



NAGACORP

金界控股有限公司

NAGACORP LTD. // 金界控股有限公司

(Incorporated in Cayman Islands with limited liability)

STOCK CODE: 3918



2017 Annual Report







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NagaCorp Ltd. 2017 Annual Report

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Corporate Information

(As at 15 March 2018)

NagaCorp Ltd. (“NagaCorp” or the “Company”, together with its subsidiaries, the “Group”) is the largest hotel, gaming and leisure operator in Cambodia, and the Company has been listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 2006. NagaCorp was the first company with operations in Cambodia to become a public listed entity and the first gaming-related company traded on the Stock Exchange. Our flagship, NagaWorld, is Phnom Penh’s only integrated hotel-casino entertainment complex and we enjoy a 70-year casino licence that will run until 2065, as well as a 41-year monopoly within a 200-km radius of Phnom Penh (except the Cambodia-Vietnam border area, Bokor, Kirirom Mountains and Sihanoukville) that expires in 2035.

BOARD OF DIRECTORS

Executive Directors

Tan Sri Dr Chen Lip Keong (*Chief Executive Officer*)
Philip Lee Wai Tuck (*Executive Deputy Chairman*)
Chen Yiy Fon
Chen Yepern

Non-executive Director

Timothy Patrick McNally (*Chairman*)

Independent Non-executive Directors

Tan Sri Datuk Seri Panglima Abdul Kadir Bin
Haji Sheikh Fadzir
Lim Mun Kee
Michael Lai Kai Jin

AUDIT COMMITTEE

Lim Mun Kee (*Chairman*)
Tan Sri Datuk Seri Panglima Abdul Kadir Bin
Haji Sheikh Fadzir
Michael Lai Kai Jin

REMUNERATION COMMITTEE

Tan Sri Datuk Seri Panglima Abdul Kadir Bin
Haji Sheikh Fadzir (*Chairman*)
Tan Sri Dr Chen Lip Keong
Chen Yepern
Lim Mun Kee
Michael Lai Kai Jin

NOMINATION COMMITTEE

Tan Sri Datuk Seri Panglima Abdul Kadir Bin
Haji Sheikh Fadzir (*Chairman*)
Tan Sri Dr Chen Lip Keong
Chen Yepern
Lim Mun Kee
Michael Lai Kai Jin

AML OVERSIGHT COMMITTEE

Timothy Patrick McNally (*Chairman*)
Tan Sri Dr Chen Lip Keong
Chen Yiy Fon
Chen Yepern
Michael Lai Kai Jin

COMPANY SECRETARY

Lam Yi Lin

AUTHORISED REPRESENTATIVES

Philip Lee Wai Tuck
Lam Yi Lin

INDEPENDENT AUDITOR

BDO Limited

SOLICITORS

Reed Smith Richards Butler
Freshfields Bruckhaus Deringer

PRINCIPAL BANKERS

CIMB Bank PLC (*Phnom Penh Branch*)
United Overseas Bank Limited (*Hong Kong Branch*)



Investor Relations

(As at 15 March 2018)

We acknowledge the importance of maintaining communication with our shareholders and investors through channels like annual reports, interim reports, press releases and announcements. Our annual reports contain details of financial and other information about the Company's activities. We welcome enquiries about the Company's activities and will handle them in a timely fashion.

Listing

The Company's shares of US\$0.0125 each (the "Shares") have been listed on the Main Board of the Stock Exchange since 19 October 2006.

2017 Annual Report

This annual report, in both English and Chinese, is available in printed form and on the Company's website – www.nagacorp.com

Stock Code

3918

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business in Cambodia

NagaWorld
Samdech Techo, Hun Sen Park
Phnom Penh, 12301
P.O. Box 1099 Phnom Penh
Kingdom of Cambodia
Tel: +855 23 228822 Fax: +855 23 225888

Principal Place of Business in Hong Kong

Suite 2806, 28/F
Central Plaza
18 Harbour Road
Wanchai, Hong Kong
Tel: +852 2877 3918 Fax: +852 2523 5475

Principal Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Branch Share Registrar and Transfer Office

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

Chief Executive Officer

Tan Sri Dr Chen Lip Keong

Chief Financial Officer

Tan Sean Czoon

Investor Relations (Asia Pacific) & Corporate Finance

Gerard Chai, *Vice President*

Investor Relations (North America)

Kevin Nyland, *Vice President*

Investor Relations (Europe, Middle East & Africa)

