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# 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

## JOINT COMPANY SECRETARIES

Ms. CHEN Huey Jivan

Ms. NG Sau Mei

## AUDITORS

Deloitte

## LEGAL ADVISOR

Sullivan & Cromwell (Hong Kong) LLP

## 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



## Corporate Information (Continued)

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

### COMPANY'S WEBSITE

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

### STOCK CODE

1438

### 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

# Financial Highlights

## INTERIM RESULTS HIGHLIGHTS

- Revenue decreased by 3.2% in RM terms and 14.0% in USD terms year on year (“YOY”).
- Adjusted EBITDA decreased by 1.2% in RM terms and 11.9% in USD terms YOY.
- Adjusted profit increased by 1.1% in RM terms but decreased by (9.9)% in USD terms YOY.
- Adjusted profit margin increased to 27.2% in 1H 2016 from 26.0% in 1H 2015.
- Adjusted profit for the period attributable to owners of the Company increased by 1.1% in RM terms but decreased by 10.0% in USD terms YOY.
- Adjusted profit margin for the period attributable to owners of the Company<sup>2</sup> increased to 26.6% in 1H 2016 from 25.5% in 1H 2015.
- Contract sales increased by 2.5% in RM terms or decreased by 8.9% in USD terms YOY.

Set forth below is the comparison of performance for the six months period ended June 30, 2016 (“1H 2016”) and June 30, 2015 (“1H 2015”), respectively, in United States dollars (“USD”) and Malaysian ringgit (“RM”) terms:

	USD Million <sup>3</sup>			RM Million <sup>3</sup>		
	1H 2016	1H 2015	Change (%)	1H 2016	1H 2015	Change (%)
Revenue	<b>67.2</b>	78.1	(14.0)	<b>275.4</b>	284.5	(3.2)
EBITDA <sup>1</sup>	<b>16.2</b>	46.8	(65.4)	<b>66.2</b>	170.4	(61.2)
Adjusted EBITDA <sup>2</sup>	<b>25.8</b>	29.3	(11.9)	<b>105.4</b>	106.7	(1.2)
Profit for the period	<b>8.7</b>	37.8	(77.0)	<b>35.7</b>	137.8	(74.1)
Adjusted profit for the period <sup>2</sup>	<b>18.3</b>	20.3	(9.9)	<b>74.9</b>	74.1	1.1
Profit for the period attributable to owners of the Company	<b>8.3</b>	37.4	(77.8)	<b>34.0</b>	136.1	(75.0)
Adjusted profit for the period attributable to owners of the Company <sup>2</sup>	<b>17.9</b>	19.9	(10.0)	<b>73.2</b>	72.4	1.1
Contract sales	<b>95.6</b>	104.9	(8.9)	<b>391.7</b>	382.0	2.5

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

2 Adjusted to exclude (i) USD9.6 million (equivalent to RM39.2 million) of net foreign exchange loss in 1H 2016, and (ii) USD17.5 million (equivalent to RM63.7million) of net foreign exchange gain in 1H 2015.

3 The above amounts denominated in RM have been translated into USD at the exchange rates of 4.0986 and 3.6429 for 1H 2016 and 1H 2015, respectively.

# Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the period from January 1, 2016 to June 30, 2016

	Notes	Six months ended June 30,	
		2016 USD'000 (Unaudited)	2015 USD'000 (Unaudited)
Revenue	3	67,185	78,105
Cost of sales and services		(17,843)	(21,583)
Gross profit		49,342	56,522
Other income	4	4,981	5,391
Other gains and losses	5	(9,946)	16,211
Selling and distribution expenses		(14,449)	(18,434)
Administrative expenses		(14,586)	(13,993)
Finance costs		(862)	(1,208)
<b>Profit before taxation</b>	6	<b>14,480</b>	44,489
Income tax expense	7	(5,765)	(6,651)
<b>Profit for the period</b>		<b>8,715</b>	37,838
<b>Other comprehensive (expense)/income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Exchange differences arising on translation to presentation currency		21,001	(24,034)
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences arising on translation of foreign operations		(1,309)	(898)
Fair value (loss)/gain on available-for-sale investments		(924)	2,119
Cumulative gain/(loss) reclassified from equity to profit or loss on disposal of available-for-sale investments		229	(1,068)
Other comprehensive income/(expense) for the period		18,997	(23,881)
<b>Total comprehensive income for the period</b>		<b>27,712</b>	13,957

## Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the period from January 1, 2016 to June 30, 2016

	Notes	Six months ended June 30,	
		2016 USD'000 (Unaudited)	2015 USD'000 (Unaudited)
<b>Profit for the period attributable to:</b>			
Owners of the Company		8,306	37,367
Non-controlling interests		409	471
		<b>8,715</b>	37,838
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		26,627	13,817
Non-controlling interests		1,085	140
		<b>27,712</b>	13,957
<b>Dividends</b>	8	<b>17,400</b>	17,412
<b>Earnings per ordinary share attributable to owners of the Company</b>	9		
— Basic (US cents per ordinary share)		<b>0.31</b>	1.38
— Diluted (US cents per ordinary share)		<b>0.31</b>	1.38

# Unaudited Consolidated Statement of Financial Position

As at June 30, 2016

	Notes	June 30, 2016 USD'000 (Unaudited)	December 31, 2015 USD'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	11,026	10,659
Prepaid lease payments		239	208
Intangible assets		12,666	11,910
Land and development expenditure		80,071	53,219
Available-for-sale investments	11	15,015	13,839
Deferred acquisition cost		20,188	17,562
Trade and other receivables	12	35,332	34,016
Deferred tax assets		10,162	8,995
<b>Total non-current assets</b>		<b>184,699</b>	150,408
<b>Current assets</b>			
Inventories	13	159,977	126,508
Deferred acquisition cost		13,234	9,084
Prepaid lease payments		17	9
Trade and other receivables	12	47,778	40,070
Tax recoverable		4,824	2,700
Available-for-sale investments	11	18,410	17,369
Financial assets at fair value through profit or loss	14	4,367	11,058
Other financial assets		7,912	8,615
Bank balances and cash and cash equivalents	15	186,669	229,620
<b>Total current assets</b>		<b>443,188</b>	445,033
<b>Total assets</b>		<b>627,887</b>	595,441
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital		26,991	26,989
Reserves		298,318	288,679
<b>Equity attributable to owners of the Company</b>		<b>325,309</b>	315,668
Non-controlling interests		5,893	4,920
<b>Total equity</b>		<b>331,202</b>	320,588

## Unaudited Consolidated Statement of Financial Position (Continued)

As at June 30, 2016

	Notes	June 30, 2016 USD'000 (Unaudited)	December 31, 2015 USD'000 (Audited)
<b>Non-current liabilities</b>			
Deferred tax liabilities		7,060	6,508
Trade and other payables	16	3,072	2,982
Deferred pre-need funeral contract revenue		83,285	72,295
Deferred maintenance income		33,701	30,409
Obligations under finance leases		13	20
<b>Total non-current liabilities</b>		<b>127,131</b>	112,214
<b>Current liabilities</b>			
Trade and other payables	16	111,253	107,667
Deferred pre-need funeral contract revenue		6,753	5,862
Deferred maintenance income		237	226
Obligations under finance leases		20	25
Borrowings		47,444	46,015
Tax liabilities		3,847	2,844
<b>Total current liabilities</b>		<b>169,554</b>	162,639
<b>Total liabilities</b>		<b>296,685</b>	274,853
<b>Total equity and liabilities</b>		<b>627,887</b>	595,441
<b>Net current assets</b>		<b>273,634</b>	282,394
<b>Total assets less current liabilities</b>		<b>458,333</b>	432,802



# Unaudited Consolidated Statement of Changes in Equity

For the period from January 1, 2016 to June 30, 2016

	Attributable to owners of the Company									Non-controlling interests USD'000	Total equity USD'000
	Share capital USD'000	Share premium USD'000	Capital reserve USD'000	Investment revaluation reserve USD'000	Share based payment reserve USD'000	Other reserve USD'000	Translation reserve USD'000	Retained earnings USD'000	Total USD'000		
<b>As of January 1, 2015</b>	26,988	249,883	276	(1,439)	4,620	(18,594)	(7,532)	64,533	318,735	4,530	323,265
Profit for the period	–	–	–	–	–	–	–	37,367	37,367	471	37,838
Other comprehensive income/(expense)	–	–	–	1,051	–	–	(24,601)	–	(23,550)	(331)	(23,881)
Total comprehensive income/(expense) for the period	–	–	–	1,051	–	–	(24,601)	37,367	13,817	140	13,957
Exercise of employee share right scheme	1	46	–	–	(19)	–	–	–	28	–	28
Dividend recognised as distributions	–	–	–	–	–	–	–	(17,412)	(17,412)	–	(17,412)
Acquisition of additional interest in existing subsidiaries	–	–	–	–	–	(257)	–	–	(257)	(76)	(333)
<b>As of June 30, 2015</b>	26,989	249,929	276	(388)	4,601	(18,851)	(32,133)	84,488	314,911	4,594	319,505

