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**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**ANNUAL RESULTS HIGHLIGHTS**

- Revenue increased by 18.2% compared to last year.
- Adjusted EBITDA<sup>1,2</sup> increased by 18.2% compared to last year.
- Adjusted profit for the year<sup>2</sup> increased by 25.5% compared to last year.
- Adjusted profit margin for the year<sup>2</sup> increased to 28.3%.
- Adjusted profit for the year attributable to owners of the Company<sup>2</sup> increased by 28.5% compared to last year.
- Adjusted profit margin for the year attributable to owners of the Company<sup>2</sup> increased to 27.0% from 24.8% last year.
- Contract sales increased by 13.2% compared to last year.
- A final dividend of HKD0.05 per ordinary share is recommended.

Set forth below is the comparison of performance for the years ended 31 December 2014 and 2013, respectively, in terms of United States dollars (“USD”) and Malaysian ringgit (“RM”) :

	USD Million <sup>3</sup>			RM Million <sup>3</sup>		
	2014	2013	Change (%)	2014	2013	Change (%)
Revenue	<b>165.1</b>	139.7	18.2%	<b>540.3</b>	440.2	22.7%
EBITDA <sup>1</sup>	<b>56.1</b>	55.6	0.9%	<b>183.7</b>	175.3	4.8%
Adjusted EBITDA <sup>2</sup>	<b>65.0</b>	55.0	18.2%	<b>212.8</b>	173.4	22.7%
Profit for the year	<b>37.8</b>	37.8	—	<b>123.8</b>	119.2	3.9%
Adjusted profit for the year <sup>2</sup>	<b>46.7</b>	37.2	25.5%	<b>152.9</b>	117.3	30.3%
Profit for the year attributable to owners of the Company	<b>35.8</b>	35.3	1.4%	<b>117.1</b>	111.3	5.2%
Adjusted profit for the year attributable to owners of the Company <sup>2</sup>	<b>44.6</b>	34.7	28.5%	<b>146.2</b>	109.4	33.6%
Contract sales	<b>206.7</b>	182.6	13.2%	<b>676.6</b>	575.2	17.6%

- 1 *EBITDA is calculated by adding finance cost and depreciation and amortisation to profit before taxation.*
- 2 *Adjusted to exclude (a) USD3.3 million in share-based payment expenses in 2014 (2013: USD1.3 million), (b) USD5.3 million Listing expenses in 2014 (2013: NIL), (c) USD0.3 million of other expenses relating to the Listing in 2014 (2013: NIL) and (d) reversal of provision for quit rent and assessment of USD1.9 million in 2013, which are non-recurring.*
- 3 *The above amounts denominated in RM have been translated into USD at the exchange rates of 3.2733 and 3.1510 for 2014 and 2013, respectively.*

The board (the “**Board**”) of directors (the “**Directors**”) of Nirvana Asia Ltd (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2014 together with the comparative figures for the year ended 31 December 2013 as follows:

