, Andy	#	–	–	–	#
Independent Non-Executive Directors					
Tan Sri Chan Kong Choy	2	–	–	–	2
Ng Soon Lai @ Ng Siek Chuan	2	–	–	–	2
Foong Soo Hah	2	–	–	–	2
Anita Chew Cheng Im	2	–	–	–	2
	285	929	355	216	1,785

represent HKD2,713 (equivalent to approximately USD350)

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Group.

The non-executive directors and independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(b) Five highest paid individuals

The five highest paid individuals included 2 and 1 Directors of the Company for the years ended December 31, 2015 and 2014 respectively. The emoluments of the remaining 3 and 4 individuals for the years ended December 31, 2015 and 2014 respectively are as follows:

	2015 USD'000	2014 USD'000
Salaries and other benefits*	1,895	996
Discretionary bonuses	453	136
Contributions to retirement benefit scheme	213	39
Share-based payment	—	1,249
	2,561	2,420

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

	No. of employee 2015	2014
HKD2,000,001 to HKD2,500,000 (equivalent to approximately USD258,048 to USD322,559)	2	1
HKD2,500,001 to HKD3,000,000 (equivalent to approximately USD322,560 to USD387,071)	—	1
HKD3,000,001 to HKD3,500,000 (equivalent to approximately USD387,072 to USD451,584)	1	—
HKD4,000,001 to HKD4,500,000 (equivalent to approximately USD516,096 to USD580,608)	—	1
HKD5,000,001 to HKD5,500,000 (equivalent to approximately USD645,120 to USD709,632)	1	—
HKD7,000,001 to HKD7,500,000 (equivalent to approximately USD903,168 to USD967,679)	1	—
HKD7,500,001 to HKD8,000,000 (equivalent to approximately USD967,680 to USD1,032,191)	—	1
HKD9,000,001 to HKD9,500,000 (equivalent to approximately USD1,161,215 to USD1,225,727)	—	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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:

	2015 USD'000	2014 USD'000
Profit for the year attributable to owners of the Company	86,837	35,764

	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	13,861	7,956
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	2,712,747	2,058,317

14. DIVIDENDS

Dividends recognised as distribution during the year:

	2015 USD'000	2014 USD'000
2014 interim dividends:		
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	10,447	—
	27,859	19,296

The Board has recommended a final dividend of HKD0.05 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. PROPERTY, PLANT AND EQUIPMENT

	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
Cost									
As of January 1, 2014	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
Exchange adjustments	(1,728)	(110)	(187)	(449)	(1,150)	(350)	(894)	(75)	(4,943)
Additions	–	–	193	103	694	95	878	101	2,064
Acquired on acquisition of business	–	–	2	18	60	6	48	–	134
Disposal/written off	–	(129)	(147)	(157)	(506)	(411)	(354)	–	(1,704)
As of December 31, 2015	7,581	573	798	1,985	5,092	1,429	4,328	379	22,165
Accumulated depreciation									
As of January 1, 2014	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 disposal/ 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
Exchange adjustments	(437)	(24)	(117)	(318)	(863)	(300)	(526)	–	(2,585)
Provided for the year	197	9	110	129	692	98	599	–	1,834
Eliminated on disposal/ written off	–	(18)	(114)	(148)	(474)	(376)	(309)	–	(1,439)
As of December 31, 2015	2,022	172	442	1,462	3,881	1,065	2,462	–	11,506
Carrying values									
At December 31, 2014	7,047	607	374	671	1,468	446	1,952	353	12,918
At December 31, 2015	5,559	401	356	523	1,211	364	1,866	379	10,659

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

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:

Buildings	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 USD6,969,000 and USD7,227,000 as of December 31, 2015 and 2014 respectively.

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

	2015 USD'000	2014 USD'000
Land and buildings in Malaysia:		
Long-term lease	483	604
Medium-term lease	5,368	6,807
Land and buildings outside Malaysia:		
Medium-term lease	109	243
	5,960	7,654

Included in the carrying amount of motor vehicles include an amount of approximately USD56,000 and USD253,000 as of December 31, 2015 and 2014, respectively in respect of assets held under finance leases.

Property, plant and equipment of the Group has included USD625,000 and USD238,000 (2014: USD726,000 and USD231,000) held under the trust funds in relation to pre-need funeral service contracts and maintenance service contracts, respectively as disclosed in note 45.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. PREPAID LEASE PAYMENTS

	2015 USD'000	2014 USD'000
Analysed for reporting purpose as:		
Current asset	9	10
Non-current asset	208	267
	217	277

The Group's prepaid lease payments comprise:

	2015 USD'000	2014 USD'000
Leasehold land in Malaysia:		
Medium-term lease	217	277

17. INTANGIBLE ASSETS

	Trademark (i) USD'000	Development right (ii) USD'000	Goodwill (iii) USD'000	Total USD'000
Cost				
As of January 1, 2014	8,168	3,303	—	11,471
Exchange adjustments	(516)	(138)	—	(654)
As of December 31, 2014	7,652	3,165	—	10,817
Acquired on acquisition of business	—	—	3,789	3,789
Exchange adjustments	(1,420)	(600)	(572)	(2,592)
As of December 31, 2015	6,232	2,565	3,217	12,014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. INTANGIBLE ASSETS (Continued)

	Trademark (i) USD'000	Development right (ii) USD'000	Goodwill (iii) USD'000	Total USD'000
Accumulated amortisation				
As of January 1, 2014	–	–	–	–
Charge for the year	–	82	–	82
Exchange adjustments	–	(5)	–	(5)
As of December 31, 2014	–	77	–	77
Charge for the year	–	45	–	45
Exchange adjustments	–	(18)	–	(18)
As of December 31, 2015	–	104	–	104
Carrying values				
As of December 31, 2014	7,652	3,088	–	10,740
As of December 31, 2015	6,232	2,461	3,217	11,910

(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 11% (2014: 8.5%). Cash flow beyond that five-year period has been extrapolated using a steady 3% (2014: 3%) growth rate. The growth rate does not exceed the long-term average growth rate for the market in which the Group operates.

(ii) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. INTANGIBLE ASSETS (Continued)

(iii) Goodwill

This goodwill arose from the acquisition of the tomb construction business of WFS Memorial Tomb Management Sdn. Bhd. and Wong Chen Hoong and Wang Siew Yuen. The goodwill is attributable mainly to the skills and technical talents of the acquired business's assembled work force and the synergies expected to be achieved from integrating the business unit into the Group's existing business and has been allocated to the CGUs in the Malaysia's burial services — tomb division. None of the goodwill arising on this acquisition is expected to be deducted for tax purposes.