	Attributable to owners of the Company									Non-controlling interest USD'000	Total equity USD'000
	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		
<b>As of January 1, 2016</b>	26,989	249,929	276	(560)	4,525	(19,374)	(69,704)	123,587	315,668	4,920	320,588
Profit for the period	–	–	–	–	–	–	–	8,306	8,306	409	8,715
Other comprehensive income/(expense)	–	–	–	(695)	–	–	19,016	–	18,321	676	18,321
Total comprehensive income for the period	–	–	–	(695)	–	–	19,016	8,306	26,627	1,085	27,712
Issue of ordinary shares pursuant to exercise of employee share right	2	69	–	–	(25)	–	–	–	46	–	46
Effect of share based payment	–	–	–	–	60	–	–	–	60	–	60
Dividend recognised as distributions	–	–	–	–	–	–	–	(17,400)	(17,400)	–	(17,400)
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	878	878
Acquisition of additional interest in an existing subsidiary	–	–	–	–	–	308	–	–	308	(990)	(682)
<b>As of June 30, 2016</b>	26,991	249,998	276	(1,255)	4,560	(19,066)	(50,688)	114,493	325,309	5,893	331,202

# Unaudited Condensed Consolidated Statement of Cash Flows

For the period from January 1, 2016 to June 30, 2016

	Six months ended	
	June 30, 2016 USD'000 (Unaudited)	June 30, 2015 USD'000 (Unaudited)
Net cash (used in)/from operating activities	(35,782)	124,294
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of business units	(244)	(1,958)
Acquisition of subsidiaries	(657)	—
Net (purchase)/proceeds from disposal of available-for-sale investments	(424)	2,974
Net proceeds from disposal/(purchase) of financial assets at fair value through profit or loss	6,826	(80,899)
Net increase of bank deposits with maturity over three months	29,044	22,040
Other cash flows arising from investing activities (net)	1,104	645
Net cash from/(used in) investing activities	35,649	(57,198)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	46	28
Proceeds from issuance of shares to a non-controlling interests	853	—
Dividend paid	(17,400)	(17,412)
Net decrease in borrowings	(724)	(4,477)
Additions in restricted funds	(2,304)	—
Other cash flows arising from financing activities	(436)	(995)
Net cash used in financing activities	(19,965)	(22,856)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(20,098)</b>	44,240
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>90,925</b>	61,198
Effect of exchange differences	2,614	(18,807)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>73,441</b>	86,631

# Notes to the Unaudited Consolidated Interim Financial Statements

## 1. GENERAL INFORMATION

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

## 2. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

The unaudited consolidated financial statements for the six months ended June 30, 2016 have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) issued by the International Accounting Standards Board and the applicable disclosures as required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The principal accounting policies used in the preparation of the financial statements are consistent with those adopted in the annual consolidated financial statements for the year ended December 31, 2015.

For those IFRS amendments and interpretations which are effective for the Group’s annual accounting periods beginning from January 1, 2016, their adoption will not have material impact to the unaudited consolidated financial statements in the period of initial application and for those which are not yet effective, the Group is in the process of assessing their impact on the unaudited consolidated financial statements.

The unaudited 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 each reporting period.

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

## Notes to the Unaudited Consolidated Interim Financial Statements (Continued)

### 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:

	Six months ended June 30,	
	2016 USD'000 (Unaudited)	2015 USD'000 (Unaudited)
<b>Sales of goods:</b>		
Burial plots <sup>#</sup>	20,960	20,810
Niches <sup>*</sup>	23,088	29,968
Tomb design and construction	13,273	16,155
<b>Provision of services:</b>		
Funeral services	6,502	7,093
Other burial and niches related services <sup>^</sup>	3,362	4,079
	<b>67,185</b>	78,105

<sup>#</sup> Includes marketing agency services provided to the Hui Zhou cemetery in China.

<sup>\*</sup> 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, (3) marketing agency services provided to the Hui Zhou cemetery in China.

<sup>^</sup> Includes marketing agency services provided to the Penang Island columbarium in Malaysia.

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

1. Burial services — Malaysia
2. Burial services — Singapore
3. Burial services — Indonesia
4. Burial services — China — Hong Kong
5. Burial services — Thailand
6. Funeral services — Malaysia

## Notes to the Unaudited Consolidated Interim Financial Statements (Continued)

### 3. REVENUE AND SEGMENT INFORMATION (Continued)

#### Revenue from major products and services (Continued)

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

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

#### Segment revenues and results

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

#### For the six months ended June 30, 2016 (Unaudited)

	Burial services					Funeral services	Total USD'000
	Malaysia USD'000	Singapore USD'000	Indonesia USD'000	China — Hong Kong USD'000	Thailand USD'000	Malaysia USD'000	
Segment revenue	44,534	11,295	3,906	810	137	6,503	67,185
Segment profit	32,372	9,535	3,180	268	85	3,902	49,342
Other income							4,981
Other gains and losses							(9,946)
Selling and distribution expenses							(14,449)
Administrative expenses							(14,586)
Finance costs							(862)
Profit before taxation							(14,480)

## Notes to the Unaudited Consolidated Interim Financial Statements (Continued)

### 3. REVENUE AND SEGMENT INFORMATION (Continued)

#### Segment revenues and results (Continued)

For the six months ended June 30, 2015 (Unaudited)

	Burial services			Funeral services	Total USD'000
	Malaysia USD'000	Singapore USD'000	Indonesia USD'000	Malaysia USD'000	
Segment revenue	62,424	5,258	3,330	7,093	78,105
Segment profit	44,917	4,702	2,433	4,470	56,522
Other income					5,391
Other gains and losses					16,211
Selling and distribution expenses					(18,434)
Administrative expenses					(13,993)
Finance costs					(1,208)
Profit before taxation					44,489

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.

## Notes to the Unaudited Consolidated Interim Financial Statements (Continued)

### 3. REVENUE AND SEGMENT INFORMATION (Continued)

#### Geographical information

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

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

Revenue from external customers:

	Six months ended June 30,	
	2016 USD'000 (Unaudited)	2015 USD'000 (Unaudited)
Malaysia	51,037	69,517
Singapore	11,295	5,258
Indonesia	3,906	3,330
Thailand	137	—
China — Hong Kong	810	—
	<b>67,185</b>	78,105

#### Information about major customers

No single customer accounted for 10% or more of the Group's revenue during 1H 2016 and 1H 2015.

### 4. OTHER INCOME

	Six months ended June 30,	
	2016 USD'000 (Unaudited)	2015 USD'000 (Unaudited)
Interest income on short-term deposits	797	1,160
Imputed interest income on receivables under instalment arrangement	3,049	3,283
Total interest income	<b>3,846</b>	4,443
Dividend from listed equity securities	122	185
Dividend from unit trust funds	286	129
Total dividend income	<b>408</b>	314
Others	727	634
	<b>4,981</b>	5,391

## Notes to the Unaudited Consolidated Interim Financial Statements (Continued)

### 5. OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2016 USD'000 (Unaudited)	2015 USD'000 (Unaudited)
Gain from changes in fair value on financial assets at fair value through profit or loss ("FVTPL")	364	329
Loss from changes in fair value on derivative financial instrument — earn-out arrangement	(965)	(2,719)
Gain on disposal of available-for-sale investments	229	1,068
Net foreign exchange (losses)/gains	(9,551)	17,490
(Loss)/Gain on disposal of property, plant and equipment	(23)	43
	<b>(9,946)</b>	16,211

### 6. PROFIT BEFORE TAXATION

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

	Six months ended June 30,	
	2016 USD'000 (Unaudited)	2015 USD'000 (Unaudited)
Staff costs, including directors' remuneration:		
Salaries, wages and other benefits	9,411	8,863
Contributions to employees provident fund	906	910
Total staffs cost	<b>10,317</b>	9,773
Auditors' remuneration	<b>112</b>	86
Amortisation of prepaid lease payments	<b>4</b>	5
Depreciation of property, plant and equipment	<b>787</b>	945
Amortisation of intangible assets	<b>17</b>	128
Total depreciation and amortisation	<b>808</b>	1,078
Cost of inventories recognised as expenses	<b>13,448</b>	17,501
Minimum lease payment under operating lease in respect of:		
Premises	<b>218</b>	335
Equipment	<b>42</b>	39
Net impairment losses (reversed)/recognised on:		
Trade receivables	<b>(854)</b>	244



## Notes to the Unaudited Consolidated Interim Financial Statements (Continued)

### 7. INCOME TAX EXPENSE

	Six months ended June 30,	
	2016 USD'000 (Unaudited)	2015 USD'000 (Unaudited)
Current tax:		
Malaysian income tax	5,343	7,320
Other jurisdictions	858	423
	<b>6,201</b>	7,743
Deferred tax:		
Current	(436)	(1,092)
	<b>5,765</b>	6,651

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

Subsidiaries established in Malaysia, Singapore, Indonesia, China-Hong Kong and Thailand are subject to the respective countries' corporate income tax rates at 24%, 17%, 25%, 16.5% and 20% (2015: 25%, 17%, 25%, Nil and Nil) respectively.