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

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

	<i>Notes</i>	<b>2014</b> <i>USD'000</i>	2013 <i>USD'000</i>
<b>Profit for the year attributable to:</b>			
Owners of the Company		<b>35,764</b>	35,289
Non-controlling interests		<u><b>2,068</b></u>	<u>2,500</u>
		<u><b>37,832</b></u>	<u>37,789</u>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		<b>30,910</b>	32,687
Non-controlling interests		<u><b>1,935</b></u>	<u>1,329</u>
		<u><b>32,845</b></u>	<u>34,016</u>
<b>Dividends</b>	<i>9</i>	<u><b>19,296</b></u>	<u>9,806</u>
<b>Earnings per ordinary share attributable to owners of the Company</b>			
Basic (US cent per ordinary share)	<i>10</i>	<u><b>1.74</b></u>	<u>1.84</u>
Diluted (US cent per ordinary share)		<u><b>1.74</b></u>	<u>1.83</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	<i>Notes</i>	<b>2014</b> <i>USD'000</i>	2013 <i>USD'000</i>
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>6,589</b>	5,664
Trade and other payables	<i>13</i>	<b>2,757</b>	2,450
Deferred pre-need funeral contract revenue		<b>74,754</b>	66,159
Deferred maintenance income		<b>34,616</b>	29,303
Obligations under finance leases		<b>81</b>	216
Borrowings		—	19,924
Other financial liabilities		—	1,894
<b>Total non-current liabilities</b>		<b>118,797</b>	125,610
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	<b>100,455</b>	75,463
Deferred pre-need funeral contract revenue		<b>6,061</b>	5,364
Deferred maintenance income		<b>267</b>	120
Amount due to ultimate holding company		—	18,187
Obligations under finance leases		<b>88</b>	116
Borrowings		<b>56,780</b>	10,079
Tax liabilities		<b>4,395</b>	2,818
<b>Total current liabilities</b>		<b>168,046</b>	112,147
<b>Total liabilities</b>		<b>286,843</b>	237,757
<b>Total equity and liabilities</b>		<b>610,108</b>	296,154
<b>Net current assets</b>		<b>321,785</b>	84,900
<b>Total assets less current liabilities</b>		<b>442,062</b>	184,007

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 23 September 2010 and its ordinary shares were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 17 December 2014 (the “**Listing**”). The registered office of the Company is at 4th Floor, Harbour Place, 103 South Church Street, George Town, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands and the address of the principal place of business in Hong Kong of the Company is 36th Floor, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. The Group is mainly engaged in the sale of burial plots, niches and tomb and provision of funeral services.

### 2. BASIS OF ACCOUNTING

The consolidated financial statements for the year ended 31 December 2014 have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) issued by the International Accounting Standards Board. In addition, the consolidated financial statements included applicable disclosures as required by Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The principal accounting policies used in the preparation of the financial statements are consistent with those adopted in the consolidated financial statements for the year ended 31 December 2013.

For those IFRS amendments and interpretations which are effective for the Group’s annual accounting periods beginning on 1 January 2014, their adoption has no significant impact on the Group’s results and financial position; and for those which are not yet effective, the Group is in the process of assessing their impact on the Group’s results and financial position.

The financial statements have been prepared under the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period.

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

### 3. REVENUE AND SEGMENT INFORMATION

#### Revenue from major products and services

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

	2014 <i>USD'000</i>	2013 <i>USD'000</i>
<b>Sale of goods:</b>		
Burial plots	54,216	46,000
Niches*	59,791	47,211
Tomb	26,532	26,640
<b>Provision of services:</b>		
Funeral services	13,362	12,601
Other burial and niches related services	<u>11,163</u>	<u>7,263</u>
	<u><b>165,064</b></u>	<u><b>139,715</b></u>

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

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

1. Burial services — Malaysia
2. Burial services — Singapore
3. Burial services — Indonesia
4. Funeral services — Malaysia

Burial services represent sale of goods which include supply of burial plots, niches and tomb, and provision of cemetery related services which include columbarium construction services and marketing agency services.

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

Segment profit represents the gross profit earned by each segment.



## Segment revenues and results

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

	<u>Burial services</u>			<u>Funeral services</u>	<u>Total</u> USD'000
	<u>Malaysia</u> USD'000	<u>Singapore</u> USD'000	<u>Indonesia</u> USD'000	<u>Malaysia</u> USD'000	
<b>2014</b>					
Segment revenue	<u>127,209</u>	<u>18,151</u>	<u>6,342</u>	<u>13,362</u>	<u>165,064</u>
Segment profit	<u>88,438</u>	<u>16,261</u>	<u>4,582</u>	<u>7,144</u>	116,425
Other income					9,523
Other gains and losses					1,149
Selling and distribution expenses					(37,474)
Administrative expenses					(30,442)
Finance costs					(2,531)
Other expenses					<u>(5,287)</u>
Profit before taxation					<u>51,363</u>
<b>2013</b>					
Segment revenue	<u>102,925</u>	<u>14,772</u>	<u>9,417</u>	<u>12,601</u>	<u>139,715</u>
Segment profit	<u>69,864</u>	<u>13,170</u>	<u>6,928</u>	<u>7,215</u>	97,177
Other income					6,222
Other gains and losses					2,601
Selling and distribution expenses					(30,480)
Administrative expenses					(22,069)
Finance costs					(2,968)
Share of loss of an associate					<u>(1)</u>
Profit before taxation					<u>50,482</u>