Key assumptions used in value-in-use calculations

The recoverable amounts of a CGU is determined based on value-in-use calculations using cash flow projections based on financial forecasts approved by Directors covering a five (5) year period. Cash flows beyond the five-year period have been extrapolated using estimated growth rates of 6.19%.

The following describes the key assumptions on which the Directors has based its cash flow projections to undertake impairment testing of goodwill:

a. There will be no material changes in the structure and principal activities of the Group.

b. Cost/Price inflation — there will not be any significant increase in the prices and supply of materials, wages and other related costs, resulting from industrial dispute, adverse changes in the economic conditions or other abnormal factors, which will adversely affect the operations of the Group.

c. Discount rate — pre-tax of 11%.

d. Interest rates — the interest rates on the existing financing facilities will prevail.

The Directors believe that no reasonable possible changes in any of the key assumptions above would cause the carrying values of the CGUs to materially exceed their recoverable amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. LAND AND DEVELOPMENT EXPENDITURE

	2015 USD'000	2014 USD'000
Land cost	46,948	8,292
Land and development expenditure	6,271	5,926
	53,219	14,218

	Land USD'000	Land and development expenditure USD'000	Total USD'000
CARRYING VALUE			
At January 1, 2014	2,814	6,188	9,002
Additions	6,042	–	6,042
Exchange adjustments	(564)	(262)	(826)
At December 31, 2014	8,292	5,926	14,218
Additions	45,376	6,437	51,813
Acquired on acquisitions of a subsidiary	351	–	351
Transfer to inventories	(1,582)	(5,688)	(7,270)
Exchange adjustments	(5,489)	(404)	(5,893)
At December 31, 2015	46,948	6,271	53,219

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.

During the year ended December 31, 2015, interest charged by non-controlling interest amounting to approximately USD6,000 has been capitalised as part of the land cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 2015 %	2014 %	Principal activities
Asia Premier Propartners Sdn. Bhd.*	Malaysia	RM2	100	100	Provision for management services
Blissful World Sdn. Bhd.*	Malaysia	RM100	100	100	Investment holding
Century Precepts Sdn. Bhd.*	Malaysia@	RM2	100	100	Inactive
Classic Cottage Sdn. Bhd.*	Malaysia	RM2	100	100	Investment holding
Clear Harbour International Limited*	British Virgin Islands@	USD1	100	–	Inactive
Eagle Heritage Limited*	British Virgin Islands	USD1	100	100	Investment holding
Essential Scope Sdn. Bhd.*	Malaysia	RM3	100	100	Investment holding (Management services in year 2014)
Everest Fairway Sdn. Bhd.*	Malaysia	RM2	100	–	Development of cemeteries, and construction and sales of tombs

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 2015 %	2014 %	Principal activities
Future Spectrum Sdn. Bhd.	Malaysia	RM10,000	100	—	Development of cemeteries, and construction and sales of tombs
Global Faith (Hong Kong) Limited* 寰信(香港)有限公司	Hong Kong	HKD1	100	—	Marketing agent of burial plots and niches
Global Hill (Hong Kong) Limited* 世峰(香港)有限公司	Hong Kong@	HKD1	100	—	Inactive
Harmony Maple Sdn. Bhd.*	Malaysia@	RM2	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
Kenmatrix Sdn. Bhd.*	Malaysia@	RM2	100	—	Inactive
Lead Capital Investments Limited*	British Virgin Island@	USD1	100	—	Inactive
Mount Prajna Limited*[1]	Singapore	N/A	—	—	Own and operate a columbarium and sales of niches and related services
Nirvana Asia Sdn. Bhd.	Malaysia	RM1,000,000	100	100	Investment holding
Nirvana Bishan Pte Ltd*	Singapore@	SGD2	100	100	Inactive
Nirvana Business Consultancy Huizhou Co. Ltd.*# 富貴生命商業信息諮詢(惠州)有限公司	PRC	RMB500,000	100	—	Marketing agent of burial plots and niches

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 2015 %	2014 %	Principal activities
Nirvana Care Sdn. Bhd. (formerly known as NV Care Sdn. Bhd.)	Malaysia	RM5,000,000	**100**	100	Sales of funeral packages
Nirvana Center Klang Sdn. Bhd. (formerly known as Nirvana Memorial Park (Templer) Sdn. Bhd.)*	Malaysia	RM2	**100**	100	Development of columbarium complexes and funeral home, and sales of niches and funeral services
Nirvana Central Park Sdn. Bhd. (formerly known as Nirvana Memorial Park (Klang) Sdn. Bhd.)*	Malaysia	RM2	**100**	100	Development of cemeteries, and construction and sales of tombs
Nirvana China Sdn. Bhd.*	Malaysia@	RM2	**100**	100	Inactive
Nirvana Holdings Berhad*	Malaysia	RM1,000,000	**100**	100	Development of cemeteries, and sales of burial plots and niches
Nirvana KL Berhad (formerly known as Combo Acres Sdn. Bhd.)*	Malaysia	RM1,000,001	**100**	100	Development of columbarium complexes and sales of niches
Nirvana Memorial Garden Pte. Ltd.*	Singapore	SGD1,000,000	**100**	100	Marketing agent of bereavement products and services
Nirvana Memorial Garden Co., Ltd.*	Thailand	Class A shares of Thai Baht ("**THB**") 2,000,000 Class B preference shares of THB1,950,000	**49.37**	49.37	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 2015 %	2014 %	Principal activities
Nirvana Memorial Park Co., Ltd.*[3]	Thailand	Class A shares of THB4,000,000 Class B preference shares of THB2,100,000 Class C shares of THB3,900,000	**69.12**	49.37	Sales and development of cemetery, and construction and sale of tombs
Nirvana Memorial Park (Bukit Mertajam) Berhad (formerly known as Blissful Memorial Park Berhad)*	Malaysia	RM1,000,001	**100**	100	Development of cemeteries, and construction and sales of tombs
Nirvana Memorial Park (Kulai) Sdn. Bhd.	Malaysia	RM3	**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 (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	RM350,001	**100**	100	Development of cemeteries, and construction and sales of tombs