### 8. DIVIDENDS

Dividends recognised as distribution during the period:

	Six months ended June 30,	
	2016 USD'000 (Unaudited)	2015 USD'000 (Unaudited)
2014 final dividend:		
HKD0.05 per each of ordinary share	—	17,412
2015 final dividend:		
HKD0.05 per each of ordinary share	17,400	—
	<b>17,400</b>	17,412

No dividend is recommended for the current financial period.

## Notes to the Unaudited Consolidated Interim Financial Statements (Continued)

### 9. 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:

	Six months ended June 30,	
	2016 USD'000 (Unaudited)	2015 USD'000 (Unaudited)
Profit for the period attributable to owners of the Company	<b>8,306</b>	37,367
	Number of ordinary shares	
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>2,699,014</b>	2,698,835
Effects of dilutive potential ordinary shares		
— Management warrants/share rights/sales agent share options	<b>13,166</b>	15,323
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<b>2,712,180</b>	2,714,158

### 10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment have included USD719,000 and USD296,000 (December 31, 2015: USD625,000 and USD238,000) held under trust funds in relation to pre-need funeral service contracts and maintenance service contracts, respectively, as disclosed in note 20.

## Notes to the Unaudited Consolidated Interim Financial Statements (Continued)

### 11. AVAILABLE-FOR-SALE INVESTMENTS

	June 30, 2016 USD'000 (Unaudited)	December 31, 2015 USD'000 (Audited)
Available-for-sale investments, stated at fair value, comprise the following:		
Listed equity investments:		
Equity securities listed in Malaysia	5,118	5,171
Equity securities listed in China-Hong Kong	2,467	3,636
Equity securities listed in other jurisdictions (including Singapore and Indonesia)	5,049	2,796
Unlisted debt investments:		
Debentures in Malaysia	511	480
Debentures in Singapore	1,870	1,756
Unit trust funds in Malaysia	18,410	17,369
At end of period	<b>33,425</b>	31,208
Analysed as:		
Current assets	18,410	17,369
Non-current assets	15,015	13,839
	<b>33,425</b>	31,208

Available-for-sale investments of the Group has included USD17,043,000 and USD16,382,000 (December 31, 2015: USD16,476,000 and USD14,732,000) held under trust funds in relation to pre-need funeral service contracts and maintenance service contract, respectively, as disclosed in note 20.

The unlisted debentures carry interest at fixed rates ranging from 3.18% to 7.28% (December 31, 2015: 3.18% to 7.28%) per annum. The original maturity date 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.

## Notes to the Unaudited Consolidated Interim Financial Statements (Continued)

### 12. TRADE AND OTHER RECEIVABLES

	June 30, 2016 USD'000 (Unaudited)	December 31, 2015 USD'000 (Audited)
Trade receivables	62,887	56,966
Less: Allowance for doubtful debts	(946)	(1,712)
	<b>61,941</b>	55,254
Other receivables	4,472	2,969
Less: Allowance for doubtful debts	(97)	(91)
	<b>4,375</b>	2,878
Deposits for acquisition of land for future cemetery development	7,359	7,259
Other deposits	3,492	3,402
Prepaid expenses	5,943	5,293
	<b>83,110</b>	74,086
Analysed as:		
Current assets	47,778	40,070
Non-current assets	35,332	34,016
	<b>83,110</b>	74,086

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

For sales of as-needed 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 60 months (December 31, 2015: 2 to 48 months) interest-free period. The instalment receivables are discounted at an effective interest rate ranging from 6.0% to 14.8% (December 31, 2015: 6.8% to 13.5%) per annum.

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

## Notes to the Unaudited Consolidated Interim Financial Statements (Continued)

### 12. 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:

	June 30, 2016 USD'000 (Unaudited)	December 31, 2015 USD'000 (Audited)
Instalment receivables not yet due	<b>60,866</b>	54,261
1–30 days	<b>470</b>	496
31–60 days	<b>207</b>	125
61–90 days	<b>117</b>	331
91–120 days	<b>18</b>	10
121 days and above	<b>1,209</b>	1,743
	<b>62,887</b>	56,966

### 13. INVENTORIES

	June 30, 2016 USD'000 (Unaudited)	December 31, 2015 USD'000 (Audited)
Land and development expenditure for cemetery properties		
— under development	<b>69,221</b>	45,842
— completed development	<b>76,558</b>	67,699
Tomb work in progress	<b>11,955</b>	10,799
Others	<b>2,243</b>	2,168
	<b>159,977</b>	126,508

During 1H 2016, interest charged by non-controlling interest amounting to USD156,000 (December 31, 2015: USD98,000) has been capitalised as part of the cost of development expenditure for cemetery properties — under development.

## Notes to the Unaudited Consolidated Interim Financial Statements (Continued)

### 14. FINANCIAL ASSETS AT FVTPL

	June 30, 2016 USD'000 (Unaudited)	December 31, 2015 USD'000 (Audited)
Financial assets at FVTPL include:		
Unit trust funds in Malaysia	4,367	4,465
Unit trust funds in Singapore	—	6,593
	<b>4,367</b>	11,058

The investment is designated as FVTPL on initial recognition.

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

### 15. BANK BALANCES AND CASH AND CASH EQUIVALENTS

	June 30, 2016 USD'000 (Unaudited)	December 31, 2015 USD'000 (Audited)
Short-term deposits with banks (note i)		
— Pledged	31,383	50,701
— Unpledged	137,173	150,211
Cash on hand and at banks (note ii)	18,113	28,708
	<b>186,669</b>	229,620
Deposits with maturity over three months with banks (note iii)	(53,083)	(82,258)
Restricted cash with banks (note iv)	(108)	(135)
Restricted funds (note v)	(60,036)	(56,301)
	<b>73,442</b>	90,926

## Notes to the Unaudited Consolidated Interim Financial Statements (Continued)

### 15. BANK BALANCES AND CASH AND CASH EQUIVALENTS (Continued)

Notes:

- i. The short-term deposits with banks carry interest at market rates which range from 0.22% to 8.75% (December 31, 2015: 0.01% to 10.00%) per annum. Certain 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 3.28% (December 31, 2015: 0.25% to 3.75%) per annum.
- iii. The deposits with maturity date over three months with banks carry interest at market rates which range from 0.43% to 1.50% (December 31, 2015: 0.6% to 3.25%) per annum and represent deposits with original maturity dates of 120 days to 365 days (December 31, 2015: 120 days to 368 days) from inception. The whole amount is included in unpledged short-term deposits with licensed banks in note (i) above.
- iv. The restricted cash with banks represents the Debt Service Reserve Account used to secure the credit facilities and is non-interest bearing. The entire amount is included in cash on hand and at bank in note (ii) above.
- v. The restricted funds of the Group relate to:
  - pre-need funeral service contracts and maintenance service contracts are USD950,000 (December 31, 2015: USD453,000) and USD6,136,000 (December 31, 2015: USD5,146,000), respectively. Details of the trust arrangement are set out in note 20. The entire amount is included in unpledged short-term deposits with banks in note (i) above;
  - approximately USD52,950,000 (December 31, 2015: USD50,702,000) which has been pledged as deposits to banks carrying market interest rates ranging from 0.51% to 1.10% (December 31, 2015: 0.65% to 3.85%) to secure banking facilities.

### 16. TRADE AND OTHER PAYABLES

	June 30, 2016 USD'000 (Unaudited)	December 31, 2015 USD'000 (Audited)
Trade payables	14,025	12,239
Other payables	11,503	26,642
Amount due to non-controlling interests (note 19(b))	7,084	2,394
Accrued expenses	12,178	10,804
Customers' deposits and advance billings (note i)	55,788	44,507
Commission and promotion expenses payable (note ii)	13,747	14,063
	<b>114,325</b>	110,649
Analysed as:		
Current liabilities	111,253	107,667
Non-current liabilities	3,072	2,982
	<b>114,325</b>	110,649

## Notes to the Unaudited Consolidated Interim Financial Statements (Continued)

### 16. TRADE AND OTHER PAYABLES (Continued)

Notes:

- i. Advances and deposits from customers principally arise from the pre-need sales of burial services under instalment plans and such amount will be recognised as revenue when the relevant revenue recognition criteria are met.
- ii. The Group's obligations of commission and promotion expenses 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 and promotion expenses payables were discounted to its present value at 9.12% (December 31, 2015:12.3%) per annum, based on the expected timing of cash outflow.

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

	June 30, 2016 USD'000 (Unaudited)	December 31, 2015 USD'000 (Audited)
0-30 days	11,958	9,768
31-60 days	1,227	1,438
61-90 days	202	357
91 and above	638	676
	<b>14,025</b>	12,239

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

Other payables of the Group represented the balance land acquisition price, the balance consideration for acquisition of tomb construction business, miscellaneous payables and accrued expenses as at the end of the reporting periods.