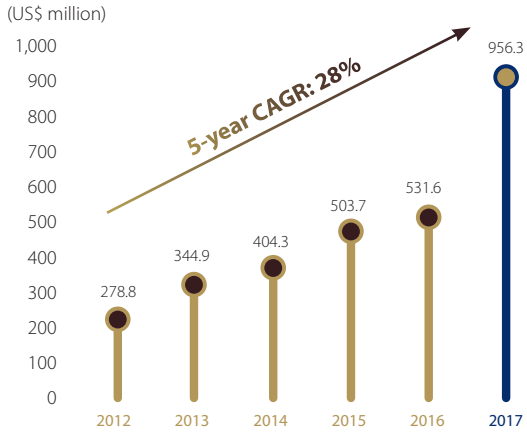
David Ellis

Company Website

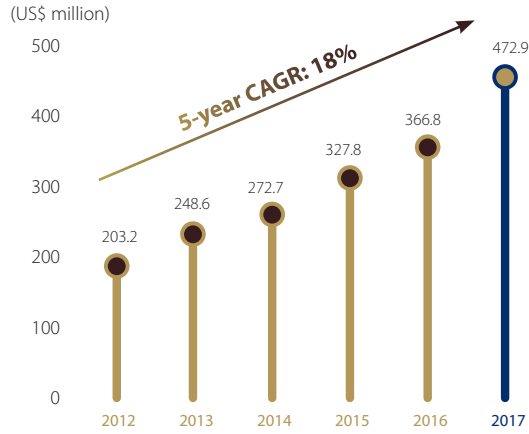
www.nagacorp.com

Financial Highlights

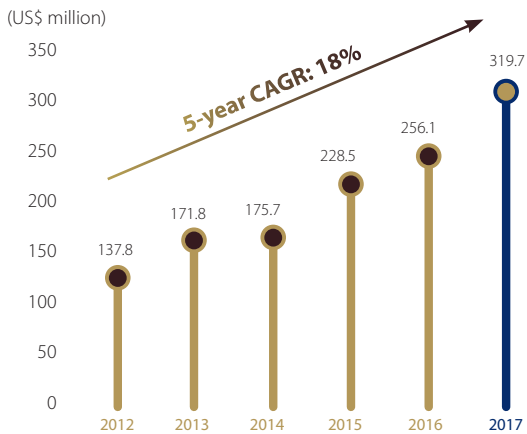
Revenue



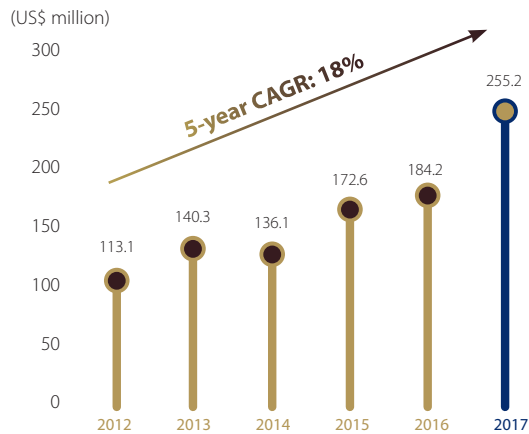
Gross Profit



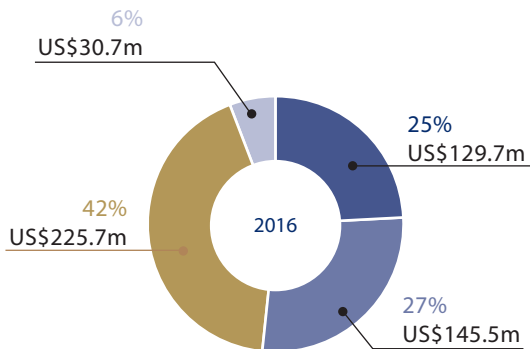
EBITDA



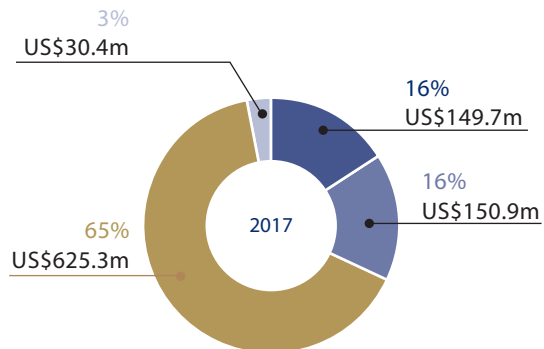
Net Profit



Revenue (US\$531.6 million)



Revenue (US\$956.3 million)



VIP Market

Mass Market:
Public Floor
Tables

Mass Market:
Electronic Gaming
Machines

Non-Gaming



Chairman's Statement



Timothy Patrick McNally
Chairman

Dear Shareholders,

We are pleased to report that NagaCorp continued to generate positive operational and financial results for shareholders of the Company (the "Shareholders") during the year ended 31 December 2017 (the "Year") with net profit of US\$255 million, a 39% increase over last year. Gross Gaming Revenue ("GGR") for the Year increased by 85% to US\$926 million. Our growth and positive results were attributed to a combination of solid business strategy and acumen, operational and execution efficiency, and an increasingly vibrant tourism market in a politically stable country, leading to an increase in business volume across all segments of the gaming business. Today we operate the largest integrated leisure and gaming entertainment destination in the Mekong Region.

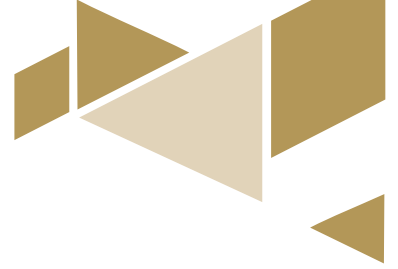
Steady Tourism and Local Economic Growth

The Cambodian economy continued to register stable growth in 2017. The International Monetary Fund is projecting real growth in Cambodia's Gross Domestic Product of 6.9% in 2017 and 6.8% in 2018, with inflation of 3.7%

and 3.5% respectively (Source: International Monetary Fund – World Economic Outlook Database October 2017).

In 2017, visitation to Cambodia continued to grow with international arrivals increasing by 12% to 5.6 million visitors and arrivals at Phnom Penh International Airport grew by 21% over the same period. Visitation from China grew by 46% to 1.2 million visitors and is the leading source of visitation to Cambodia. China (22%), Vietnam (15%) and Laos (9%) are the top three source of arrivals and collectively accounted for 46% of total visitation to Cambodia (Source: Ministry of Tourism, Cambodia). Overall visitation growth continues to be a key driver of growth for the Group.

Cambodia continues to attract visitors from Asia and other nations, benefiting from its appeal as a tourism destination and the abundance of business opportunities that exist in an emerging economy with political and social stability. The Ministry of Tourism Cambodia targets to attract 7.0 million visitors by 2020, of which 2.0 million will be from China (Source: Khmer Times, 4 January 2017).



Sound Strategy, Positioned for Growth

The Group continued to achieve solid growth in the Mass Market segment where Public Floor Tables buy-ins and electronic gaming machines (“EGM”) bills-in increased by 28% and 21%, respectively. This business volume growth is attributable to the improved headcount at NagaWorld as a result of visitation and tourism growth into Cambodia, particularly from China, which recorded 46% growth in 2017.

The Golden Edge Rewards Club loyalty program continues to enable the Group to understand its players’ profile, create targeted marketing promotions and rollout player development initiatives to increase the frequency of visitation and gaming spend.

The Group’s VIP Market comprises players brought in by junkets, who are either under a commission or incentive program, and direct players without an intermediary. The competitive overseas junket incentive program introduced in March 2013 continues to enable the Group to balance the increase in table limits while managing volatility and credit risk.

The VIP Market continues to register robust growth, as a result of increasing market confidence in NagaWorld as an integrated gaming and entertainment destination, resulting in a 142% increase in rollings to US\$21.1 billion with a win rate of 3.0%. This has translated into a 177% increase in VIP Market revenue to US\$625.3 million during the Year.

Located right next to NagaWorld, NagaCity Walk offers duty-free shopping operated by China Duty Free Group, the largest duty-free operator in China, as its anchor tenant. China Duty Free Group has leased about 3,800 square metres in the NagaCity Walk to operate duty-free shopping which opened in August 2016.

The opening of the TSCLK Complex (also known as Naga2) in November 2017 which significantly increased the variety, quality and quantity of NagaWorld’s gaming (VIP halls and suites and mass gaming halls) and non-gaming (karaoke, spas, clubs, restaurants, hotel rooms and suites) facilities, has enhanced the Group’s ability to expand its business across the region as reflected in the growth in VIP rollings (142% increase), Public Floor Tables buy-ins (28%



Chairman's Statement

increase) and EGM bills-in (21% increase). The opening of Naga2 further cements NagaWorld as the entertainment centre of the Mekong Region for the benefit of all Shareholders.

Based on the current state of development, our gaming and resort development project in Vladivostok, Russia remains broadly on schedule for operation by 2019. Site clearing commenced in 2016 and we have now established an office at the city center of Vladivostok, and certain key personnel have been appointed to monitor various aspects of the progress of the project. We believe our strategy to diversify our business geographically and expand into new casino markets will drive revenue growth in the long term.

Maintaining Competitive Dividend Yield

As a top-performing gaming stock on the Stock Exchange, NagaCorp continues to deliver profitability and business volume growth at an impressive level compared to other gaming operations in the region.

The board of directors of the Company (the "Board") has recommended the payment of a final dividend of US cents 1.45 per Share (or equivalent to HK cents 11.24 per Share) for the Year (the "Final Dividend"). The proposed Final Dividend, together with the interim dividend, the sum of which is US cents 3.53 per Share (or equivalent to HK cents 27.36 per Share) represent a dividend payout ratio of 60%, based on the net profit generated for the Year. The Company will pay the Final Dividend on Thursday, 17 May 2018.



Corporate Social Responsibility

For many years, NagaCorp has been recognized for its leadership in corporate social responsibility. This year was no different. We will continue our journey of being a good corporate citizen and striving for excellence to uphold our responsible position in the country.

Corporate Governance

NagaCorp has engaged an independent professional party to review the internal controls of the Group with a focus on anti-money laundering. The independent professional party has issued its findings in a report, details of which are enclosed in this annual report. The Company has also engaged another professional party, Political and Economic Risk Consultancy, Ltd., to assess the investment risks in Cambodia and its findings are set out in this annual report.