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 2015 %	2014 %	Principal activities
Nirvana Memorial Park (Segamat) Sdn. Bhd.	Malaysia	RM3	**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
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 (Sg Petani) Berhad (formerly known as Blissful Memorial Park (SP) Berhad)*	Malaysia	RM1,068,001	**100**	100	Development of cemeteries, and construction and sales of tombs
Nirvana Memorial Park (Tiram) Sdn. Bhd.	Malaysia	RM100,001	**100**	77.5	Development of cemeteries, and construction and sales of tombs
Nirvana North Sdn. Bhd.*	Malaysia	RM2	**100**	100	Investment holding
Nirvana Singapore Pte. Ltd. (formerly known as NV Multi Corporation (Singapore) Pte. Ltd.)*	Singapore	SGD500,000	**100**	100	Investment holding
Nirvana Thailand Sdn. Bhd.*	Malaysia	RM2	**100**	100	Investment holding
Nir-Warna Development Sdn. Bhd.	Malaysia	RM5,000,000	**100**	100	Earthworks, construction and sales of tombs

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 2015 %	2014 %	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**	100	Investment holding
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	Inactive
NV Multi Capital Sdn. Bhd.*	Malaysia@	RM100,000	**100**	80	Inactive
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 Propartners Sdn. Bhd.	Malaysia	RM2	**100**	100	Provision of management services
Paradigm Hectares Sdn. Bhd.*	Malaysia@	RM2	**100**	—	Inactive
Pinang Sepadan Sdn. Bhd.*	Malaysia	RM2	**100**	100	Investment holding
PJMC Sdn. Bhd.*	Malaysia@	RM100,000	**100**	100	Inactive

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 2015 %	2014 %	Principal activities
PT Alam Hijau Lestari*	Indonesia	Indonesia Rupiah ("IRD") 5,000,000	**51**	51	Development of cemeteries, and construction and sales of tombs
PT Nirvana Memorial Nusantara*	Indonesia	IRD25,000,000	**70**	—	Development of cemeteries, and construction and sales of tombs
Puritrans Sdn. Bhd.*	Malaysia	RM2	**100**	100	Investment holding
Twin Eagle Garden Sdn. Bhd . (formerly known as Perpetual Kulai Garden Sdn. Bhd.)*	Malaysia@	RM2	**100**	100	Inactive
Venture Hill Limited*	British Virgin Islands@	USD1	**100**	—	Inactive
RHB Trustees Berhad (Account Nirvana Memorial Park Trust)*	Malaysia	N/A	**100**	100	Manage trust fund[4] 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[4] 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[4] for future maintenance services of Nirvana Memorial Park-Sabah

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 2015 %	2014 %	Principal activities
RHB Trustees Berhad (Account Nirvana Memorial Park (Segamat) Trust)*	Malaysia	N/A	**100**	100	Manage trust fund[4] 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[4] 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[4] 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[4] for future maintenance services of Nirvana Memorial Park-Tiram
RHB Trustees Berhad (Account Blissful Memorial Park Berhad Trust)*	Malaysia	N/A	**100**	100	Manage trust fund[4] for future maintenance services of Nirvana Memorial Park, Bukit Mertajam
RHB Trustees Berhad (Account Nirvana Memorial Park (Sg Petani) Berhad Trust (formerly known as Blissful Memorial Park (SP) Berhad))*	Malaysia	N/A	**100**	100	Manage trust fund[4] for future maintenance services of Nirvana Memorial Park, Sg Petani

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 2015 %	2014 %	Principal activities
RHB Trustees Berhad (Account Nirvana KL Berhad (formerly known as Combo Acres Sdn. Bhd.)*	Malaysia	N/A	**100**	—	Manage trust fund[4] for future maintenance services of Nirvana KL Berhad (formerly known as Combo Acres Sdn. Bhd.)
RHB Trustees Berhad (Account NV Care Trust)*	Malaysia	N/A	**100**	100	Manage trust fund for pre-need funeral services package of Nirvana Care Sdn. Bhd. (formerly known as NV Care Sdn. Bhd.)
Rockwills Trustee Ltd. Nirvana Memorial Garden Trust*	Singapore	N/A	**100**	100	Manage trust fund[4] for future maintenance services of Nirvana Memorial Garden Pte Ltd
Yayasan Lestari Memorial Park*	Indonesia	N/A	**100**	100	Manage trust fund[4] 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

\# A Wholly Foreign Owned Enterprise incorporated in PRC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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. At December 31, 2015, Nirvana Singapore Pte. Ltd. (formerly known as NV Multi Corporation (Singapore) Pte. Ltd.) has acquired the 30% equity interest in NMG Singapore from Eagle Heritage Limited for a consideration of SGD30,888,000.

(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.

(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 a nominal equity interest of 49.37% and dividend entitlement and voting power of 58.05% in NMP Thailand and the rights to appoint a majority member on its board. On July 28, 2015, NMG Thailand has acquired 40,000 class A shares in NMP Thailand representing 40% of its voting power and equity interest in NMP Thailand from the non-controlling interest of NMP Thailand for a cash consideration of THB18,842,400. Accordingly, the Group is now entitled to 69.12% of its nominal equity interest and 94.33% of its dividend entitlement and voting power.

(4) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. AVAILABLE-FOR-SALE INVESTMENTS

	2015 USD'000	2014 USD'000
Available-for-sale investments, stated at fair value, comprise 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	17,369	15,429
At end of year	31,208	29,742
Analysed as:		
Current assets	17,369	15,429
Non-current assets	13,839	14,313
	31,208	29,742

Available-for-sales investments of the Group included USD16,476,000 and USD14,732,000 (2014: USD14,234,000 and USD15,508,000) held under the trust fund in relation to pre-need funeral service contracts and maintenance service contracts, respectively as disclosed in note 45.

The unlisted debentures carry interest at fixed rates ranging from 3.18% to 7.28% (2014: 5.13% to 5.30%) 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.

21. DEFERRED ACQUISITION COST

	2015 USD'000	2014 USD'000
At beginning of year	25,817	23,312
Additions during the year	19,184	15,716
Charged to profit or loss (included in selling and distribution expenses)	(13,142)	(11,466)
Exchange adjustments	(5,213)	(1,745)
At end of year	26,646	25,817
Analysed as:		
Current assets	9,084	7,935
Non-current assets	17,562	17,882
	26,646	25,817

Deferred acquisition cost includes direct costs incurred to acquire the sales contracts are charged to expense when the funeral services are performed or sales of products are recognised as revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. TRADE AND OTHER RECEIVABLES

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

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 rates 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. TRADE AND OTHER RECEIVABLES (Continued)

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 USD'000	2014 USD'000
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
	56,966	72,524

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

	2015 USD'000	2014 USD'000
Past due for:		
1–30 days	496	907
31–60 days	125	555
61–90 days	331	350
91–120 days	10	23
121 days and above	31	195
	993	2,030

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. TRADE AND OTHER RECEIVABLES (Continued)

Movement in allowance for doubtful debts

	2015 USD'000	2014 USD'000
Trade receivables:		
At beginning of year	884	920
Impairment losses recognised on trade receivables	1,454	510
Impairment losses reversed	(395)	(491)
Amounts written off as uncollectible	(1)	—
Exchange adjustments	(230)	(55)
At end of year	1,712	884
Other receivables:		
At beginning of year	112	124
Impairment losses recognised on other receivables	—	4
Impairment losses reversed	—	(9)
Exchange adjustments	(21)	(7)
At end of year	91	112

Included in the allowance for doubtful debts as at December 31, 2015 and 2014 are individually fully impaired trade receivables with an aggregate balance of USD1,712,000 and USD884,000 respectively, and other receivables with an aggregate balance of USD91,000 and USD112,000 respectively, with reference to the historical experience of theses receivables, the collection of these receivables may not be probable. The Group does not hold any collateral over these balances.