### 17. 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 Directors of the Company (the "Directors") 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 issue of new share as well as the issue of new debt or the redemption of existing debt.



## Notes to the Unaudited Consolidated Interim Financial Statements (Continued)

### 18. FINANCIAL INSTRUMENTS

#### Financial risk management objective and policies

The Group's major financial instruments include restricted cash, bank balances and cash, borrowings, trade and other receivables, trade and other payables, amounts due to non-controlling interests, obligations under finance leases, financial assets at FVTPL, available-for-sale investments and derivative financial instruments.

The risks associated with these financial instruments include market risk (foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### Market risk

##### (i) Foreign 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 Hong Kong Dollar ("HKD").

##### (ii) Interest rate risk

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

The Group is exposed to cash flow interest rate risk in relation to variable rates bank balances and bank borrowings during the period. It is the Group's policy to keep certain of its bank balances and borrowings at floating rate interests so as to minimise the fair value interest rate risk. The Company does not have material floating interest-bearing balances at the end of the reporting period, such that it does not have significant cash flow interest rate risk.

##### (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.

#### 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 unaudited consolidated statement of financial position at the end of the reporting period.

## Notes to the Unaudited Consolidated Interim Financial Statements (Continued)

### 18. FINANCIAL INSTRUMENTS (Continued)

#### Financial risk management objective and policies (Continued)

##### Credit risk (Continued)

The Group generally allows customers for pre-need cemetery merchandise to settle the contract sum over a 2 to 60 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 consider that the Group's credit risk is significantly reduced.

The Group's credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. The Group's trade receivables consist of a large number of customers.

##### Liquidity risk

The Group's exposure to liquidity risk is minimal and is managed by maintaining adequate liquid cash balances and banking facilities, by continuous monitoring of forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

### 19. RELATED PARTY TRANSACTIONS

The following are the transactions entered into by the Group with related parties during 1H 2016 and 1H 2015 respectively:

#### (a) Related parties transactions:

	Six months ended June 30,	
	2016 USD'000 (Unaudited)	2015 USD'000 (Unaudited)
Interest expense arising from advance from:		
Non-controlling interests:		
PT Bentara Bumi Morawa	143	—
Dawn's International Land Company Limited ("DSI")	15	—
Vilailux Development Co., Ltd.	—	18
Rental expense:		
Company under common control by a Director, Tan Sri KONG Hon Kong: KHK Capital Holdings Sdn. Bhd.	97	99
Agency expense:		
Close family members of a member of senior management of a principal operating subsidiary, Dato' CHAN Loong Fui	104	88

## Notes to the Unaudited Consolidated Interim Financial Statements (Continued)

### 19. RELATED PARTY TRANSACTIONS (Continued)

#### (a) Related parties transactions: (Continued)

All the above related party transactions do not constitute connected or continuing connected transactions that are required to be disclosed under Chapter 14A of the Listing Rules.

#### (b) Amounts due to related parties:

	June 30, 2016 USD'000 (Unaudited)	December 31, 2015 USD'000 (Audited)
Non-controlling interest		
— DSI	2,554	—
— PT Bentara Bumi Morawa	4,530	2,394

The amounts due to PT Bentara Bumi Morawa and DSI carry an interest at 10.5% (December 31, 2015: 10.5%) and 7.5% (December 31, 2015: Nil) per annum respectively.

### 20. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

#### Trust funds arrangements

##### Trust fund in relation to pre-need funeral services contract

The Group enters into contracts with its customers for pre-need funeral service under which the funeral services may be rendered years after the contracts are signed and fees collected. In order to ensure that the funds collected from such contracts are properly managed, and that the Group will have sufficient funds to discharge its obligations under the contracts and perform the funeral services as and when such obligation materialises, at the time of receiving the payment for each contract, the Group voluntarily allocates and deposits a portion of such collections into a trust fund managed by a professional trustee, which will be invested in equity securities, fixed income securities, unit trust funds and properties, plant and equipment.

Under this arrangement, the Group will only use the fund for the purpose of discharging its funeral services obligations under the pre-need funeral service contracts in the future. The amount to be allocated and deposited into the fund is determined by an independent third-party actuarial firm, based on the cost for rendering the relevant funeral services, mortality rates and taking into consideration the return on investment and inflation. This amount is recalculated and updated by the independent third-party actuarial firm at the end of the reporting period, and if it is determined that the fund maintained is insufficient to cover the future estimated costs, the Group will make further contribution to the fund accordingly.

## Notes to the Unaudited Consolidated Interim Financial Statements (Continued)

### 20. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

#### Trust funds arrangements (Continued)

##### Trust fund in relation to pre-need funeral services contract (Continued)

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

	June 30, 2016 USD'000 (Unaudited)	December 31, 2015 USD'000 (Audited)
Property, plant and equipment	719	625
Available-for-sale investments	17,043	16,476
Bank balances and cash and cash equivalents	950	453
Other (liabilities)/assets	(47)	4
	<b>18,665</b>	17,558

##### Trust funds in relation to maintenance service contract

The Group enters into contracts with its customers for providing on-going maintenance services for burial plots and niches with an one-off payment of up-front maintenance and upkeep fee. In order to manage and invest the collections from such contracts to ensure sufficient funding for performing these ongoing and future obligations, the Group entered into trust deed to maintain funds with professional trustees for each of the cemeteries and deposits such collections into the trust funds ("Maintenance Funds").

Under this arrangement, the trust accounts are under the management of professional trustees. In order to ensure that the Maintenance Funds are sustainable, the professional trustees are only allowed and obliged to use the investment returns from the Maintenance Funds pursuant to the trust deeds to fund the day-to-day maintenance of cemeteries and columbarium facilities. In the limited situations where certain capital expenditure is necessary for proper operations of such facilities, the professional trustees will be allowed to use the principal of the Maintenance Funds.

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

	June 30, 2016 USD'000 (Unaudited)	December 31, 2015 USD'000 (Audited)
Property, plant and equipment	296	238
Available-for-sale investments	16,382	14,732
Bank balances and cash and cash equivalents	6,136	5,146
Other assets	1,132	1,121
	<b>23,946</b>	21,237

# Management Discussion and Analysis

## A. BUSINESS REVIEW

Revenue for 1H 2016 decreased by 14.0% in USD terms and 3.2% in RM terms YOY primarily due to lower fees for construction services from Penang Island columbarium.

Adjusted profit for the period attributable to owners of the Company ("**Adjusted Net Profit**") decreased by 10.0% YOY to USD17.9 million. In RM terms, it increased by 1.1% YOY to RM73.2 million primarily due to (i) higher gross margin from niches sales in Singapore, (ii) improved gross margin from tomb design and construction following the acquisition of tomb design and construction business in March 2015, and (iii) lower percentage of selling and distribution expenses to revenue. As a result, Adjusted Net Profit margin increased by 1.1 percentage point from 25.5% in 1H 2015 to 26.6% in 1H 2016.

Contract sales decreased by 8.9% YOY to USD95.6 million. In RM terms, it increased by 2.5% from RM382.0 million to RM391.7 million YOY primarily due to higher contract sales from Semenyih, Penang and Kulai in Malaysia and Singapore. Contract sales contribution from countries outside Malaysia continued to grow from 18.1% in 1H 2015 to 23.4% in 1H 2016. Singapore contributed the highest contract sales growth of 50.6% YOY in RM terms following the successful lease extension of the Nirvana Memorial Garden, Singapore ("**Nirvana Singapore**") to August 2098.

### Recent developments

**China-Hong Kong** As a marketing agent, the Group commenced selling of Hui Zhou's cemetery product and services from our sales office in Hong Kong in November 2015.

**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 be completed by the end of 2017. The Group has commenced selling of these niches on a pre-need basis in April 2015.

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 is targeted to commence sale of burial products on pre-need basis in the fourth quarter 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 fourth quarter of 2016.

## Management Discussion and Analysis (Continued)

Singapore	<p>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..</p> <p>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.</p>
Indonesia	<p>In September 2015, the Group entered into a conditional sale and purchase agreement to acquire 63 parcels of lands measuring approximately 75.2 hectares in an area located in the Greater Medan, the third largest city in Indonesia, and the largest Indonesian city outside the island of Java, to develop a cemetery with a local partner. The project is targeted to commence sales in the third quarter of 2016.</p>
Thailand	<p>In May 2015, the Group started selling burial plots on a pre-need basis at our cemetery near Bangkok in Thailand. The cemetery is measuring an area of approximately 30.4 hectares.</p>
Vietnam	<p>The Group has completed the purchase of 70.0% interest in Nirvana Memorial Park Company Limited ("<b>NMPCL</b>"), a company incorporated under the laws of the Socialist Republic of Vietnam from DSI in April 2016. NMPCL had obtained the approval-in-principle from the relevant authorities to develop a cemetery on the land located at Quang Trung Commune, Thong Nhat District, Dongnai Province, Vietnam measuring an area of approximately 40.5 hectares. Construction is targeted to commence in the first half of 2017.</p>

## 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 may not be fully recognised as revenue in the same reporting period.