## Segment assets and liabilities

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

### 2014

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

### 2013

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

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

- other than those incurred for central management purpose, including interest in an associate, certain assets of the following (a) property, plant and equipment, (b) deferred tax assets, (c) prepayments, (d) deposits and other receivable and; (e) 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, amount due to ultimate holding company and other unallocated payables and accruals, all liabilities are allocated to operating segments.

## Other segment information

	<u>Burial services</u>			<u>Funeral services</u>	Segment		
	Malaysia	Singapore	Indonesia	Malaysia	Total	Unallocated	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000

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

#### 2014

Capital expenditure	1,228	127	238	642	2,235	378	2,613
Depreciation	577	153	205	605	1,540	598	2,138
Amortisation	<u>82</u>	<u>—</u>	<u>—</u>	<u>10</u>	<u>92</u>	<u>—</u>	<u>92</u>

#### 2013

Capital expenditure	865	119	295	365	1,644	575	2,219
Depreciation	590	161	195	636	1,582	555	2,137
Amortisation	<u>4</u>	<u>—</u>	<u>—</u>	<u>11</u>	<u>15</u>	<u>—</u>	<u>15</u>

## Geographical information

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

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

Revenue from external customers:

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

#### 4. OTHER INCOME

	2014 <i>USD'000</i>	2013 <i>USD'000</i>
Interest income on short-term deposits	403	370
Imputed interest income on receivables under instalment arrangement	<u>6,624</u>	<u>4,000</u>
Total interest income	<u>7,027</u>	<u>4,370</u>
Dividends from listed equity securities	347	359
Dividends from unit trust funds	<u>228</u>	<u>238</u>
Total dividend income	<u>575</u>	<u>597</u>
Income from enlightenment ceremony	377	428
Others	<u>1,544</u>	<u>827</u>
	<u><u>9,523</u></u>	<u><u>6,222</u></u>

#### 5. OTHER GAINS AND LOSSES

	2014 <i>USD'000</i>	2013 <i>USD'000</i>
Gain from changes in fair value on financial assets at fair value through profit or loss	680	350
Gain from changes in fair value on derivative financial instrument — call option	25	82
Loss from changes in fair value on derivative financial instrument — earn-out arrangement	(744)	—
Gain on disposal of available-for-sale investments	806	925
Net foreign exchange gains	327	581
Gain/(Loss) on disposal of property, plant and equipment	112	(12)
Gain on disposal of subsidiaries	—	365
Gain on disposal of land held under prepaid lease payments	—	402
Others	<u>(57)</u>	<u>(92)</u>
	<u><u>1,149</u></u>	<u><u>2,601</u></u>

## 6. OTHER EXPENSES

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

## 7. PROFIT BEFORE TAXATION

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

	2014 <i>USD'000</i>	2013 <i>USD'000</i>
Staff costs, including directors' remuneration:		
Salaries, wages and other benefits	16,522	14,588
Share-based payment expenses	3,278	1,342
Contributions to employees provident fund	<u>1,653</u>	<u>1,183</u>
Total staff costs	<u>21,453</u>	<u>17,113</u>
Auditors' remuneration	289	148
Amortisation of prepaid lease payments	10	15
Depreciation of property, plant and equipment	2,138	2,137
Amortisation of intangible assets	<u>82</u>	<u>—</u>
Total depreciation and amortisation	<u>2,230</u>	<u>2,152</u>
Cost of inventories recognised as expenses	37,551	30,150
Listing expenses (included in other expenses)	5,287	—
Minimum lease payment under operating lease in respect of:		
Premises	603	427
Equipment	93	72
Net impairment losses recognised/(reversed) on:		
Trade receivables	19	159
Other receivables	<u>(5)</u>	<u>—</u>