23. 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:

	2015 USD'000	2014 USD'000
Deferred tax assets	8,995	10,492
Deferred tax liabilities	(6,508)	(6,589)
	2,487	3,903

23. DEFERRED TAXATION (Continued)

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, 2014	(562)	3,812	152	1,211	–	–	(1,135)	3,478
Credited/(Charged) to profit or loss for the year	(26)	55	64	63	675	(310)	142	663
Exchange adjustments	37	(245)	(13)	(56)	(44)	20	63	(238)
At December 31, 2014	(551)	3,622	203	1,218	631	(290)	(930)	3,903
Credited/(Charged) to profit or loss for the year	233	353	(41)	(426)	(62)	(978)	27	(894)
Exchange adjustments	81	(703)	(34)	(67)	(111)	142	170	(522)
At December 31, 2015	(237)	3,272	128	725	458	(1,126)	(733)	2,487

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 Nirvana Memorial Park (Bukit Martajam) Berhad (formerly known as Blissful Memorial Park Berhad) and Nirvana Memorial Park (Sg Petani) Berhad (formerly known as Blissful Memorial Park (SP) Berhad) in 2014.

The Group has recognised unused tax losses of approximately USD4,203,000 and USD7,078,000 as at December 31, 2015 and 2014, 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, 2015 and 2014, 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 USD6,868,000, and USD7,863,000, respectively. No liability has been recognised in respect of these temporary differences as the Group has determined that those earnings will not be distributed in the near future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. INVENTORIES

	2015 USD'000	2014 USD'000
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
	126,508	113,575

During the year ended December 31, 2015, interest charged by non-controlling interest amounting to USD134,000 (2014: USD98,000) has been capitalised as part of the cost of development expenditure for cemetery properties — under development.

25. FINANCIAL ASSETS AT FVTPL

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

The investment is designated as FVTPL on initial recognition.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. OTHER FINANCIAL ASSETS

	2015 USD'000	2014 USD'000
Earn-out arrangement	8,615	2,661

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.

27. BANK BALANCES AND CASH AND CASH EQUIVALENTS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. BANK BALANCES AND CASH AND CASH EQUIVALENTS (Continued)

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 ("**DSRA**") used to secure the credit facilities granted as disclosed in note 35 and is non-interest bearing. The entire amount is included in cash on hand and at bank.

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 arrangements are set out in note 45(a). 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 range from 0.65% to 3.85% (2014: Nil) to secure for banking facilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. 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, 2014	30	30	13	13	7	7	50	50
Increase of authorised share capital (note a)	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 a)	34,452	–	15,389	–	7,579	–	57,420	–
Conversion of class A and class B shares (note 29)	23,200	232	(15,544)	(155)	(7,656)	(77)	–	–
Increase of authorised share capital (note b)	3,942,000	39,420	–	–	–	–	3,942,000	39,420
Shares of USD0.01 each at December 31, 2014 and 2015	4,000,000	40,000	–	–	–	–	4,000,000	40,000
Issued and fully paid:								
Shares of USD1 each at January 1, 2014	1	1	@	@	^	^	1	1
Sub-division of 1 existing share of USD1 each to 100 shares of USD0.01 each (note a)	59	–	27	–	13	–	99	–
Bonus issues of 499 shares for each existing share held (note a)	29,940	299	13,373	134	6,587	66	49,900	499
Exercise of warrants (note 29)	–	–	1,806	18	889	9	2,695	27
Conversion of class A and class B shares (note 29)	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
Shares of USD0.01 each at December 31, 2014	2,698,795	26,988	–	–	–	–	2,698,795	26,988
Issue of ordinary shares pursuant to exercise of employee share rights	142	1	–	–	–	–	142	1
Shares of USD0.01 each at December 31, 2015	2,698,937	26,989	–	–	–	–	2,698,937	26,989

@ represent 268 and USD268, respectively
^ represent 132 and USD132, respectively

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. SHARE CAPITAL (Continued)

(a) 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.

(b) 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.

During the financial year, the Company issued a total of 142,000 new ordinary shares of USD0.01 each at the price of HKD1.52 per share pursuant to the exercise of share rights under the Employee Share Right Scheme.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. 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 Company's Prospectus dated December 4, 2014 issued for the purpose of global offering.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. RESERVES

	Share premium USD'000	Capital reserve USD'000	Investment revaluation reserve USD'000	Warrant reserve USD'000	Share-based payment 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 payment	–	–	–	–	3,278	–	–	–	3,278
Deemed distribution to equity holders	–	–	–	1,003	–	–	–	(1,003)	–
Exercise 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. RESERVES (Continued)

	Share premium USD'000	Capital reserve USD'000	Investment revaluation reserve USD'000	Share-based payment reserve USD'000	Other reserve USD'000	Translation reserve USD'000	Retained earnings USD'000	Total USD'000
As of January 1, 2015	249,883	276	(1,439)	4,620	(18,594)	(7,532)	64,533	291,747
Profit for the year	–	–	–	–	–	–	86,837	86,837
Other comprehensive income/ (expense)	–	–	879	–	–	(62,172)	–	(61,293)
Total comprehensive (expenses)/ income for the year	–	–	879	–	–	(62,172)	86,837	25,544
Issue of ordinary shares pursuant to exercise of employee share rights	46	–	–	(19)	–	–	–	27
Lapse of share rights	–	–	–	(76)	–	–	76	–
Dividend recognised as distributions	–	–	–	–	–	–	(27,859)	(27,859)
Acquisition of additional interest in existing subsidiaries	–	–	–	–	(780)	–	–	(780)
As of December 31, 2015	249,929	276	(560)	4,525	(19,374)	(69,704)	123,587	288,679

Note: Capital reserve represents waiver of amount due to a former shareholder of a subsidiary in 2012, which was regarded as deemed contribution from the said shareholder.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. TRADE AND OTHER PAYABLES

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

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 (note 3).