##### *Contract Sales by Need-type*

The proportion of as-need and pre-need sales contribution remains relatively stable YOY. The decrease in both as-need and pre-need contract sales in USD terms was due to the strengthening of USD against RM. The following tables set forth the breakdown of contract sales by as-need and pre-need sales for the period under review in USD and RM terms:

In USD	Six months ended June 30,					
	2016		2015		Change	
	USD'000	% of total	USD'000	% of total	USD'000	%
As-need	13,895	14.5	14,736	14.1	(841)	(5.7)
Pre-need	81,664	85.5	90,116	85.9	(8,452)	(9.4)
Total contract sales	95,559	100.0	104,852	100.0	(9,293)	(8.9)

In RM	Six months ended June 30,					
	2016		2015		Change	
	RM'000	% of total	RM'000	% of total	RM'000	%
As-need	56,950	14.5	53,682	14.1	3,268	6.1
Pre-need	334,704	85.5	328,282	85.9	6,422	2.0
Total contract sales	391,654	100.0	381,964	100.0	9,690	2.5

## Management Discussion and Analysis (Continued)

### Contract Sales by Business Segment

Contract sales decreased by 8.9% in USD terms YOY, but increased by 2.5% in RM terms YOY with growth recorded from Semenyih, Penang and Kulai in Malaysia, and Singapore. Lower contract sales in USD terms was due to the strengthening of USD against RM. The following tables set forth the breakdown of the Group's contract sales by business segment for the period under review in USD and RM terms:

In USD	Six months ended June 30,					
	2016		2015		Change	
	USD'000	% of total	USD'000	% of total	USD'000	%
Burial plots	<b>26,235</b>	<b>27.5</b>	32,383	30.9	(6,148)	(19.0)
Niches*	<b>35,176</b>	<b>36.8</b>	41,843	39.9	(6,667)	(15.9)
Tomb design and construction	<b>12,852</b>	<b>13.4</b>	11,762	11.2	1,090	9.3
Others	<b>6,753</b>	<b>7.1</b>	3,226	3.1	3,527	109.3
Burial services and others	<b>81,016</b>	<b>84.8</b>	89,214	85.1	(8,198)	(9.2)
Funeral services	<b>14,543</b>	<b>15.2</b>	15,638	14.9	(1,095)	(7.0)
Total	<b>95,559</b>	<b>100.0</b>	104,852	100.0	(9,293)	(8.9)

In RM	Six months ended June 30,					
	2016		2015		Change	
	RM'000	% of total	RM'000	% of total	RM'000	%
Burial plots	<b>107,526</b>	<b>27.5</b>	117,967	30.9	(10,441)	(8.9)
Niches*	<b>144,173</b>	<b>36.8</b>	152,430	39.9	(8,257)	(5.4)
Tomb design and construction	<b>52,674</b>	<b>13.4</b>	42,848	11.2	9,826	22.9
Others	<b>27,677</b>	<b>7.1</b>	11,751	3.1	15,926	135.5
Burial services and others	<b>332,050</b>	<b>84.8</b>	324,996	85.1	7,054	2.2
Funeral services	<b>59,604</b>	<b>15.2</b>	56,968	14.9	2,636	4.6
Total	<b>391,654</b>	<b>100.0</b>	381,964	100.0	9,690	2.5

Contract sales from burial plots decreased by 19.0% in USD terms and 8.9% in RM terms YOY, primarily due to (i) lower sales from Bukit Mertajam in Malaysia, and (ii) limited burial plots inventory from Jakarta, Indonesia.

Lower niches sales in 1H 2016 was primarily attributed to lower sales from Nirvana Center, Kuala Lumpur in Malaysia.

Higher contract sales from tomb design and construction services YOY was mainly due to higher sales from Semenyih and Kulai in Malaysia.



## Management Discussion and Analysis (Continued)

Higher contract sales from others was mainly due to higher ancestral tablets sales from Singapore.

Contract sales from funeral services increased by 4.6% YOY in RM terms, due to higher sales from both as-needed and pre-needed funeral services.

### Contract Sales by Country

The contributions from countries outside Malaysia continued to grow. It increased by 5.3 percentage points from 18.1% in 1H 2015 to 23.4% in 1H 2016. Singapore contributed the highest contract sales growth of 50.6% YOY in RM terms following the successful lease extension of our Nirvana Singapore to August 2098 in January 2016. The following tables set out a breakdown of the Group's contract sales by country for the period under review in USD and RM terms:

In USD	Six months ended June 30,					
	2016		2015		Change	
	USD'000	% of total	USD'000	% of total	USD'000	%
Malaysia	73,210	76.6	85,833	81.9	(12,623)	(14.7)
Countries excluding Malaysia ("Ex-Malaysia")						
Singapore	17,924	18.8	13,390	12.8	4,534	33.9
Indonesia	3,160	3.3	4,232	4.0	(1,072)	(25.3)
Thailand	613	0.6	1,397	1.3	(784)	(56.1)
China — Hong Kong	652	0.7	—	0.0	652	100.0
Total Ex-Malaysia	22,349	23.4	19,019	18.1	3,330	17.5
Total	95,559	100.0	104,852	100.0	(9,293)	(8.9)

In RM	Six months ended June 30,					
	2016		2015		Change	
	RM'000	% of total	RM'000	% of total	RM'000	%
Malaysia	300,055	76.6	312,680	81.9	(12,625)	(4.0)
Ex-Malaysia						
Singapore	73,465	18.8	48,777	12.8	24,688	50.6
Indonesia	12,950	3.3	15,416	4.0	(2,466)	(16.0)
Thailand	2,513	0.6	5,091	1.3	(2,578)	(50.6)
China — Hong Kong	2,671	0.7	—	0.0	2,671	100.0
Total Ex-Malaysia	91,599	23.4	69,284	18.1	22,315	32.2
Total	391,654	100.0	381,964	100.0	9,690	2.5

## Management Discussion and Analysis (Continued)

### Average sales prices ("ASP") by Business Segment

The following tables set forth the sales volume and the ASP of the Group's products for the period under review in USD and RM terms:

Sales Volume	Six months ended June 30,		
	2016	2015	Change %
Burial plots (sq.m.)	43,960	44,559	(1.3)
Tomb design and construction (sq.m.)	26,562	21,332	24.5
Niches (units)	6,237	6,724	(7.2)
Funeral services (cases)	2,915	2,824	3.2

ASP	Six months ended June 30,					
	In USD			In RM		
	2016 USD	2015 USD	Change %	2016 RM	2015 RM	Change %
Burial plots (sq.m.)	597	727	(17.9)	2,446	2,647	(7.6)
Tomb design and construction (sq.m.)	484	551	(12.2)	1,983	2,009	(1.3)
Niches (unit)	5,640	6,223	(9.4)	23,116	22,670	2.0
Funeral services (case)	4,989	5,538	(9.9)	20,447	20,173	1.4

Lower ASP in USD terms for all business segments in 1H 2016 was primarily due to the strengthening of USD against RM. However, in RM terms:

- ASP per sq.m. for burial plots decreased by 7.6% YOY in 1H 2016 largely attributable to lower ASP for Semenyih and Bukit Mertajam in Malaysia, and Indonesia.
- The Group sold 6,237 units of niches in 1H 2016 representing a YOY decrease of 7.2%. ASP for niche increased by 2.0% YOY in RM terms primarily due to higher sales contribution from Nirvana Singapore which has a higher ASP.
- ASP per sq.m. for tomb remained relatively stable with a marginal decrease of 1.3% YOY.
- The Group sold 2,915 funeral services packages in 1H 2016, representing a YOY increase of 3.2% in 1H 2016. Higher ASP by 1.4% in 1H 2016 YOY was primarily due to the increase in ASP of pre-need funeral services.

## Management Discussion and Analysis (Continued)

### (ii) Revenue

Revenue decreased by 14.0% in USD terms and 3.2% in RM terms YOY primarily attributable to lower fees for construction services from Penang Island columbarium.