Our Appreciation

The Board would like to express their appreciation to our employees for their hard work and dedication, and to our Shareholders, customers and suppliers for their continued support.

Timothy Patrick McNally
Chairman

Hong Kong, 6 February 2018



Management Discussion and Analysis

Market Review

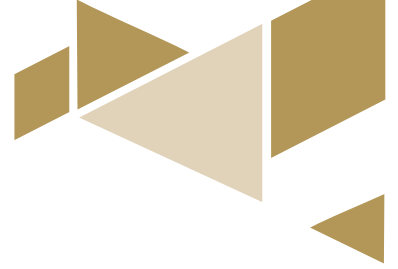
The Cambodian economy continued to register stable growth in 2017. The International Monetary Fund is projecting real growth in Cambodia's gross domestic product of 6.9% in 2017 and 6.8% in 2018, with an inflation rate of 3.7% and 3.5%, respectively (Source: International Monetary Fund – World Economic Outlook Database October 2017).

In 2017, visitation to Cambodia continued to grow with international arrivals increasing by 12% to 5.6 million visitors and arrivals at Phnom Penh International Airport grew by 21% over the same period. Visitation from China grew by 46% to 1.2 million visitors and is the leading source of visitation to Cambodia. China (22%), Vietnam (15%) and Laos (9%) are the top three source of arrivals and collectively accounted for 46% of total visitation to Cambodia (Source: Ministry of Tourism, Cambodia). Overall visitation growth continues to be a key driver of growth for the Group.

NagaWorld, which is situated in the Cambodian capital city of Phnom Penh, continued to achieve impressive GGR growth of 85% in 2017. Net profit for the Year increased by 39% to US\$255.2 million. The positive results were mainly attributable to robust business volume growth across all segments, especially from the VIP segment where rollings increased by 142%. In addition, the Group earned US\$60.0 million for the Year (2016: US\$60.0 million) in respect of assigning a licensing right to certain investors to operate a number of EGM for a period of 10 years. The EGM are strategically located at certain areas of the newly completed Naga2 that soft-opened in November 2017. As at 31 December 2017, NagaWorld had 384 gaming tables and 2,250 EGM in operation (including the said EGM).

The growth in business volumes and GGR is attributable to a number of factors. First, continued confidence in the political climate and social order of Cambodia's operating environment, leading to favourable economic conditions and increasing visitation, especially from China. Second, confidence in the economic climate leads to increasing economic activity, resulting in increasing number of investors and a growing expat population in Phnom Penh; driving footfall to NagaWorld. Third, as a result of the completion of Naga2 (soft-opened in November 2017), the Company's balance sheet has strengthened. In July 2017, the Group's property assets were valued at US\$5.4 billion by Colliers International (Hong Kong) Limited, while the Group remains debt-free. As a consequence of the strengthening balance sheet, players are expressing more confidence, checking in more money, placing higher bets and generating a significant increase in business volume, especially in the VIP Market where rollings increased by 142%.

Management continues to run the Company with a conservative gaming policy and assumes less risk by offering better incentives to operators. Coupled with vigilance of monitoring, managing and discharging the fiduciary duties of all Board members, the Company continues to exercise rigorous financial discipline, especially in regards to cost control measures and greater risk awareness. In this respect, the Company has further reinforced risk management by engaging more human resources in the formulation of risk policies, compliance, auditing and the investigation of breaches (if any). Hence, as the Company grows, it continues to monitor and mitigate risks as part of day to day management.



Business Review

Table 1: Performance Highlights

For the Year and comparative prior year:

	2017 US\$'000	2016 US\$'000	Increase %
Mass Market: Public Floor Tables			
– Buy-ins	787,820	617,799	28
– Win rate	19.0%	21.0%	
– Revenue	149,706	129,669	15
Mass Market: EGM			
– Bills-in	1,812,450	1,498,874	21
– Win rate	7.9%	8.2%	
– Revenue	150,926	145,513	4
VIP Market			
– Rollings	21,124,870	8,714,097	142
– Win rate	3.0%	2.6%	
– Revenue	625,332	225,655	177
Gross Gaming Revenue	925,964	500,837	85



Management Discussion and Analysis

Naga2 Opening

The opening of Naga2 in November 2017 provided a transformational product for the Group. Naga2 significantly increases the quality and range of VIP, Mass Gaming and Non-Gaming offerings, providing the Group with a product comparable in quality to integrated resorts in more established gaming destinations. Naga2 more than doubles capacity in terms of hotel rooms and gaming facilities. It also adds a state of the art 2,200 seat theatre and additional entertainment, food and beverage options alongside the NagaCity Walk duty-free shopping mall which opened in August 2016. Its opening has removed many of the constraints previously faced by the Group in the development of new markets and deeper penetration of its existing markets.

Mass Market (Public Floor Tables and EGM)

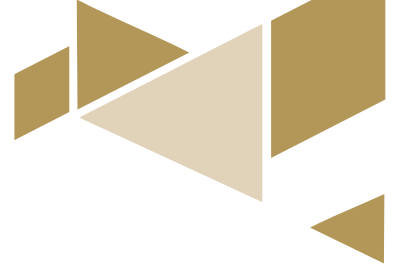
The Group continued to achieve solid growth in the Mass Market segment where Public Floor Tables buy-ins and EGM bills-in increased by 28% and 21%, respectively. This business volume growth is attributable to the improved headcount at NagaWorld as a result of visitation and tourism growth into Cambodia, particularly from China which recorded 46% growth in 2017.

The Golden Edge Rewards Club loyalty program continues to enable the Group to understand its players' profile, create targeted marketing promotions and rollout player development initiatives to increase the frequency of visitation and gaming spend.

VIP Market

The Group's VIP Market comprises players brought in by junkets, who are either under a commission or incentive program, and direct players without an intermediary. The competitive overseas junket incentive program introduced in March 2013 continues to enable the Group to balance the increase in table limits while managing volatility and credit risk.

The VIP Market continues to register robust growth, as a result of increasing market confidence in NagaWorld as an integrated gaming and entertainment destination, resulting in a 142% increase in rollings to US\$21.1 billion with a win rate of 3.0%. This has translated into a 177% increase in VIP Market revenue to US\$625.3 million during the Year.



Revenue and Gross Profit Analysis

Table 2(a)

2017	Revenue		Gross Profit		Gross Profit Margin
	US\$'m	%	US\$'m	%	%
Mass Market	300.6	32	294.3	62	98
VIP Market	625.3	65	153.9	33	25
Non-Gaming	30.4	3	24.7	5	81
Total	956.3	100	472.9	100	49

Table 2(b)

2016	Revenue		Gross Profit		Gross Profit Margin
	US\$'m	%	US\$'m	%	%
Mass Market	275.2	52	270.5	74	98
VIP Market	225.7	42	72.0	19	32
Non-Gaming	30.7	6	24.3	7	79
Total	531.6	100	366.8	100	69



Management Discussion and Analysis

The Group recorded a gross profit increase of 29% to US\$472.9 million for the Year which was in line with the business volume growth across all segments. Overall gross profit margin decreased to 49% (2016: 69%) as a result of the increase contribution from the lower margin VIP Market. Mass Market continued to generate a high gross profit margin of 98%.