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 is 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 ageing analysis of trade payables presented based on the invoice dates at the end of reporting period:

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. DEFERRED PRE-NEED FUNERAL CONTRACT REVENUE

	2015 USD'000	2014 USD'000
At beginning of year	80,815	71,523
Amounts received during the year	20,270	20,528
Exercised and recognised during the year	(6,703)	(5,773)
Exchange adjustments	(16,225)	(5,463)
At end of year	78,157	80,815
Analysed as:		
Current liabilities	5,862	6,061
Non-current liabilities	72,295	74,754
	78,157	80,815

The Group enters into pre-need funeral contracts with customers and allows settlement to be made by monthly instalments over 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.

As at December 31, 2015 and 2014, such contracts with an aggregate contract sum of approximately USD88,955,000 and USD99,405,000, respectively, have not yet been completed, of which deposits and instalments of approximately USD78,157,000 and USD80,815,000, respectively, have been received by the Group and recognised as liabilities under deferred pre-need funeral contract revenue on the consolidated statement of financial position.

33. DEFERRED MAINTENANCE INCOME

	2015 USD'000	2014 USD'000
At beginning of year	34,883	29,423
Recognised during the year	3,723	7,981
Released during the year	(226)	(267)
Exchange adjustments	(7,745)	(2,254)
At end of year	30,635	34,883
Analysed as:		
Current liabilities	226	267
Non-current liabilities	30,409	34,616
	30,635	34,883

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. OBLIGATIONS UNDER FINANCE LEASES

	2015 USD'000	2014 USD'000
Analysed for reporting as:		
Current liabilities	25	88
Non-current liabilities	20	81
	45	169

It is the Group's policy to lease certain of its motor vehicles and office equipment under finance leases. The average term of leases is 5 years (2014: 5 to 10 years). Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 5.41% to 7.30% (2014: 4.02% to 7.30%) per annum.

	Minimum Lease Payments	
	2015 USD'000	2014 USD'000
Amounts payable under finance leases		
Within one year	27	98
In more than one year but not more than two years	11	49
In more than two years but not more than five years	13	39
	51	186
Less: Future finance charges	(6)	(17)
Present value of lease obligations	45	169
Less: Amount due for settlements within 12 months (shown under current liabilities)	(25)	(88)
Amount due for settlement after 12 months	20	81

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. BORROWINGS

	2015 USD'000	2014 USD'000
Secured:		
Revolving credit	**46,015**	56,780
Carrying amount repayable:		
Within one year	**46,015**	56,780

The revolving credit facility of SGD75,000,000 (equivalent to approximately USD53,095,000) was granted to Nirvana Singapore Pte. Ltd. (formerly known as NV Multi Corporation (Singapore) Pte. Ltd. ("**NV Singapore**") by a foreign bank and is secured by a corporate guarantee and a fixed deposit amounting to approximately USD50,608,000 (equivalent to approximately HKD392,217,000) from the Company, a fixed and floating charge over all the assets, rights and interests, both present and future, of NV Singapore, and an assignment and charge of DSRA (note 27(iv)) by NV Singapore. The revolving credit facility expires 12 months from the first drawdown date and bears interest at Singapore Swap Offering Rate plus rates ranging from 0.35% to 1.50% (2014: 1.50%) per annum. For the financial year ended December 31, 2015, the revolving credit facility bears interest at rates ranging from 0.94% to 2.46% (2014: 1.63% to 2.05%) per annum.

36. 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 35, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2015 USD'000	2014 USD'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	287,752	344,380
Financial assets designated at FVTPL	11,058	29,730
Available-for-sale investments	31,208	29,742
Derivative financial assets	8,615	2,661
Financial liabilities		
Amortised cost	101,398	99,902

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.

If the currency of the respective short-term deposits had been 3% higher/lower, the post-tax profit of the Group for the year will increase/decrease by:

	2015 USD'000	2014 USD'000
USD	689	–
HKD	4,933	–

There is no material impact for the year ended December 31, 2014 as 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. FINANCIAL INSTRUMENTS (Continued)

Market risk (Continued)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to interest free instalments receivables (note 22), floating-rate bank borrowings (note 35), advances from non-controlling interests (note 44(b)).

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, 2015 and 2014 would decrease/increase by USD239,000 and USD296,000, respectively. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. FINANCIAL INSTRUMENTS (Continued)

Market risk (Continued)

(iii) 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:

	2015 USD'000	2014 USD'000
Pre-tax profit (note i)	663	1,784
Investment valuation reserve (note ii)	1,738	1,671

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk (Continue)

Liquidity tables

	Notes	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, 2015							
Non-derivative financial liabilities							
Trade and other payables	31	—	—	49,962	2,982	52,944	52,944
Amount due to non-controlling interests	31	10.50	2,646	—	—	2,646	2,394
Obligations under finance leases	34	5.41–7.30	—	27	24	51	45
Borrowings — variable	35	0.94–2.46	—	46,798	—	46,798	46,015
			2,646	96,787	3,006	102,439	101,398
At December 31, 2014							
Non-derivative financial liabilities							
Trade and other payables	31	—	206	38,623	2,757	41,586	41,586
Amount due to non-controlling interests	31	7.25	1,558	—	—	1,558	1,367
Obligations under finance leases	34	4.02–7.30	—	98	88	186	169
Borrowings — variable	35	1.63–2.05	—	57,825	—	57,825	56,780
			1,764	96,546	2,845	101,155	99,902

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. 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		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2015	2014				
Unit trust funds classified as financial assets at FVTPL in the consolidated statement of financial position	Assets – USD11,058,000	Assets – USD29,730,000	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 – USD177,000 – Consumer products industry – USD46,000 – Health care industry – USD327,000 – Hotel – USD52,000 – Finance industry – USD584,000 – Industrial products industry – USD763,000 – Infrastructure industry – USD725,000 – Oil and Gas industry – USD34,000 – Plantation industry – USD584,000 – Real Estate and Property industry – USD394,000 – Special purpose acquisition company – USD 310,000 – Technology industry – USD224,000; and – Trading/Services industry – USD951,000	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	Level 1	Quoted bid prices in an active market	N/A	N/A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. 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 2015	2014	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 – Banking industry – USD546,000 – Consumer products industry – USD61,000 – Finance industry – USD876,000 – Infrastructure industry – USD129,000 – Insurance industry – USD122,000 – Oil and gas industry – USD40,000 – Real Estate and Property industry – USD791,000 – Technology industry – USD1,019,000; and – Trading/Services industry – USD52,000	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	Level 1	Quoted bid prices in an active market	N/A	N/A
	Listed equity securities in other jurisdictions – Banking industry – USD113,000 – Consumer products industry – USD355,000 – Finance industry – USD447,000 – Health care industry – USD284,000 – Industrial products industry – USD989,000 – Oil and gas industry – USD27,000 – Real estate and property industry – USD429,000 -Trading/Services industry – USD87,000; and – Transportation and logistics industry – USD65,000	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 – Real estate and property industry – USD528,000 – Trading/Services industry – USD322,000; and – Transportation and logistics industry – USD84,000	Level 1	Quoted bid prices in an active market	N/A	N/A