## 8. INCOME TAX EXPENSES

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

No provision for Hong Kong profits tax has been made during the year as the Group did not generate any assessable profits arising in Hong Kong (2013: Nil). Subsidiaries established in Malaysia, Singapore and Indonesia are subject to the respective countries' corporate income tax at the rates ranging from 17% to 25% (2013: 17% to 25%).

## 9. DIVIDEND

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

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

## 10. EARNINGS PER SHARE

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

	<b>2014</b>	2013
	<i>USD'000</i>	<i>USD'000</i>
Profit for the year attributable to owners of the Company	<b>35,764</b>	35,289
	<u><b>35,764</b></u>	<u>35,289</u>
	<b>Number of ordinary shares</b>	
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>2,050,361</b>	1,920,575
Effects of dilutive potential ordinary shares		
— Management warrants/share rights/sales agent share options	<b>7,956</b>	—
— Warrants	—	12,921
	<u>—</u>	<u>12,921</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<b>2,058,317</b>	1,933,496
	<u><b>2,058,317</b></u>	<u>1,933,496</u>

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the year ended 31 December 2013 has been retrospectively adjusted for the deemed bonus element relating to class A and class B shares of the Company. On 8 September 2014, both the class A shares and class B Shares were converted into ordinary shares.

## 11. TRADE AND OTHER RECEIVABLES

	<b>2014</b>	<b>2013</b>
	<i>USD'000</i>	<i>USD'000</i>
Trade receivables	<b>72,524</b>	47,906
Less: Allowance for doubtful debts	<u><b>(884)</b></u>	<u>(920)</u>
	<u><b>71,640</b></u>	<u>46,986</u>
Advances made to an associate	—	1,838
Other receivables	<b>1,232</b>	2,857
Less: Allowance for doubtful debts	<u><b>(112)</b></u>	<u>(124)</u>
	<u><b>1,120</b></u>	<u>4,571</u>
Deposits for acquisition of land for future cemetery development	<b>8,261</b>	3,103
Deposits for acquisition of a subsidiary	—	496
Other deposits	<b>2,919</b>	517
Prepaid expenses	<u><b>3,514</b></u>	<u>3,579</u>
	<u><b>87,454</b></u>	<u>59,252</u>
Analysed as:		
Current assets	<b>48,007</b>	34,336
Non-current assets	<u><b>39,447</b></u>	<u>24,916</u>
	<u><b>87,454</b></u>	<u>59,252</u>

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

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

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



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

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

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

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

## 12. INVENTORIES

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

### 13. TRADE AND OTHER PAYABLES

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

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

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

The trade payables are non-interest bearing and the average credit term period on purchase of goods is 30 to 90 days.

#### 14. RELATED PARTY TRANSACTIONS

- (a) The following are the transactions entered into by the Group with related parties during the years ended 31 December 2014 and 2013, respectively:

	<b>2014</b> <i>USD'000</i>	2013 <i>USD'000</i>
Interest expense arising from advance from:		
Non-controlling interests:		
Khau Martin	—	17
Well Global Investments (Singapore) Pte. Ltd.	—	1
Vilailux Development Company Limited	<b>98</b>	—
Rental expense:		
Company under common control by a Director, Dato' Kong Hon Kong:		
KHK Capital Holdings Sdn Bhd	<b>204</b>	29
Agency expense:		
Close family members of a member of senior management of a principal operating subsidiary, Dato' Chan Loong Fui	<u><b>161</b></u>	<u>425</u>

- (b) Amount due from a related party

	<b>2014</b> <i>USD'000</i>	2013 <i>USD'000</i>
Associate		
— Nirvana Memorial Park Co., Ltd.	<u>—</u>	<u>1,838</u>

Advance to Nirvana Memorial Park Co., Ltd. is non-trade in nature, unsecured, no fixed term on repayment and bears interest at 7.25% per annum.