Administrative and Other Operating Expenses (Before Impairment Losses, Depreciation and Amortisation)

Administrative and other operating expenses before impairment losses, depreciation and amortisation increased by 40% to US\$159.9 million during the Year. This increase in expenses were required to support higher business volume across all segments, in addition to the hiring of experienced and qualified staff to facilitate regional marketing efforts, ongoing property enhancements at NagaWorld and the operation of Naga2.

Finance Costs

The Group did not incur any finance costs during the Year.

Net Profit

Net profit attributable to the Shareholders, or net profit, increased by 39% to US\$255.2 million for the Year. Net profit margin for the Year decreased to 27% (2016: 35%) as a result of the increase in contribution from VIP Market which has a lower margin.

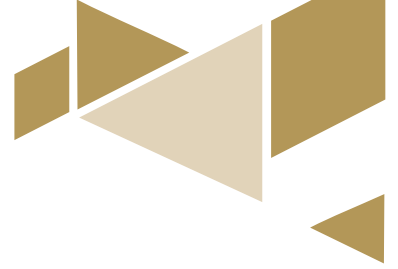
Basic earnings per share were US cents 7.94 (HK cents 61.54) and US cents 7.89 (HK cents 61.15) for the years ended 31 December 2017 and 2016, respectively.

Diluted earnings per share were US cents 5.88 (HK cents 45.57) and US cents 7.04 (HK cents 54.56) for the years ended 31 December 2017 and 2016, respectively.

Financial Review

Pledge of Assets

As at 31 December 2017, the Group had a promissory notes amounting to approximately US\$9.6 million (31 December 2016: US\$8.6 million) pledged for issuance of a bank guarantee in respect of development of the gaming and entertainment project in Vladivostok, Russia.



Contingent Liabilities

Based on the formula stated in Clause 3.3 of the service agreement entered into between the Company and Tan Sri Dr Chen Lip Keong (“Dr Chen”), the chief executive officer of the Company (the “CEO”), the parties acknowledge and agree that Dr Chen will be entitled to a performance bonus of US\$11,765,321 (the “2017 Bonus Entitlement”) for the financial year ended 31 December 2017.

Pursuant to the resolution passed by the Board on 6 February 2018, the Board considered the matter relating to the 2017 Bonus Entitlement and resolved to appeal to the generosity and good judgement of Dr Chen to defer the 2017 Bonus Entitlement. The Company and Dr Chen agreed that it is in the interests of the Company to defer the 2017 Bonus Entitlement to subsequent years until the achievement of certain key performance indicators (the “KPIs”) set for the year ending 31 December 2018. The Company and Dr Chen agreed that subject to the achievement of the 2018 KPIs, the deferral of the 2017 Bonus Entitlement should be extended to the financial year ending 31 December 2018 or beyond at the sole election of Dr Chen and that the parties should negotiate in good faith a reasonable timeframe which is in the best interests of the Company. For record purposes, Dr Chen has foregone bonus of US\$18,600,000 from the financial years 2010 to 2014.

Except for the above and other than the addition obligation payment, if any, as described in note 10 to the consolidated financial statements, there were no other contingent liabilities as at 31 December 2017.

Exchange Rate Risk

The Group’s income is earned principally in United States dollars (“US\$”). The Group’s expenditure is paid principally in US\$ and to a lesser extent in Cambodian Riel and Russian Ruble (“RUB”). The Group therefore does not have any significant exposure to foreign currency risk and therefore has not entered into any currency hedging transactions.

Issue of New Shares

On 8 August 2017, the conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full were completed and the Company allotted and issued 1,881,019,166 Shares to Dr Chen. Please refer to note 22 to the consolidated financial statements, and section headed “Full Conversion of Convertible Bonds” below on pages 17 to 19 of this annual report for further details.



Management Discussion and Analysis

Funds Raised by the Issue of New Shares in September 2016 and Use of Proceeds

Reference is made to (i) the announcement of the Company dated 1 September 2016 (the “Announcement”) in relation to the placing of existing Shares and top-up subscription of new Shares under the general mandate (the “Top-up Placing and Subscription”); (ii) the announcement of the Company dated 9 September 2016 on the completion of the Top-up Placing and Subscription; and (iii) the 2016 final results announcement of the Company dated 8 February 2017.

During the year ended 31 December 2016, approximately 16% of the net proceeds from the Top-up Placing and Subscription (the “Net Proceeds”) had been utilised or deployed in accordance with the intended use as disclosed in the Announcement. As at 31 December 2017, the remaining 84% of the Net Proceeds had also been fully utilised or deployed in line with the Announcement.

Liquidity, Financial Resources and Gearing

As at 31 December 2017, the Group had total cash and cash equivalents of US\$52.8 million (31 December 2016: US\$210.9 million). The cash and cash equivalents were mainly denominated in US\$.

As at 31 December 2017, the Group had net current assets of US\$76.3 million (31 December 2016: US\$245.3 million). The Group had net assets of US\$1.4 billion as at 31 December 2017 (31 December 2016: US\$1.3 billion).

As at 31 December 2017 and 31 December 2016 respectively, the Group had no outstanding external borrowings. The Group has continued to remain ungeared.

Capital and Reserves

As at 31 December 2017, the capital and reserves attributable to owners of the Company was US\$1.4 billion (31 December 2016: US\$1.3 billion).

Employees and Remuneration Policy

As at 31 December 2017, the Group employed a total work force of 8,618 (31 December 2016: 6,153), stationed in Cambodia, China, Hong Kong, Macau, Malaysia, Singapore, Thailand, the United Kingdom, the United States, Vietnam and Russia. The remuneration and staff costs for the Year were US\$93.1 million (2016: US\$63.4 million).



Salaries, annual bonuses, paid annual leave, contributions to a defined contribution retirement scheme and cost to the Group of non-monetary benefits are accrued in the Year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect of such would be material, these amounts are stated at their present value.

Details of the number and remuneration of employees, remuneration policies, bonus and training schemes are provided in the Sustainability Report on pages 28 to 57 of this annual report.

The Company has adopted a share option scheme, under which the Company may grant share options to employees for subscribing for the Company's shares.

Trade Receivables and Credit Policy

The Group continues to monitor changes in trade receivables. Net trade receivables increase from US\$28.0 million to US\$58.3 million during the Year.

During the Year, the Group prudently made provision for impairment loss of US\$1.0 million (2016: US\$2.1 million).

The Group has adhered to strict credit policies implemented since 2009. From time to time, the Group will review its policies to ensure that they are competitive and are in line with the Group's risk management strategy. During the Year, the credit policy for gaming receivables was five to thirty days from end of tour while the credit policy on non-gaming receivables remained as thirty days from end of month.

Significant Investments Held and Material Acquisitions of Subsidiaries

There were no significant investments held, material acquisitions and disposals of subsidiaries, associates or joint ventures during the Year.

Full Conversion of Convertible Bonds

On 28 March 2017, the Company received a notice from Dr Chen, the holder of the convertible bonds (the "Bondholder"), of his intention to exercise the conversion rights in respect of the TSCLK Complex Convertible Bonds in full in the outstanding aggregate principal amount of US\$275,000,000. Subsequently, on 23 June 2017, the Company received a revised notice of intention from Dr Chen that after careful consideration of the market responses, he had decided to concurrently exercise the conversion rights in respect of both the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full in the outstanding aggregate principal amounts of US\$275,000,000 and US\$94,000,000, respectively ("the Proposed Concurrent Conversions").