37. 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 2015	2014	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Debentures classified as available-for-sale investments in the consolidated statement of financial position	Assets – USD2,236,000	Assets – USD1,886,000	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 – USD17,369,000	Assets – USD15,429,000	Level 2	Quoted prices in over the counter market	N/A	N/A
Derivative financial instruments, Earn-out arrangement	Assets – USD8,615,000	Assets – USD2,661,000	Level 3	Discounted cashflow 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

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, 2015 and 2014, 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, 2015 and 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. FINANCIAL INSTRUMENTS (Continued)

Fair value measurements of financial instruments (Continued)

(ii) Reconciliation of Level 3 fair value measurements

2015

	Earn-out arrangement USD'000
At beginning of year	2,661
Total gains charged to profit or loss	9,311
Settlement	(2,224)
Exchange adjustments	(1,133)
At end of year	8,615

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. ACQUISITIONS OF SUBSIDIARIES/BUSINESS

Acquisitions made in 2015

i. Acquisition of the business and assets of a tomb contractor

On March 2, 2015, Nirvana Memorial Park Sdn. Bhd. ("**NMP**") entered into a sale and purchase agreement with WFS Memorial Tomb Management Sdn. Bhd., and Wong Chen Hoong and Wang Siew Yuen (collectively, the "Vendor"), to acquire the following at an aggregate consideration of RM15,000,000 equivalent to approximately USD4,132,000:

(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 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 net assets acquired in the transaction are as follows:

	USD'000
Net assets acquired:	
Intangible assets	3,789
Property, plant and equipment	134
Inventories	48
	3,971
Fair value of the purchase consideration	161
Consideration	4,132
Satisfied by:	
Cash paid in 2015	1,928
Consideration payables	2,043
	3,971
Fair value of the purchase consideration	161
Consideration	4,132
Net cash outflow arising on acquisition:	
Cash paid and net cash outflow arising on acquisition	1,928
Consideration payables	2,043
	3,971
Fair value of the purchase consideration	161
Consideration	4,132

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. ACQUISITIONS OF SUBSIDIARIES/BUSINESS (Continued)

Acquisitions made in 2015 (Continued)

i. Acquisition of the business and assets of a tomb contractor (Continued)

Included in the profit for the year is an additional approximately USD1,679,000 equivalent to RM6,558,000 attributable to the cost saving from the acquisition of the above business. There is no additional revenue being generated from the above business acquisition.

ii. Acquisition of remaining 22.5% interest in Nirvana Memorial Park (Tiram) Sdn. Bhd. ("NMP Tiram")

On May 22, 2015, NMP, acquired the remaining 22.5% of the equity interest in NMP Tiram for a cash consideration of approximately USD333,000, equivalent to RM1,193,000. The net difference of approximately USD286,000, equivalent to approximately RM922,000, between the consideration paid to non-controlling interest and the carrying amounts of net assets attributable to the additional interest acquired of approximately USD47,000 at the date of acquisition was debited to other reserve.

iii. Acquisition of remaining 40% interest in Nirvana Memorial Park Co. Ltd. ("NMP Thailand")

On July 28, 2015, Nirvana Memorial Garden Co., Limited. ("**NMG Thailand**"), a 49.37%-owned subsidiary of the Group, acquired the remaining 40% equity interest in NMP Thailand for a cash consideration of approximately USD593,000, equivalent to approximately THB18,842,000. The net difference of approximately USD494,000 between the consideration paid to non-controlling interest and the carrying amounts of net assets attributable to the additional interest acquired of approximately USD99,000 at the date of acquisition was debited to other reserve.

iv. Acquisition of 70% interest in PT Nirvana Memorial Nusantara ("PT Nusantara")

On September 2, 2015, Essential Scope Sdn. Bhd. ("**ESSB**"), a wholly-owned subsidiary of the Group, entered into a share subscription agreement with PT Nirvana Memorial Nusantara ("**PT Nusantara**"), a company incorporated under the laws of the Republic of Indonesia, PT Bentara Bumi Morawa and an independent third party who is the minority shareholder of PT Nusantara, pursuant to which , among others, PT Nusantara agreed to allot and ESSB agreed to subscribe 70.0% interest of PT Nusantara's share capital, for the subscription consideration of Rupiah 17.5 billion equivalent approximately to USD1.3 million. As the end of the reporting period, the subscription has been completed but PT Nusantara has not commenced of business.

v. Acquisition of 100% interest in Everest Fairway Sdn. Bhd. ("EFSB")

On October 28, 2015, Future Spectrum Sdn. Bhd, a wholly-owned subsidiary of the Group entered into an agreement with 2 independent third party individuals to acquire 2 ordinary shares of RM1.00 each in EFSB representing 100% equity interest in EFSB for a consideration of approximately USD351,000 equivalent to RM1,500,000. EFSB has no business activities as of transaction date other than EFSB has entered into a conditional sale and purchase agreement with the landowner to purchase a parcel of land in Mukim Jeram, Daerah Kuala Selangor measuring approximately in total 66.8 hectares for the consideration of approximately USD15.3 million equivalent to approximately RM64.7million. The land acquisition consideration has been paid by the Group and the acquisition has been completed on December 31, 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. ACQUISITIONS OF SUBSIDIARIES/BUSINESS (Continued)

Acquisitions made in 2014

i. Acquisition of 49.37% equity interest in Nirvana Memorial Garden Co., Limited. ("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 19), 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)
Cash consideration paid	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. ACQUISITIONS OF SUBSIDIARIES/BUSINESS (Continued)

Acquisitions made in 2014 (Continued)

i. Acquisition of 49.37% equity interest in Nirvana Memorial Garden Co., Limited. ("NMG Thailand") (Continued)

On January 28, 2014, Nirvana Thailand entered into an option agreement with the other three shareholders of NMG Thailand ("**NMG Thailand Shareholders**") pursuant to which they granted Nirvana Thailand a call option to acquire their 20,000 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 Shareholders were granted a put option to sell all of their 20,000 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, 2015 and 2014 is insignificant.

ii. Acquisition of remaining 20% interest in Blissful World Sdn. Bhd. ("BWSB")

On March 15, 2014, Nirvana North Sdn. Bhd., the wholly-owned subsidiary of the Group, 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.

iii. Acquisition of remaining 30% interest in Nirvana Memorial Garden Pte. Ltd. ("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

In year 2014, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. 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 Tan Sri' 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 Tan Sri' 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 inflow arising on disposal	87

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. OPERATING LEASE COMMITMENTS

As lessee

As at December 31, 2015 and 2014, 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:

	2015 USD'000	2014 USD'000
Within one year	420	515
In the second to fifth years inclusive	194	377
Over five years	9	—
	623	892

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.