(c) Amounts due to related parties

	2014 <i>USD'000</i>	2013 <i>USD'000</i>
Ultimate holding company		
— Rightitan Sdn Bhd.	<u>—</u>	<u>18,187</u>
Director		
— Dato' Kong Hon Kong	<u>206</u>	<u>220</u>
Non-controlling interests		
— Hsieh Ming-Hsun	—	289
— Vilailux Development Company Limited	<u>1,367</u>	<u>—</u>
	<u><u>1,367</u></u>	<u><u>289</u></u>

Amount due to Rightitan Sdn Bhd is non-trade in nature, unsecured, interest free and repayable on demand.

Amount due to Dato' Kong Hon Kong represented accrued and unpaid director's remuneration, which is unsecured, interest free and repayable on demand.

Amount due to non-controlling interests represent advances received and is unsecured, interest-free with no fixed terms of repayment except for amount due to Vilailux Development Company Limited of approximately USD1,367,000 as at 31 December 2014, with fixed interest rate at 7.25% per annum.

## 15. REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE

The consolidated financial results of the Group for the year ended 31 December 2014 have been reviewed with no disagreement by the audit committee of the Company and have been agreed with the Company's auditor, Deloitte.

The figures in respect of the preliminary announcement of the Group's consolidated results for the year ended 31 December 2014 have been compared by the Company's auditor, Deloitte, to the amounts set out in the Group's consolidated accounts for the year and the amounts were found to be in agreement.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business overview

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

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

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

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

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

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

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

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

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

## Financial Review

### a. Contract Sales and Revenue

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

#### (i) Contract Sales

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

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

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

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

	Year ended 31 December			
	2014		2013	
	<i>Number</i>	<i>Average sales price (USD)</i>	<i>Number</i>	<i>Average sales price (USD)</i>
Burial plots (square meters)	<b>90,501</b>	<b>686</b>	103,737	694
Burial plots (units)	<b>3,105</b>	<b>19,983</b>	3,371	21,351
Niches (units)*	<b>8,850</b>	<b>6,974</b>	8,513	6,184
Tomb design and construction (units)	<b>2,328</b>	<b>17,158</b>	1,819	13,552
Total burial services (units)	<b>14,283</b>	<b>11,462</b>	13,703	10,889
Funeral service package (cases)	<b>2,345</b>	<b>6,900</b>	1,819	6,000

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

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

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

ASP per case for funeral service package for the year ended 31 December 2014 increased by USD900 or 15.0% from USD6,000 per case for the year ended 31 December 2013 to USD6,900 per case for the year ended 31 December 2014. This was primarily due to product mix, price revision and increase in optional related products and services on a per item basis, which created additional revenue sources.

(ii) *Revenue*

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

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

Our revenue increased by USD25.3 million, or 18.1%, from USD139.7 million for the year ended 31 December 2013 to USD165.1 million for the year ended 31 December 2014. This increase was primarily driven by sales of burial services from Bukit Mertajam, Kulai, Semenyih and Penang, in Malaysia.

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

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

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



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

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

**b. *Cost of Sales and Services***

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

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

*Burial Services*

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

*Funeral Services*

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

**c. Gross Profit and Gross Margin**

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

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

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

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

**d. Other Income**

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

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

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

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

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

e. *Other gains and losses*

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

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

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

**f. Selling and Distribution Expenses**

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

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

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

**g. Administrative Expenses**

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

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

Our administrative expenses increased by USD8.3 million, or 37.9%, from USD22.1 million for the year ended 31 December 2013 to USD30.4 million for the year ended 31 December 2014, primarily due to share-based payment expenses of USD3.3 million in relation to pre-Listing employees share rights scheme, which

were fully vested in the year ended 31 December 2014, expenses related to the integration of operations of our newly-acquired cemeteries in Bukit Mertajam and Sungai Petani, in Malaysia, and a non-recurring reversal of over-provisions for quit rent and assessment of USD1.9 million in 2013.