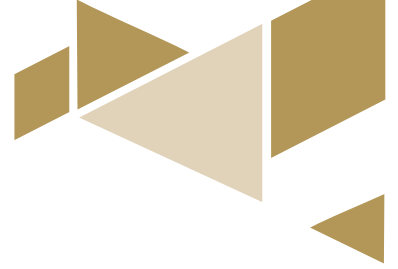
Management Discussion and Analysis

The Proposed Concurrent Conversions were subject to the fulfilment of the following conditions:

- (a) the granting of the whitewash waiver (the “Whitewash Waiver”) by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his delegates; and
- (b) the approval by the independent Shareholders of the proposed resolution regarding the Proposed Concurrent Conversions and the Whitewash Waiver by way of poll at the extraordinary general meeting of the Company.

The conditions precedent were fulfilled in early August 2017. Following the delivery by Dr Chen of the relevant unconditional notices of conversion and the other requisite documents to the Company, the conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full were completed and the Company allotted and issued 1,881,019,166 Shares to Dr Chen on 8 August 2017.

Please refer to (a) the Company’s announcements dated 13 June 2011, 28 December 2011, 29 December 2015, 17 May 2016, 30 December 2016, 28 March 2017, 18 April 2017 and 12 May 2017, respectively, (b) the 2011 Transaction Circular dated 30 December 2011 in relation to the Company’s acquisition of the TSCLK Complex Project and the NagaCity Walk Project, (c) the Whitewash Circular dated 9 June 2017 in relation to the proposed conversion of the TSCLK Complex Convertible Bonds and the application for the Whitewash Waiver, (d) the Company’s announcement dated 23 June 2017 in relation to the revised notice of intention from Dr Chen regarding the Proposed Concurrent Conversions and the application for the Whitewash Waiver, (e) the Company’s announcement dated 5 July 2017 in relation to, among other things, the delay in despatch of the supplemental circular (the “Supplemental Circular”) and the adjournment of the original extraordinary general meeting (the “Original EGM”), (f) the Company’s announcement dated 14 July 2017 relating to the delay in despatch of the Supplemental Circular, (g) the Supplemental Circular dated 19 July 2017 and the Company’s announcement dated 19



July 2017 in relation to the despatch of the Supplemental Circular, (h) the Company's announcement dated 21 July 2017 in relation to the adjournment of the Original EGM held on 21 July 2017, (i) the Company's announcement dated 4 August 2017 in relation to poll results of the extraordinary general meeting held on 4 August 2017 and (j) the Company's announcement dated 8 August 2017 in relation to the completion of the concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds for details.

Events after Reporting Year

No major subsequent events have occurred since the end of the Year and up to the date of this annual report.

Project Updates and Prospects

Update on NagaCity Walk and Naga2

NagaCity Walk completion (and the issue of the NagaCity Walk Convertible Bonds to Dr Chen) and Naga2 completion (and the issue of the TSCLK Complex Convertible Bonds to Dr Chen) took place on 17 May 2016 and 30 December 2016, respectively.

Located right next to NagaWorld, NagaCity Walk offers duty-free shopping operated by China Duty Free Group, the largest duty-free operator in China, as its anchor tenant. China Duty Free Group has leased about 3,800 square metres in the NagaCity Walk to operate duty-free shopping which opened in August 2016.

The opening of Naga2 in November 2017 which significantly increased the variety, quality and quantity of NagaWorld's gaming (VIP halls and suites and mass gaming halls) and non-gaming (karaoke, spas, clubs, restaurants, hotel rooms and suites) facilities, has enhanced the Group's ability to expand its business across the region as reflected in the growth in VIP rollings (142% increase), Public Floor Tables buy-ins (28% increase) and EGM bills-in (21% increase). The opening of Naga2 further cements NagaWorld as the entertainment centre in Mekong Region for the benefit of all Shareholders.

Update on the Investment Project in Vladivostok

In respect of the Group's gaming and resort development project in Vladivostok, Russia, site clearing commenced in 2016.



Management Discussion and Analysis

An office has been established in the city centre of Vladivostok, Russia and certain key personnel have been appointed to monitor various aspects of the progress of the project which remains broadly on schedule for operation by 2019.

The Group believes that its strategy to diversify its business geographically and expand into new casino markets will drive revenue growth in the long term.

Prospects

Cambodia continues to attract visitors from Asia and other nations, benefiting from its appeal as a tourism destination and the abundance of business opportunities that exist in an emerging economy with political stability. The Ministry of Tourism Cambodia targets to attract 7.0 million visitors by 2020, of which 2.0 million are from China (Source: Khmer Times, 4 January 2017).

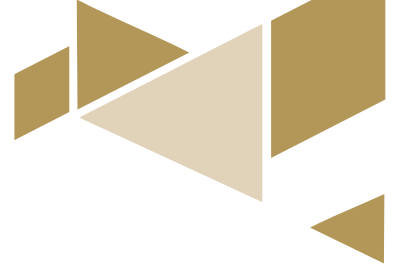
The continued growth of visitation to Cambodia is a reflection of the development of Cambodia as a prominent regional tourism and investment destination, brought about

by continued political and social stability in the country. NagaWorld, which is a major attraction located in the city centre of Phnom Penh and the entertainment centre of the Mekong Region, is poised to benefit from this growth. The significant milestone achieved with the soft opening of Naga2 in November 2017 further strengthens the positioning of NagaWorld to attract a broader range of international visitors.

As the Group continues its trajectory of asset (the Group's property assets have been valued at US\$5.4 billion by Colliers International (Hong Kong) Limited in July 2017) and business growth, it is also gaining increasing prominence and confidence among the gaming and entertainment community in the region. This allows the Group to further penetrate into new markets, thereby fueling business growth and expansion.

Interim and Final Dividend

The Board recommends the payment of a final dividend of US cents 1.45 per Share (or equivalent to HK cents 11.24 per Share) for the Year to Shareholders whose names appear



on the Company's register of members on Monday, 7 May 2018. Subject to the approval of the Shareholders at the annual general meeting to be held on Friday, 27 April 2018 (the "2018 AGM"), the final dividend is expected to be paid to Shareholders by post on or about Thursday, 17 May 2018.

The proposed Final Dividend together with the interim dividend for the six months ended 30 June 2017 of US cents 2.08 per Share (or equivalent to HK cents 16.12 per Share) paid on Tuesday, 22 August 2017, amounts to a total dividend declared for the Year of US cents 3.53 per Share (or equivalent to HK cents 27.36 per Share).

Closure of Register of Members

For the purpose of determining the following entitlements:

1. 2018 AGM

The register of members will be closed from Monday, 23 April 2018 to Friday, 27 April 2018, both dates inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the 2018 AGM,

all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 20 April 2018.

2. Proposed Final Dividend

The Company's register of members will be closed on Monday, 7 May 2018, on which no transfer of Shares will be registered. The ex-dividend date will be Thursday, 3 May 2018. In order to qualify for the final dividend for the Year, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited located at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 4 May 2018.



Directors' Profile

(As at 15 March 2018)

Timothy Patrick McNally

Chairman

Timothy Patrick McNally, aged 70, joined the Company in February 2005 as chairman of the Board. He also serves as chairman of the AML Oversight Committee of the Company. From April 1999 until October 2005, Mr. McNally was the executive director of Security and Corporate Legal Services for the Hong Kong Jockey Club. He was a member of the Executive Board of Management responsible for corporate governance issues.

Mr. McNally is currently an international security consultant and is the chairman of B2G Global Strategies headquartered in California. Mr. McNally was a Special Agent of the Federal Bureau of Investigation ("FBI") for almost 25 years. His career focused on the investigation and prosecution of serious crimes including organized crime, drug trafficking, public corruption and fraud matters.