41. CAPITAL COMMITMENTS

	2015 USD'000	2014 USD'000
Capital commitments contracted for but not provided in the financial statement in respect of:		
— acquisition of a subsidiary (note 47(c))	2,000	—
— acquisition of capital expenditure	30	237
	2,030	237

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. SHARE-BASED PAYMENT

Share option scheme

Pursuant to the shareholders' written resolution passed and share capital changes effected on June 30, 2014, the Company adopted a Pre-IPO Employees Share Right Scheme ("**ESRS**") and Sales Agent Share Option Scheme ("**Pre-IPO Sales Agent Share Option Scheme**") ("**SASOS**") 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.

Pre-IPO Employee Share Right Scheme ("ESRS")

Under the terms of the ESRS, management rights and share rights were granted to a Director at October 25, 2013 and share rights were granted to selected and identified suitable employees at June 30, 2014, respectively. The share rights or management warrants may be exercised progressively from the grant date up to 5 years after the grant date provided that the relevant employee remained employed with the Group. Forfeited share rights would be cancelled. The ESRS will expire on December 31, 2019.

The estimated fair value of share rights granted was determined at the date of the grant and was charged as an expense immediately to share-based payment reserve.

On exercising the share rights, the consideration received was credited to share capital in respect of the nominal value of the shares issued with the balance credited to share premium; the original estimated fair value of the relevant share options was then transferred from share-based payment reserve to share premium.

Movements in the number of shares issuable under share rights granted and their related weighted average exercise prices were as follows:

	2015		2014	
	Exercise price per share USD	Number of shares issuable under share rights granted '000	Exercise price per share USD	Number of shares issuable under share rights granted '000
At beginning of year	0.20*	24,382	0.20*	—
Granted	0.20*	—	0.20*	24,382
Exercised	0.20*	(142)	0.20*	—
Lapsed	0.20*	(694)	0.20*	—
At end of year	0.20*	23,546	0.20*	24,382

* equivalent to HKD1.52

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. SHARE-BASED PAYMENT (Continued)

Management warrants

Movements in the number of shares issuable under management warrants granted and their related weighted average exercise prices were as follows:

	2015		2014	
	Exercise price per share USD	Number of shares issuable under share rights granted '000	Exercise price per share USD	Number of shares issuable under share rights granted '000
At beginning of year	0.20*	20,703	0.20*	–
Granted	0.20*	–	0.20*	20,703
Exercised	0.20*	–	0.20*	–
Lapsed	0.20*	–	0.20*	–
At end of year	0.20*	20,703	0.20*	20,703

* equivalent to HKD1.52

Pre-IPO Sales Agent Share Option Scheme ("SASOS")

Under the terms of the SASOS, share options were granted to selected and identified sales agents of the Group on August 6, 2014. A sales agent share options 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 2015 and Year 2016, respectively, and upon satisfaction of any applicable vesting conditions specified in the offer of sales agent share options.

The share option may be exercised progressively from the vesting date to the fifth year after the vesting date provided that the relevant sales agent maintain an effective agency agreement with the Group. Forfeited share options would be cancelled. The SASOS will expire on December 31, 2019.

The estimated fair value of share option granted was determined at the date of the grant and is charged as an expense over the projected vesting period being the period for which the services from the sale agents were rendered with a corresponding credit to share-based payment reserve.

On exercising the share options, the consideration received was credited to share capital in respect of the nominal value of the shares issued with the balance credited to share premium; the original estimated fair value of the relevant share options was then transferred from employee share-based payment reserve to share premium.

42. SHARE-BASED PAYMENT (Continued)

Pre-IPO Sales Agent Share Option Scheme ("SASOS") (Continued)

Movements in the number of shares issuable under share options granted and their related weighted average exercise prices were as follows:

	2015		2014	
	Exercise price per share USD	Number of shares issuable under share options granted '000	Exercise price per share USD	Number of shares issuable under share options granted '000
At beginning of year	0.20*	1,152	0.20*	—
Granted	0.20*	—	0.20*	1,152
Vested	0.20*	(298)	0.20*	—
Lapsed	0.20*	—	0.20*	—
At end of year	0.20*	854	0.20*	1,152

* equivalent to HKD1.52

All vested share options have not been exercised by end of the reporting period.

On January 31, 2016, 386,507 sales agent options granted under the SASOS have lapsed.

The fair value of the shares granted under the ESRS and SASOS were determined using the binomial model. The significant inputs into the model were as follows:

	ESRS	ESRS — Management warrants	SASOS
Exercise price	USD0.20	USD0.20	USD0.20
Date of grant	June 30, 2014	October 23, 2013	August 6, 2014
Fair value at grant date	USD10.89	USD376,925	USD11.22
Vesting period/Option life	5.51 and 7.33	5.18	5.34
Expected dividend yield	0.00%	0.00%	0.00%
Risk free interest rates	1.830% and 2.285%	1.44%	1.79%
Expected volatility	33% and 36%	34.7%	29.92%
Exercise multiple	2.86x to 3.34x	3.34x	Non-applicable

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. 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 19% (2014: 12% to 19%) 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 7.5% to 17.0% (2014: 6.5% to 16.0%) of its basic payroll costs to the fund.

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, 2015 and 2014 the total expenses recognised in profit or loss, amounted to approximately USD1,735,000 and USD1,653,000, respectively, which represents contributions payable to these funds by the Group at rates specified in the rules of the plans.