#### **h. Finance Costs**

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

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

Our finance costs decreased by 14.7% from USD3.0 million for the year ended 31 December 2013 to USD2.5 million for the year ended 31 December 2014, primarily due to the refinancing of the term loan with revolving credit facility which attracts a lower interest charge. Due to the same reason, interest expenses on bank loans, overdrafts and other borrowings decreased by USD0.8 million, or 36%, from USD2.2 million for the year ended 31 December 2013 to USD1.4 million for the year ended 31 December 2014.

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

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

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

**i. Other Expenses**

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

**j. Income Tax Expenses**

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

**k. Profit for the year**

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

**l. Cash Flow**

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

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

*Net Cash Generated from Operating Activities*

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

million primarily due to deposits paid for purchase of Jakarta land, other financial assets/liabilities of USD3.2 million and deferred acquisition cost of USD4.2 million, all of which were primarily due to the growth of our business.

#### *Net Cash used in Investing Activities*

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

#### *Net Cash Generated from Financing Activities*

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

### **Financial Positions**

#### **a. *Liquidity and Financial Resources***

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

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

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

**b. *Gearing Ratio***

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

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

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

**c. *Trade Receivables Turnover Days***

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

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

**d. *Inventories Turnover Days***

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

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

**e. *Trade Payables Turnover Days***

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

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



**f. *Currency Risk***

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

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

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

**g. *Material Acquisitions or Disposals of Subsidiaries***

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

**h. *Employee and Remuneration Policy***

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

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

**i. *Capital Commitment***

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

**j. *Assets Pledged***

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

**k. *Contingent Liabilities***

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

**l. *Others***

*Malaysia Goods and Services Tax (“GST”)*

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

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

**Outlook**

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

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

## Prospects

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

### *Recent development*

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

## **FINAL DIVIDEND**

The Board recommended the payment of a final dividend of HKD0.05 per ordinary share for the year ended 31 December 2014. The proposed final dividend will be payable on 12 June 2015, subject to the approval of the shareholders of the Company at the forthcoming AGM. Shareholders registered under the register of members will receive their dividends in Hong Kong dollars.

## **CLOSURE OF THE REGISTER OF MEMBERS**

The register of members of the Company will be closed from 26 May 2015 to 28 May 2015, both days inclusive, in order to determine the entitlement of the shareholders of the Company to attend the forthcoming AGM to be held on 28 May 2015.

In order to qualify to attend and vote at the forthcoming AGM, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on 22 May 2015, for the purpose of effecting the share transfers.

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

## **USE OF NET PROCEEDS FROM LISTING**

The net proceeds from the Listing amounted to USD247.1 million, and such proceeds are intended to be applied in the manner consistent with that set out in the prospectus of the Company dated 4 December 2014.

## **CORPORATE GOVERNANCE**

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has complied with all applicable code provisions under the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules since the Company's ordinary shares were listed on the Main Board of the Stock Exchange on 17 December 2014 up to 31 December 2014 (the “**Relevant Period**”). The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

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

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

## **PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES**

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

## **ANNUAL GENERAL MEETING**

The AGM will be held on 28 May 2015. Notice of the AGM will be published and dispatched to the shareholders of the Company in due course.

## **PUBLICATION OF THE CONSOLIDATED ANNUAL RESULTS AND 2014 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.nirvana-asia-ltd.com](http://www.nirvana-asia-ltd.com)), and the 2014 annual report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board

**Nirvana Asia Ltd**

**Dato' Fu Ah Kiow @ Oh (Fu) Soon Guan**

*Chairman*

Hong Kong, 19 March 2015

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