During his career with the FBI, Mr. McNally was assigned for two years as a legislative counsel by the FBI to handle issues arising with the US Congress. Mr. McNally held several senior positions within the FBI and was the head of the FBI's Los Angeles Office at the time of his departure. During the period 1993 through 1999, he was cited on numerous occasions for exceptional leadership and meritorious performance by the director of the FBI, Attorney General, and President of the United States.

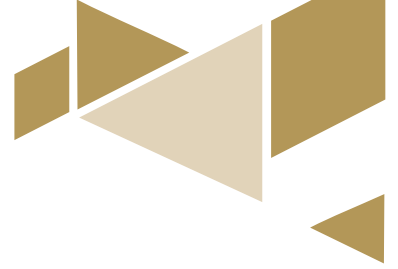
Mr. McNally is a member of the Asian Society of Southern California, the National Executive Institute and the Society of Former Special Agents of the FBI. He is a graduate of the University of Wisconsin-Eau Claire, receiving a Bachelor's degree in Political Science in 1969. He received a Juris Doctorate (JD) degree from Marquette University Law School in 1973 and was admitted to the State Bar of Wisconsin.

Tan Sri Dr Chen Lip Keong

Founder, Controlling Shareholder and Chief Executive Officer

Tan Sri Dr Chen Lip Keong ("TSCLK"), aged 70, is an executive director, the founder, controlling shareholder, Chief Executive Officer, and a member of the Remuneration Committee, the Nomination Committee and the AML Oversight Committee of the Company. TSCLK is also a director of NagaJet Management Limited, TanSriChen (Citywalk) Inc., Tan Sri Chen Inc. (T S C I) and TanSriChen Inc., wholly-owned subsidiaries of the Company; the commercial director of Primorsky Entertainment Resorts City LLC, a wholly-owned subsidiary of the Company, and a director of Fourth Star Finance Corp. which is a substantial shareholder of the Company. Mr. Chen Yiy Fon and Mr. Chen Yepern, executive directors of the Company, are the sons of TSCLK.

TSCLK has many years of entrepreneurial, business and managerial experiences and in Malaysia, is currently the controlling shareholder of Karambunai Corp Bhd ("KCB"), FACB Industries Incorporated Berhad ("FACBI") and Petaling Tin Berhad, all of which are listed on the Bursa Malaysia Securities Berhad.



Philip Lee Wai Tuck

Executive Director

Philip Lee Wai Tuck, aged 55, is a qualified Certified Public Accountant. Mr. Lee has experience in various industries before joining the Group in 2009. He has previously worked in or held directorships in various companies listed on the Bursa Malaysia Securities Berhad. Mr. Lee took on senior management positions in financial and management functions with wide experience in accounting, finance, treasury and corporate finance. He was the Chief Financial Officer of the Company and is presently an Executive Deputy Chairman of the Company and a director of several of the Company's wholly-owned subsidiaries, namely NagaCorp (HK) Limited, NAGAWORLD LIMITED, Naga Sports Limited, Naga Travel Limited, Naga Retail Limited, Naga Entertainment Limited, Naga Services Limited, Naga Media Limited, Naga Management Limited, NagaJet Management Limited, NagaWorld (Macau) Limitada, Naga Russia Limited, Naga Russia One Limited, Naga Hotels Russia Limited, Golden Passage Destinations Co., Ltd. (formerly known as NagaWorld Travel Limited), NagaWorld Three Limited, Ariston Sdn. Bhd., Neptune Orient Sdn. Bhd., Ariston (Cambodia) Limited and Naga Lease Limited. He also acts as the general director of Primorsky Entertainment Resorts City LLC, a wholly-owned subsidiary of the Company.

Mr. Lee is a member of the Malaysian Institute of Certified Public Accountants (MICPA), Malaysian Institute of Accountants (MIA) and CPA Australia.

Chen Yiy Fon

Executive Director

Chen Yiy Fon, aged 36, was appointed as an executive director of the Company on 1 June 2015. He is also a member of the AML Oversight Committee of the Company. Mr. Chen graduated with a Bachelor of Arts Degree in Economics from the University of Southern California, Los Angeles in 2003. In 2003, he interned at Morgan Stanley, Los Angeles, California and in 2004 he interned at Credit Suisse First Boston, Singapore.

Mr. Chen was a non-executive director of the Company from May 2009 to February 2011 and is currently a director of several wholly-owned subsidiaries of the Company, and a director of Fourth Star Finance Corp. which is a substantial shareholder of the Company.

Mr. Chen is also the chief executive officer and executive director of KCB and Petaling Tin Berhad. He also serves as an executive director of FACBI. All these three companies are listed on the Bursa Malaysia Securities Berhad and controlled by Tan Sri Dr Chen Lip Keong, an executive director and controlling shareholder of the Company.

He is a son of Tan Sri Dr Chen Lip Keong, the Chief Executive Officer, founder and the controlling shareholder of the Company; and an elder brother of Mr. Chen Yepern, an executive director of the Company.



Directors' Profile

(As at 15 March 2018)

Chen Yepern

Executive Director

Chen Yepern, aged 34, was appointed as an executive director of the Company on 14 February 2011. He is also a member of the Remuneration Committee, the Nomination Committee and the AML Oversight Committee of the Company. Mr. Chen graduated with a Bachelor of Science degree in Finance from the California State University, Northridge in 2009 and subsequently worked at Caesar's Palace in 2010.

Mr. Chen is currently a director of several wholly-owned subsidiaries of the Company, namely NagaCorp (HK) Limited, NAGAWORLD LIMITED, Naga Sports Limited, Naga Travel Limited, Naga Retail Limited, Naga Entertainment Limited, Naga Services Limited, Naga Media Limited, Naga Management Limited, NagaJet Management Limited, Naga Russia Limited, Naga Russia One Limited, Naga Hotels Russia Limited, Golden Passage Destinations Co., Ltd. (formerly known as NagaWorld Travel Limited), NagaWorld Three Limited, NagaWorld (Macau) Limitada, Ariston Sdn. Bhd., Neptune Orient Sdn. Bhd., Ariston (Cambodia) Limited, Naga Lease Limited, TanSriChen (Citywalk) Inc., TanSriChen Inc. and Talent Tree Manpower Solutions Co., Ltd. He also acts as the general director and legal representative of Naga Services Company Limited and the general director of Primorsky Entertainment Resorts City No.2 LLC, both are wholly-owned subsidiaries of the Company. Mr. Chen is a son of Tan Sri Dr Chen Lip Keong, the Chief Executive Officer, founder and controlling shareholder of the Company; and the younger brother of Mr. Chen Yiy Fon, an executive director of the Company.

Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir

Independent Non-executive Director

Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, aged 78, has been an independent non-executive director of the Company since 17 September 2007. He is also the chairman of the Remuneration Committee and the Nomination Committee of the Company, and a member of the Audit Committee of the Company. Tan Sri Kadir is a Barrister-At-Law of Lincoln's Inn, London. He was a practicing lawyer at Hisham, Sobri & Kadir and Kadir, Khoo & Aminah and a prominent politician in Malaysia and has served the Federal Government of Malaysia for more than 30 years. His involvement in the Malaysia Federal Government service began in 1970 where he held the position of Political Secretary, Parliamentary Secretary, Deputy Minister and Minister in various ministries. He was holding the position of Minister of Information prior to his resignation from the Cabinet in 2006. Prior to that, he was the Minister of Culture, Arts and Tourism from 1999 to 2004 where he was also the chairman of Malaysia Tourism Promotion Board.