44. RELATED PARTY TRANSACTIONS

(a) Apart from other arrangements with related parties disclosed elsewhere in the consolidated financial statements, during the years ended December 31, 2015 and 2014, the Group entered into the following transactions with related parties:

	2015 USD'000	2014 USD'000
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.

44. RELATED PARTY TRANSACTIONS (Continued)

(b) Amounts due to related parties

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

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 represents 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 exempted 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 USD'000	2014 USD'000
Salaries, wages and bonuses	896	1,169
Post-employment benefits	45	44
Share-based payment	—	1,107
	941	2,320

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

(a) Trust funds arrangements

Trust fund in relation to pre-need funeral service contracts

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	4	36
	17,558	16,358

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.

45. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

(a) Trust funds arrangements (Continued)

Trust funds in relation to maintenance service contract (Continued)

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

	2015 USD'000	2014 USD'000
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)	1,121	(680)
	21,237	22,604

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	
		2015 %	2014 %	2015 USD'000	2014 USD'000	2015 USD'000	2014 USD'000
Nirvana Memorial Garden Pte. Ltd*	Singapore	—	—	—	1,338	—	—
PT Alam Hijau Lestari	Indonesia	49	49	242	619	3,541	3,678
Harvest China Holdings Limited	Hong Kong	5	5	259	64	849	754
Individually immaterial subsidiaries with NCI						530	98
						4,920	4,530

* become a wholly-owned subsidiary of the Group in 2014, refer Note 38.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. 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.		Harvest China Holdings Limited	
	2015 USD'000	2014 USD'000	2015 USD'000	2014 USD'000	2015 USD'000	2014 USD'000
Current assets	15,460	15,979	–	–	9,152	5,450
Non-current assets	1,254	3,085	–	–	1,630	2002
Current liabilities	(7,727)	(9,804)	–	–	(23)	(29)
Non-current liabilities	(1,760)	(1,753)	–	–	–	–
Equity attributable to owners of the Company	3,686	3,829	–	–	9,910	6,669
Non-controlling interests	3,541	3,678	–	–	849	754
Revenue	6,033	6,342	–	12,559	–	–
Expenses	5,561	5,079	–	8,100	627	155
Profit attributable to owners of the Company	252	644	–	3,121	4,922	1,218
Profit attributable to the NCI	242	619	–	1,338	259	64
Profit for the year	494	1,263	–	4,459	5,181	1,282
Other comprehensive income/ (expenses) attributable to owners of the Company	393	243	–	(122)	–	–
Other comprehensive income/ (expenses) attributable to the NCI	377	234	–	(53)	–	–
Other comprehensive income/ (expenses) for the year	770	477	–	(175)	–	–
Total comprehensive income attributable to owners of the Company	645	887	–	2,999	4,922	1,218
Total comprehensive income attributable to the NCI	619	853	–	1,285	259	64
Total comprehensive income for the year	1,264	1,740	–	4,284	5,181	1,282

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. 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.		Harvest China Holdings Limited	
	2015 USD'000	2014 USD'000	2015 USD'000	2014 USD'000	2015 USD'000	2014 USD'000
Net cash inflow/(outflow) from operating activities	1,763	(718)	–	4,329	7,756	(403)
Net cash inflow/(outflow) from investing activities	67	(4,766)	–	43	–	–
Net cash inflow/(outflow) from financing activities	(1,434)	4,228	–	(2,501)	–	–
Net cash inflow/(outflow)	396	(1,256)	–	1,871	7,756	(403)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46. INFORMATION OF FINANCIAL POSITIONS OF THE COMPANY

The statement of financial position of the Company as at December 31, 2015 and 2014 are as follows:

	2015 USD'000	2014 USD'000
ASSETS		
Non-current asset		
Investment in subsidiaries	17,569	18,591
Current assets		
Amount due from subsidiaries	103,204	15,079
Other receivables	605	—
Financial assets at fair value through profit or loss	6,594	25,307
Bank balances and cash and cash equivalents	177,695	232,643
Total current assets	288,098	273,029
Total assets	305,667	291,620
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	26,989	26,988
Reserves (Note)	261,683	251,926
Total equity	288,672	278,914
Current liabilities		
Other payables	50	3,036
Amount due to a subsidiary	16,945	9,670
Total current liabilities	16,995	12,706
Total equity and liabilities	305,667	291,620
Net current assets	271,103	260,323
Total assets less current liabilities	288,672	278,914

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46. 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	–	–	–	–	(2,541)	19,330	16,789
Dividend recognised as distributions	–	–	–	–	–	(19,296)	(19,296)
Bonus issue of shares	–	–	–	–	–	(499)	(499)
Effect of share-based payment	–	–	–	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
Profit for the year	–	–	–	–	–	94,950	94,950
Other comprehensive income	–	–	–	–	(57,361)	–	(57,361)
Total comprehensive income for the year	–	–	–	–	(57,361)	94,950	37,589
Issue of ordinary shares pursuant to exercise of employee share rights	46	–	–	(19)	–	–	27
Lapse of employee share rights	–	–	–	(76)	–	76	–
Dividend recognised as distributions	–	–	–	–	–	(27,859)	(27,859)
As of December 31, 2015	249,929	276	–	4,525	(60,128)	67,081	261,683

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47. SIGNIFICANT EVENTS DURING THE YEAR

Other than those disclosed elsewhere in the consolidated financial statements, the following events took place during the year:

(a) On February 2,2015, the Group entered into a Cooperation Agreement with a third party to exclusively manage, operate and sale of the niches in Huiyang District, Huizhou City, Guangdong Province, the People Republic of China (the "**said cemetery**") and a non-exclusive right to sell other products and facilities of the said cemetery. This Cooperation Agreement is for a term of 10 years from February 2, 2015, subject to an automatic extension for a further term of 5 years in the event that any of the niches remain unsold upon the expiry of the first 10-year term.

(b) On June 16, 2015, the Group entered into an agreement with a third party to construct columbarium complexes and a funeral home on a parcel of land located in Klang, Selangor, Malaysia at terms as per voluntary announcement in The Stock Exchange of Hong Kong Limited on the same date.

(c) On July 28, 2015, the Group entered into an agreement with third parties to acquire 70.0% interest in Nirvana Memorial Park Co., Ltd., a company incorporated under the laws of the Socialist Republic of Vietnam, for a purchase consideration of approximately USD2.0 million, equivalent to approximately 44.1 billion Vietnamese dong ("**VND**"). However, as at the reporting date, this acquisition has not been completed.

48. SUBSEQUENT EVENT

On January 15, 2016, a subsidiary, 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 USD 32.7 million equivalent to SGD47.0 million, together with 7.0% Goods and Services Tax has been settled on January 28, 2016.

富貴生命國際有限公司

NIRVANA asia LTD