The proportion of as-need and pre-need revenue contribution remains relatively stable YOY. The following tables set forth the breakdown of revenue by as-need and pre-need revenue for the period under review in USD and RM terms:

In USD	Six months ended June 30,					
	2016		2015		Change	
	USD'000	% of total	USD'000	% of total	USD'000	%
As-need	13,549	20.2	15,130	19.4	(1,581)	(10.4)
Pre-need	53,636	79.8	62,975	80.6	(9,339)	(14.8)
Total revenue	67,185	100.0	78,105	100.0	(10,920)	(14.0)

In RM	Six months ended June 30,					
	2016		2015		Change	
	RM'000	% of total	RM'000	% of total	RM'000	%
As-need	55,533	20.2	55,116	19.4	417	0.8
Pre-need	219,832	79.8	229,413	80.6	(9,581)	(4.2)
Total revenue	275,365	100.0	284,529	100.0	(9,164)	(3.2)

## Management Discussion and Analysis (Continued)

The following tables set forth revenue by business segment for the period under review in USD and RM terms:

In USD	Six months ended June 30,					
	2016		2015		Change	
	USD'000	% of total	USD'000	% of total	USD'000	%
Burial plots	20,960	31.2	20,810	26.6	150	0.7
Niches	23,088	34.4	29,968	38.4	(6,880)	(23.0)
Tomb design and construction	13,273	19.7	16,155	20.7	(2,882)	(17.8)
Others	3,362	5.0	4,079	5.2	(717)	(17.6)
Burial services and others	60,683	90.3	71,012	90.9	(10,329)	(14.5)
Funeral services	6,502	9.7	7,093	9.1	(591)	(8.3)
Total	67,185	100.0	78,105	100.0	(10,920)	(14.0)

In RM	Six months ended June 30,					
	2016		2015		Change	
	RM'000	% of total	RM'000	% of total	RM'000	%
Burial plots	85,908	31.2	75,807	26.6	10,101	13.3
Niches	94,629	34.4	109,172	38.4	(14,543)	(13.3)
Tomb design and construction	54,400	19.7	58,853	20.7	(4,453)	(7.6)
Others	13,779	5.0	14,857	5.2	(1,078)	(7.3)
Burial services and others	248,716	90.3	258,689	90.9	(9,973)	(3.9)
Funeral services	26,649	9.7	25,840	9.1	809	3.1
Total	275,365	100.0	284,529	100.0	(9,164)	(3.2)

Decrease in revenue from burial services was mainly attributable to lower fees for construction services from Penang Island columbarium in Malaysia.

Increase in funeral services revenue was primarily attributed to higher pre-need funeral service revenue in 1H 2016.

## Management Discussion and Analysis (Continued)

The following tables set forth the breakdown of revenue by country for the period under review in USD and RM terms:

In USD	Six months ended June 30,					
	2016		2015		Change	
	USD'000	% of total	USD'000	% of total	USD'000	%
Malaysia	<b>51,037</b>	<b>76.0</b>	69,517	89.0	(18,480)	(26.6)
Ex-Malaysia:						
Singapore	<b>11,295</b>	<b>16.8</b>	5,258	6.7	6,037	114.8
Indonesia	<b>3,906</b>	<b>5.8</b>	3,330	4.3	576	17.3
Thailand	<b>137</b>	<b>0.2</b>	—	0.0	137	100.0
China — Hong Kong	<b>810</b>	<b>1.2</b>	—	0.0	810	100.0
Total Ex-Malaysia	<b>16,148</b>	<b>24.0</b>	8,588	11.0	7,560	88.0
Total	<b>67,185</b>	<b>100.0</b>	78,105	100.0	(10,920)	(14.0)

In RM	Six months ended June 30,					
	2016		2015		Change	
	RM'000	% of total	RM'000	% of total	RM'000	%
Malaysia	<b>209,178</b>	<b>76.0</b>	253,244	89.0	(44,066)	(17.4)
Ex-Malaysia:						
Singapore	<b>46,294</b>	<b>16.8</b>	19,154	6.7	27,140	141.7
Indonesia	<b>16,009</b>	<b>5.8</b>	12,131	4.3	3,878	32.0
Thailand	<b>562</b>	<b>0.2</b>	—	0.0	562	100.0
China — Hong Kong	<b>3,322</b>	<b>1.2</b>	—	0.0	3,322	100.0
Total Ex-Malaysia	<b>66,187</b>	<b>24.0</b>	31,285	11.0	34,902	111.6
Total	<b>275,365</b>	<b>100.0</b>	284,529	100.0	(9,164)	(3.2)

Revenue from Malaysia decreased by 26.6% and 17.4% YOY in USD and RM terms respectively. This was primarily due to lower fees for construction services from Penang Island columbarium.

Revenue from Singapore increased by 114.8% and 141.7% YOY in USD and RM terms respectively, in line with the increase in contract sales for 1H 2014 and 1H 2015.

YOY revenue from Indonesia decreased by USD0.6 million but increased by RM3.9 million or 32.0% was mainly due to higher revenue generated from burial plots.

## Management Discussion and Analysis (Continued)

### b. Cost of Sales and Services

The following table sets forth cost of sales and services by business segment for the period under review:

	Six months ended June 30,			
	2016		2015	
	USD'000	% to revenue	USD'000	% to revenue
Land cost	1,198	5.7	1,023	4.9
Development expenditure	4,201	20.0	4,182	20.1
Total cost for burial plots	5,399	25.7	5,205	25.0
Niches	4,385	19.0	5,823	19.4
Tomb design and construction	4,521	34.1	6,568	40.7
Others	938	27.9	1,364	33.4
Burial services and others	15,243	25.1	18,960	26.7
Funeral services	2,600	40.0	2,623	37.0
Total	17,843	26.6	21,583	27.6

Cost of sales and services as a percentage of revenue decreased from 27.6% in 1H 2015 to 26.6% in 1H 2016.

#### Burial Services

Cost of sales and services as a percentage of revenue for burial services decreased from 26.7% to 25.1% primarily due to (i) higher gross margin from niches sales in Singapore, and (ii) improved gross margin from tomb design and construction 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 increased by 3.0 percentage points in 1H 2016, primarily due to the implementation of Goods and Services Tax in Malaysia effective April 1, 2015.

## 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 period under review:

	Six months ended June 30,			
	2016		2015	
	Gross profit USD'000	Gross margin (%)	Gross profit USD'000	Gross margin (%)
Burial services and others	45,440	74.9	52,052	73.3
Funeral services	3,902	60.0	4,470	63.0
<b>Total</b>	<b>49,342</b>	<b>73.4</b>	56,522	72.4

Overall gross margin increased by 1.0 percentage point from 72.4% in 1H 2015 to 73.4% in 1H 2016 primarily due to improved gross margin from burial services and others.

### d. Other Income

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

	Six months ended June 30,	
	2016 USD'000	2015 USD'000
Imputed interest income on trade receivables under installment arrangement	3,049	3,283
Dividend income	408	314
Interest income on short-term deposits	797	1,160
Others	727	634
<b>Total</b>	<b>4,981</b>	5,391

Imputed interest income on trade receivables under installment arrangements is the interest income deemed earned 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.

## Management Discussion and Analysis (Continued)

### e. Other Gains and Losses

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

	Six months ended June 30,	
	2016 USD'000	2015 USD'000
Gain from changes in fair value on financial assets at fair value through profit or loss	364	329
Loss from changes in fair value on derivative financial instrument — earn-out arrangement	(965)	(2,719)
Gain on disposal of available-for-sale investment	229	1,068
Net foreign exchange (losses)/gains	(9,551)	17,490
(Loss)/gain on disposal of property, plant and equipment	(23)	43
<b>Total</b>	<b>(9,946)</b>	<b>16,211</b>

Other gains and losses decreased by USD26.2 million or 161.4% YOY, mainly due to the net foreign exchange loss arising from cash and cash equivalents denominated in USD and HKD, but partially offset by the lower loss from changes in fair value on derivative financial instrument arising from changes in the estimated revenue to be derived from the fee for construction services provided to Penang Island columbarium in Malaysia.

### f. Selling and Distribution Expenses

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

	Six months ended June 30,			
	2016		2015	
	USD'000	% of revenue	USD'000	% of revenue
Commissions	8,628	12.8%	10,204	13.3
Incentives	2,994	4.5%	4,344	3.1
Promotion and others	1,215	1.8%	2,496	5.4
Advertising and newsletter	988	1.5%	846	1.1
Event and function	624	0.9%	544	0.7
<b>Total</b>	<b>14,449</b>	<b>21.5%</b>	<b>18,434</b>	<b>23.6</b>

The percentage of selling and distribution expenses to revenue reduced by 2.1 percentage points from 23.6% in 1H 2015 to 21.5% in 1H 2016 was mainly due to lower commission, incentives and allowance for doubtful debts.



## Management Discussion and Analysis (Continued)

### g. Administrative Expenses

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

	Six months ended June 30,			
	2016		2015	
	USD'000	% of revenue	USD'000	% of revenue
Staff cost	8,821	13.1%	8,339	10.7
Administrative and general expenses	2,934	4.4%	2,756	3.5
Depreciation and amortisation	791	1.2%	950	1.2
Others	2,040	3.0%	1,948	2.5
<b>Total</b>	<b>14,586</b>	<b>21.7%</b>	<b>13,993</b>	<b>17.9</b>

Administrative expenses increased by USD0.6 million, or 4.2%, from USD14.0 million in 1H 2015 to USD14.6 million in 1H 2016. Increase in administrative expenses was mainly due to (i) the increase in staff force following the expansion to Thailand, Medan in Indonesia, and Hui Zhou and Hong Kong in China, and (ii) the integration of work force from the tomb design and construction business acquired in March 2015.