Lim Mun Kee

Independent Non-executive Director

Lim Mun Kee, aged 51, has been an independent non-executive director of the Company since 17 September 2007. Mr. Lim is the chairman of the Audit Committee, and a member of the Remuneration Committee and the Nomination Committee of the Company.

Mr. Lim is a Chartered Accountant registered with the Malaysian Institute of Accountants and also a member of the Malaysian Institute of Certified Public Accountants since year 1997.

Mr. Lim started his career with KPMG Peat Marwick, Malaysia in 1989. He has more than 20 years of valuable experiences gained through his working career in various fields including auditing, financial, corporate and management level. Currently, Mr. Lim is also managing his own business in Malaysia.

Mr. Lim is also an independent non-executive director of Petaling Tin Berhad, FACBI and KCB, all of which are listed on the Bursa Malaysia Securities Berhad and controlled by Tan Sri Dr Chen Lip Keong, an executive director and a controlling shareholder of the Company.

Michael Lai Kai Jin

Independent Non-executive Director

Michael Lai Kai Jin, aged 48, was a non-executive director of the Company from 31 May 2010 to 5 April 2011 and was redesignated as independent non-executive director of the Company on 6 April 2011. He is also a member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the AML Oversight Committee of the Company. Mr. Lai graduated from the National University of Singapore with a LL.B (Hons) Degree in 1994 and was called to the Singapore Bar the following year. He was formerly a partner of Messrs. KhattarWong, one of the largest law firms in Singapore with offices in Singapore, Shanghai, Hanoi and Ho Chi Minh. Mr. Lai's practice focused on marine and admiralty law and has handled numerous legal disputes in the area of international trade and transport. Mr. Lai was formerly the chairman of the Advisory Body Legal Matters, FIATA and the Legal Counsel for the Singapore Logistics Association.

Mr. Lai is currently the Group General Counsel for Ezra Holdings Limited, an integrated offshore support provider for the oil and gas industry which executes a full spectrum of life of field engineering, construction, marine and production services throughout the world.

Mr. Lai is an independent director of Interlink Petroleum Ltd, the securities of which are listed on the Mumbai Stock Exchange. He is also an independent director of Select Group Ltd which has been delisted from the Singapore Stock Exchange on 6 September 2016.







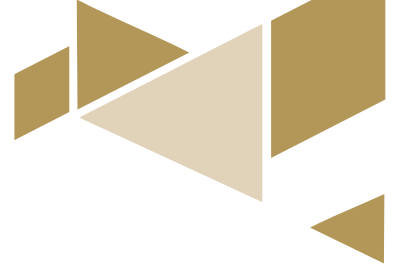
Sustainability Report

Since commencing operations in 1995, NagaCorp has been committed to creating long-term value for all our stakeholders. We strive to be a good corporate citizen by carrying out business in a socially responsible way, taking a long-term view and contributing to making the world a better place for our customers, employees, suppliers, government and the wider community in which we operate. In 2017, NagaCorp continued to achieve growth by carrying out practical actions in line with our sustainable business strategy.

This report covering the Year is prepared in accordance with the requirements of the Environmental, Social and Governance (“ESG”) Reporting Guide in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The table below summarises the ESG issues determined to be material to the operations of the Group, in accordance with the “comply or explain” provisions. NagaCorp has complied with the “comply or explain” provisions set out in the ESG Reporting Guide during the Year. This report provides an overview of the management approach of NagaCorp and its ESG performance principally relating to the policies, initiatives and performance of our flagship NagaWorld hotel and entertainment complex in Phnom Penh, Cambodia. Our reporting scope has included Naga2 since its soft-opening in November 2017.

ESG Aspects	Sustainability Report		Pages
A	Environmental		
A1	Emissions	Energy and Greenhouse Gases, Waste Management	30-33, 36-37
A2	Use of Resources	Energy and Greenhouse Gases, Water Usage, Waste Management	30-33, 34-35, 36-37
A3	The Environment and Natural Resources	Air Quality, Waste Management	35, 36-37
B	Social		
B1	Employment	Employees	37-44
B2	Health and Safety	Occupational Safety and Health Administration	44-45
B3	Development and Training	Employee Development	41-43
B4	Labour Standards	Employees	37-44
B5	Supply Chain Management	Supply Chain Management	45
B6	Product Responsibility	Product Responsibility	45-48
B7	Anti-corruption	Anti-corruption	48-49
B8	Community Investment	Community Relations	50-57

This report has been reviewed by the Board of NagaCorp.



Environmental Responsibility

NagaCorp has always sought to operate in a responsible, transparent and sustainable way. We aim to operate in a way that satisfies today's needs without compromising the needs of future generations. Practically, this means aiming to minimise our impact on the environment by using resources efficiently.

In 2016, our flagship property NagaWorld was certified by ASEAN Tourism Forum and recognised as an ASEAN Green Hotel. The ASEAN Green Hotel Standard is an initiative to recognise efforts in the tourism industry to ensure sustainable tourism through the adoption of environmentally-friendly and energy conservation practices.



Education and Awareness

NagaCorp is committed to being a responsible and proactive member of the community. Our goal is to share information about sustainable options with people, as we believe knowledge leads to positive change. We provide training to our employees and encourage them to contribute their ideas for the improvement of our overall sustainability efforts. For example, each year we participate in Earth Hour, where we shut off the external lights in our property for an hour in March. To enhance effectiveness of our awareness campaigns, NagaWorld has introduced city clean-up days when we gather volunteers from the employees to clean up the streets around our facilities and collect rubbish within the vicinity of Phnom Penh. Further details on our Community Relations program can be found on pages 50 to 57.



Sustainability Report

Energy and Greenhouse Gases

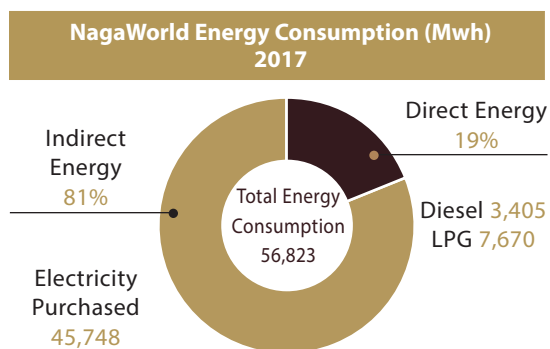
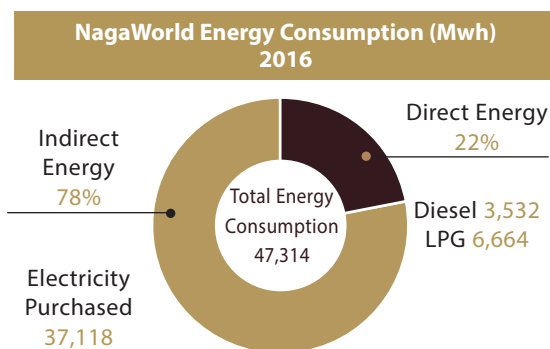
Our goal is to reduce energy consumption without compromising customer satisfaction and operational efficiency. We have implemented a range of projects to monitor and reduce energy consumption and greenhouse gas (“GHG”) emissions. The principal emission of concern is carbon dioxide (“CO₂”), but energy usage also produces other gases like hydrocarbons, carbon monoxide, nitrogen oxides, sulphur dioxide and particulate matter.