### h. Finance Costs

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

	Six months ended June 30,	
	2016	2015
	USD'000	USD'000
Bank loans, overdrafts and other borrowings	420	551
Obligation under finance leases	2	6
Imputed interest expenses on commission and certain promotion expenses payable	440	651
<b>Total</b>	<b>862</b>	<b>1,208</b>

Finance costs decreased by 28.6% from USD1.2 million in 1H 2015 to USD0.9 million in 1H 2016, primarily due to lower interest expense for revolving credit facility.

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.

## Management Discussion and Analysis (Continued)

### i. Income Tax Expenses

Effective income tax rate increased from 14.9% in 1H 2015 to 39.8% in 1H 2016 primarily due to net foreign exchange loss of USD9.6 million which was not deductible for tax.

### j. Adjusted Net Profit

The Group's Adjusted Net Profit in 1H 2016 amounted to RM73.2 million, representing an increase of 1.1% as compared to 1H 2015, primarily due to (i) higher gross margin from niches sales in Singapore, (ii) improved gross margin from tomb design and construction following the acquisition of tomb design and construction business in March 2015, and (iii) lower percentage of selling and distribution expenses to revenue. As a result of the foregoing, Adjusted Net Profit margin increased by 1.1 percentage points from 25.5% in 1H 2015 to 26.6% in 1H 2016. Lower Adjusted Net Profit in USD terms was due to the strengthening of USD against RM.

## C. FINANCIAL POSITIONS

### a. Liquidity and Financial Resources

As at June 30, 2016, the Group's total fixed deposits, bank balances and cash, and financial instruments classified under financial assets through profit or loss were USD191.1 million (December 31, 2015: USD240.1 million). The following table sets forth our total fixed deposits, bank balances and cash by accounts classification:

	As at June 30, 2016 USD'000	As at December 31, 2015 USD'000
Fixed deposits, bank balances and cash	186,700	229,020
Fixed instruments classified under financial assets through profit or loss	4,367	11,058
	191,067	240,078
Available-for-sale investments	33,425	31,208

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 0.22% to 8.75% (December 31, 2015: 0.01% to 10.0%) per annum.

The Group had interest-bearing bank borrowings of USD47.4 million (December 31, 2015: USD46.0 million) that was due within one year and were subject to effective interest rates which ranged from 1.0% to 1.9% (December 31, 2015: 0.9% to 2.5%) per annum.

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

- i. USD0.1 million (December 31, 2015: USD0.1 million) used to secure banking facilities and non-interest bearing;

## Management Discussion and Analysis (Continued)

- ii. USD52.9 million (December 31, 2015: USD50.7 million) pledged as deposits to banks carrying market interest rate ranging from 0.51% to 1.10% (December 31, 2015: 0.65% to 3.85% ) to secure banking facilities; and
- iii. USD7.1 million (December 31, 2015: USD5.6 million) held under trust accounts.

Both the restricted cash of USD7.1 million (December 31, 2015: USD5.6 million) and the available-for-sale investments of USD33.4 million (December 31, 2015: USD31.2 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 June 30, 2016, excluding the restricted cash amount of USD7.1 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 USD184.0 million and a bank borrowing of USD47.4 million. As at June 30, 2016 and December 31, 2015, 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 period by revenue in that period and then multiplying by the number of days within the period.

As at June 30, 2016, the trade receivables turnover days of the Group remained relatively stable at 162 days (December 31, 2015: 159 days). As a result of installment payment, revenue is discounted at an effective interest rate ranging 6.0% to 14.8% (December 31, 2015: 6.8% to 13.5%) 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 period by cost of sales and services in that period and then multiplying by the number of days within the period.

As at June 30, 2016, the Group had trade payables turnover days of 134 days (December 31, 2015: 162 days). The decrease was mainly due to payment to certain contractors in Malaysia during 1H 2016.

### e. Material Acquisitions or Disposals of Subsidiaries

The Group did not have any material acquisition or disposal of subsidiaries during 1H 2016.

## Management Discussion and Analysis (Continued)

### f. Employee and Remuneration Policy

As at June 30, 2016, the Group had approximately 775 full-time employees stationed in Malaysia, Indonesia, Singapore, Thailand, Hong Kong and Mainland China, and incurred total employees' remuneration of USD10.3 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

	June 30, 2016 USD'000	December 31, 2015 USD'000
Capital commitments contracted for but not provided in the financial statements in respect of:		
— acquisition of a subsidiary	—	2,000
— acquisition of capital expenditure	26	30
	<b>26</b>	2,030

### h. Assets Pledged

As at June 30, 2016, there was no charge on any assets of the Group except for assets in the amount of USD64,000 held under finance leases, cash at bank and fixed deposits in the amount of USD52.9 million which have been pledged to secure bank facilities.

### i. Contingent Liabilities

The Group was not aware of any material contingent liabilities as at June 30, 2016.

### j. Significant Event

On July 8, 2016, the Company together with Asia Memorial Group Holdings Limited and Asia Memorial Group Limited ("**Holdco**"), both are exempted companies incorporated in the Cayman Islands with limited liability, had entered into an implementation agreement that Holdco will pursue the proposed privatisation of the Company by way of a scheme of arrangement ("**Scheme**") under Section 86 of the Companies Law (2013 Revision) of the Cayman Islands ("**Proposal**"). Under the Proposal, the Company's shares will be cancelled in exchange for either (a) cash of HK\$3.00 per share; or (b) 2.100076 preference shares in Holdco, 0.031501 ordinary share in Holdco and cash of HK\$1.37 per share. Following the date on which the Scheme becomes effective, the listing of the ordinary share capital of the Company on the Stock Exchange will be withdrawn, and the Company will become an indirect wholly-owned subsidiary of Holdco. Please refer to the Company's announcement dated July 8, 2016 for further details.

## Management Discussion and Analysis (Continued)

On July 28, 2016, (i) Nirvana Memorial Park Sdn. Bhd. ("**NMP**"), a wholly-owned subsidiary of the Company, as tenant, had entered into the Tower 1 Tenancy Agreement with Meridian Location Sdn. Bhd. ("**MLSB**"), as landlord at the annual rent of RM1,643,598 (approximately USD403,000) for 3 years ending July 31, 2019; and (ii) NMP as tenant, had entered into the Mutual Termination Agreement with KHK Capital Holdings Sdn. Bhd. ("**KHK**"), as landlord, in relation to the Tower 9 Tenancy Agreement. MLSB and KHK are companies under the common control of Tan Sri KONG Hon Kong, who is the Managing Director and Chief Executive Officer of the Company. Mr. KONG Yew Foong, who is an executive Director, owns 40% shareholding in MLSB, and is also a director of MLSB. As such, MLSB and KHK are associates of the connected persons of the Company and accordingly, the entering into of the Tower 1 Tenancy Agreement constitutes a continuing connected transaction for the Company under the Listing Rules. Please refer to the Company's announcement dated July 28, 2016 for further details.

### D. KEY RISKS AND UNCERTAINTIES

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

#### a. Operational Risk

The Group's operation is subject to a number of risk factors in different countries in which the Group is operating. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Responsibility for managing operational risks basically rests with every function at divisional and departmental levels. The Group 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, Singapore Dollar and Indonesian rupiah. The Group's reporting currency is USD. For the purpose of presenting the financial information in this Interim Report, 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 period. Income and expenses were translated at the average exchange rates for the reporting period.

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 period may also affect the comparability of the Group's results of operations with prior period.

## Management Discussion and Analysis (Continued)

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 17 and 18 to the consolidated financial statements.

### c. Regional Expansion Risks

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

### d. Partnership Relations

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

### e. Acquisition Risks

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

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

### f. Business Risks

#### **Risk pertaining to the expansion of cemeteries**

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

## Management Discussion and Analysis (Continued)

### **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 rates 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 1H 2016, our operations did not record any environmental incidents that were classed as major or catastrophic.

## Other Information

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

As at June 30, 2016, the interests and short positions of the Directors and the chief executives of the Company in the shares (the "Shares"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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 for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") were as follows:

#### Interest in the Shares/underlying Shares

Name of Director	Capacity/Nature of Interest	Number of Shares/ underlying Shares	Long/short position	Approximate percentage of shareholding in the Company
Tan Sri KONG Hon Kong ("Tan Sri Kong")	Interest in controlled corporation <sup>(1)</sup>	1,152,347,563	Long	42.69%
Mr. LI Gabriel ("Mr. Li")	Interest of spouse <sup>(2)</sup>	584,071,435	Long	21.64%
Mr. SOO Wei Chian ("Mr. Soo")	Beneficiary of a trust <sup>(3)</sup>	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 Shares are held by OANirvana 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 underlying 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 underlying Shares on trust on behalf of Mr. Soo, an executive Director under the employee share rights scheme ("ESR Scheme").

Save as disclosed above, as at June 30, 2016, 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, an executive Director, beneficially owns the share rights (the "Share Rights") granted under the ESR Scheme as set out in the section headed "(i) ESR Scheme" under "Share Schemes — Pre-Listing Incentive Schemes" on pages 51 to 52 of this Interim Report.



## Other Information (Continued)

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this Interim Report, at no time during 1H 2016 was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouse or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

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

As at June 30, 2016, 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 <sup>(1)</sup>	1,152,347,563	Long	42.69%
OANirvana Investment Limited	Beneficial owner <sup>(2)</sup>	584,071,435	Long	21.64%
OANV Investment Limited	Interest in a controlled corporation <sup>(2)</sup>	584,071,435	Long	21.64%
Orchid Asia V, L.P.	Interest in a controlled corporation <sup>(2)</sup>	584,071,435	Long	21.64%
OAV Holdings, L.P.	Interest in a controlled corporation <sup>(2)</sup>	584,071,435	Long	21.64%
Orchid Asia V GP, Limited	Interest in a controlled corporation <sup>(2)</sup>	584,071,435	Long	21.64%
Orchid Asia V Group Management, Limited	Interest in a controlled corporation <sup>(2)</sup>	584,071,435	Long	21.64%
Orchid Asia V Group, Limited	Interest in a controlled corporation <sup>(2)</sup>	584,071,435	Long	21.64%
AREO Holdings Limited	Interest in a controlled corporation <sup>(2)</sup>	584,071,435	Long	21.64%

## Other Information (Continued)

Name	Capacity/ Nature of interest	Number of Shares	Long/short position	Approximate percentage of shareholding in the Company
Ms. LAM Lai Ming	Interest in a controlled corporation <sup>(2)</sup>	584,071,435	Long	21.64%
Transpacific Ventures Limited	Beneficial owner <sup>(3)</sup>	287,677,002	Long	10.66%
Neverland Global Limited	Interest in a controlled corporation <sup>(3)</sup>	287,677,002	Long	10.66%
AIF Capital Asia IV, L.P.	Interest in a controlled corporation <sup>(3)</sup>	287,677,002	Long	10.66%
AIF Capital Asia IV GP Limited	Interest in a controlled corporation <sup>(3)</sup>	287,677,002	Long	10.66%

### 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.. The existing directors of Rightitan Sdn. Bhd. are Tan Sri Kong, Mr. KONG Yew Fong and Mr. KONG Yew Lian, all of them are the executive Directors.
- (2) These Shares are held by OANirvana Investment Limited which is held by OANV Investment Limited, which in turn is controlled 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 OANV 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 these 584,071,435 Shares. Mr. Li is an existing director of each of OANirvana Investment Limited, OANV 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 is in turn 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 the 287,677,002 Shares held by Transpacific Ventures Limited. Mr. TSE Po Shing Andy ("Mr. Tse") was a director of each of Transpacific Ventures Limited, Neverland Global Limited and AIF Capital Asia IV GP Limited from January 13, 2014, November 21, 2013 and February 11, 2010 respectively to August 1, 2016. Mr. BARNES II, William Wesley, the alternate Director to Mr. Tse, is an existing director of Transpacific Ventures Limited and Neverland Global Limited.

Save as disclosed above, as at June 30, 2016, 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 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.

### 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 ESR Scheme and (ii) the sales agent share option scheme ("**SASO Scheme**"), which were approved and adopted by the shareholders of the Company (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 3 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 the 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 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 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.

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

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

## Other Information (Continued)

Prior to the Listing, the maximum number of Shares to be issued upon 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 upon exercise of the Share Rights and Management Warrants as a result of the Listing, the maximum number of Shares to be issued upon the exercise of the Share Rights and Management Warrants following the Listing became 24,381,704 and 20,703,345, respectively, representing approximately 0.90% and 0.77% of the Company's issued share capital as of the date of this Interim 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 upon 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 1H 2016, 107,487 Share Rights had lapsed pursuant to By-Law 14.2 of the By-Laws of the ERS Scheme whereas 235,005 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 Ryan S Ltd for the benefit of Mr. Soo, an executive Director of the Company and the employees under ESR Scheme for 1H 2016:

Grantees	Date of Grant	Exercise Period	Number of Shares granted under the ESR Scheme				Balance at June 30, 2016	Exercise Price (USD)	Market value per share on exercise of Share Rights (HKD)
			Balance at January 1, 2016	Exercised during 1H 2016	Forfeited during 1H 2016	Lapsed during 1H 2016			
Mr. SOO Wei Chian	June 30, 2014	Until December 31, 2019	20,703,345	Nil	Nil	Nil	20,703,345	0.20	Nil
Employees	June 30, 2014	Until December 31, 2019	23,545,806	235,005	Nil	107,487	23,203,314	0.20	2.175 <sup>(1)</sup>

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 April 18, 2016 and May 10, 2016 respectively.

## Other Information (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 SASO Scheme is around 3 years and 3 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 Option 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 maintains 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 Sales Agent Share Option Scheme is US\$0.20 (as adjusted following the Listing).

Prior to the Listing, the maximum number of Shares to be issued upon 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 upon exercise of the Sales Agent Share Options as a result of the Listing, the maximum number of Shares to be issued upon the exercise of the Sales Agent Share Options following the Listing became 1,152,322, representing approximately 0.04% of the Company’s issued share capital as of the date of this Interim Report.

An aggregate of 30,000 Sales Agent Share Options (representing an aggregate of 1,152,322 Shares to be issued upon 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 under the SASO Scheme.

For 1H 2016, 7,202 Sales Agent Share Options were exercised and 386,507 Sales Agent Share Options had lapsed pursuant to By-Law 13.2 of the By-Laws of the SASO Scheme.

## Other Information (Continued)

The following table discloses movements of the Sales Agent Share Options held by sales agents of the Company during 1H 2016:

Grantees	Date of Grant	Exercise Period	Number of Shares granted under the SASO Scheme					Balance at June 30, 2016	Exercise Price (USD)	Market value per share on exercise of Sales Agent Share Options <sup>(1)</sup> (HKD)
			Balance at January 1, 2016	Exercised during 1H 2016	Forfeited during 1H 2016	Lapsed during 1H 2016	Balance at June 30, 2016			
Sales Agents	August 6, 2014	Until December 31, 2019	1,152,322	7,202	Nil	386,507	758,613	0.20	2.12	

Note:

- (1) Being the weighted average closing price of the Company's ordinary shares immediately before the date on which the Sales Agent Share Options were exercised on June 14, 2016.

## 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 is 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 2 months. The purpose of the Share Option Scheme is to recognise 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 to an Eligible Participant. An amount of HKD1.00 is payable as consideration for acceptance of the grant.

## Other Information (Continued)

As at June 30, 2016, no Options have been granted by the Company 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 269,917,921, representing 10% of the Shares in issue as at June 30, 2016. The maximum number of Shares available for issue under the Share Option Scheme as at June 30, 2016 is as follows:

	As at June 30, 2016
Total Shares in issue	2,699,179,207
10% of the Shares in issue	269,917,921
Total no. of Shares which may be issued upon exercise of all Share Rights under the ESR Scheme	43,906,659
Total no. of Shares which may be issued upon exercise of all Sales Agent Share Options under the SASO Scheme	758,613
Maximum no. of Shares available for issue under Share Option Scheme	225,252,649
Maximum no. of Shares available for issue under the Share Option Scheme as a % of Shares in issue	8.35%

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 the 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.

### USE OF NET PROCEEDS FROM LISTING

The net proceeds from the Listing amounted to USD247.1 million. As at June 30, 2016, we have used approximately USD130.4 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 of the Company dated December 4, 2014.

## Other Information (Continued)

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During 1H 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend (2015: HKD0.03 per ordinary Share for 1H 2015) for 1H 2016.

### CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Save as disclosed below, there were no changes to information which are required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules since the publication of the 2015 annual report of the Company:

- (a) Mr. Tse ceased to be a director of each of Transpacific Ventures Limited, Neverland Global Limited and AIF Capital Asia IV GP Limited with effect from August 1, 2016.

### CORPORATE GOVERNANCE

The Company is committed to achieving and maintaining best standards of corporate governance practices to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code as set out in Appendix 14 of the Listing Rules (the "CG Code").

The Board is of the opinion that the Company has complied with the code provisions as set out in the CG Code during 1H 2016.

### COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he/she has complied with the Code during 1H 2016.

### REVIEW OF INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS BY THE AUDIT COMMITTEE

The interim unaudited consolidated financial statements of the Group for 1H 2016 have been reviewed with no disagreement by the audit committee of the Company. The interim consolidated financial statements have not been audited but have been reviewed by the independent auditors of the Company.

The audit committee of the Company, comprising three independent non-executive Directors, namely, Mr. NG Soon Lai @ NG Siek Chuan, Mr. FOONG Soo Hah and Ms. Anita CHEW Cheng Im has together with the management reviewed the interim unaudited consolidated financial statements of, and the accounting policies and practices adopted by, the Group for 1H 2016.