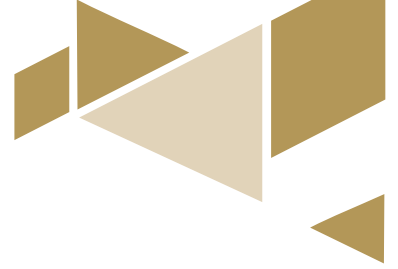
NagaWorld is compliant with the relevant Cambodian laws and regulations on environmental protection. An energy audit based on the American Society of Heating, Refrigerating and Air-Conditioning Engineers (“ASHRAE”) walk through audit – level 1 and 2 was first completed in March 2015 and has since been performed monthly in order to identify opportunities for energy savings.

Energy usage

Energy usage is the major source GHG emissions. Historically NagaWorld has operated using diesel electric generators. However, NagaWorld was connected to the Phnom Penh city electricity grid in October 2015. The supplier sources its electricity from a mix of hydropower, coal, fuel oil and biomass. Diesel electric generators now provide back-up only. This has reduced energy consumption and GHG emissions significantly.

A number of energy saving initiatives have been introduced. The main program being implemented is an “ongoing re-commissioning” system which consists of optimization of our consumption through monitoring and benchmarking of energy consumption on a daily basis. Irregularities are studied in order to determine causes and develop solutions. We have also incorporated energy saving criteria into purchasing policy. As a result of this, the most efficient products are preferred whenever it is feasible to do so.

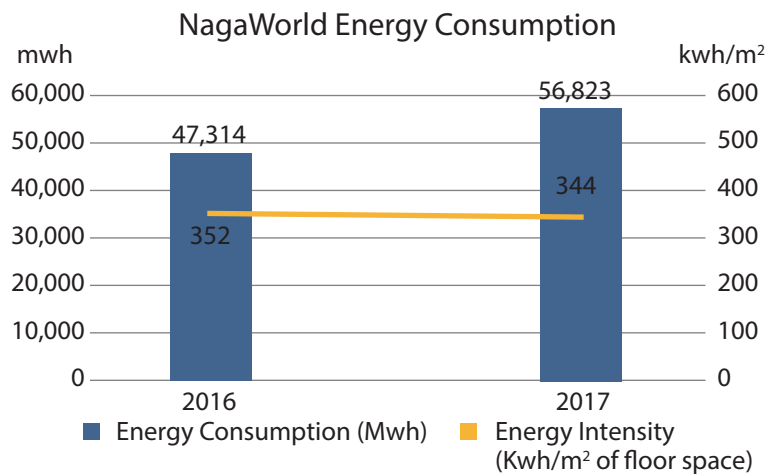




NagaCity Walk opened in August 2016. In November 2017 we “soft-opened” our phase two expansion Naga2. This doubled capacity and significantly increased total floor space. Consequently, total energy consumption has increased significantly.

However, many mechanical and engineering systems in Naga2 are more efficient than Naga1. For example, the hot water system in Naga2 is a centralized heat pump system,

which has lower energy consumption than the individual hot water tank system in Naga1. Naga2 also has a water-cooled centralized air-conditioning system, which is more efficient than the combination water-cooled/air-cooled/variable refrigerant volume/split-unit systems in use in Naga1. Similarly Naga2 substantially uses LED lights while Naga1 has a combination of incandescence/LED/fluorescence lights.



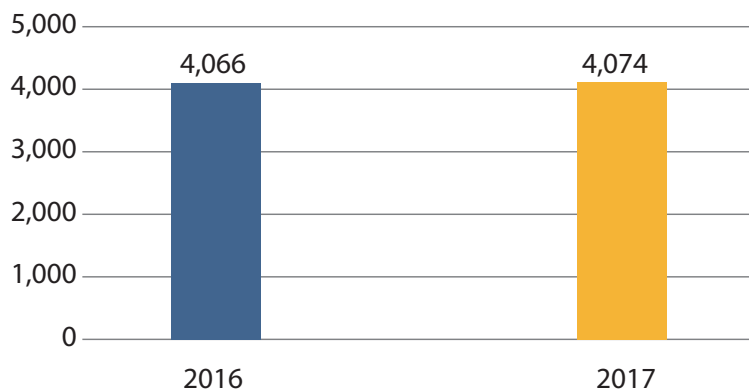
Sustainability Report

Emissions

We are seeking to reduce both direct and indirect emissions. Direct emissions are the result of our activities, including facilities and vehicles. We are working diligently to minimize the CO₂ released by implementing carbon alternative projects, following ISO 14064-1 guidelines for measurement and reporting.

Indirect emissions are those produced outside of our immediate operations; and include purchased electricity, transportation of guests, goods and materials, and methane gas from landfill. To reduce indirect emissions, we attempt to source domestic products whenever available and to work closely with our suppliers to develop local supply chains and reduce waste.

NagaWorld Total GHG Emissions
(tonnes of CO₂ equivalent)





Direct energy consumption of gaseous fuels by NagaWorld					
	Fuel consumed	CO₂ emissions (kg)	NO_x emissions (kg)	SO_x emissions (kg)	PM emissions (kg)
2017					
Hot water boilers and backup generators – diesel	309,523L	809,094	2,717	374	211
Kitchens – LPG	563,964kg	1,701,479	104	–	–
Vehicles – diesel, petrol, kerosene	617,105L	1,529,049	3,249	333	135
Total		4,039,622	6,070	707	346
2016					
Hot water boilers and backup generators – diesel	321,126L	839,424	3,431	422	262
Kitchens – LPG	489,960kg	1,478,209	91	–	–
Vehicles – diesel, petrol, kerosene	689,980L	1,710,708	3,692	375	156
Total		4,028,341	7,214	797	418

Note: NagaCorp estimates based on emission factors sourced from the Stock Exchange's ESG Reporting Guide and manufacturer specifications

In addition to energy consumption at the property, NagaWorld operates a fleet of vehicles for moving guests and staff between the airport, our buildings and city attractions.

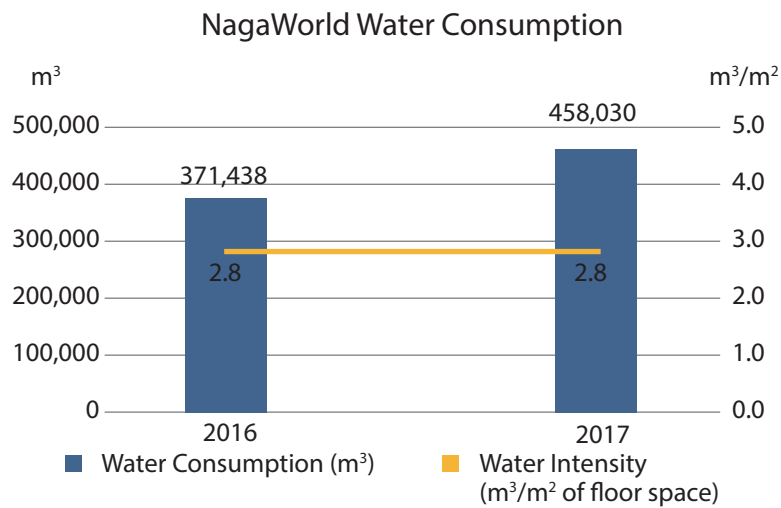
Sustainability Report

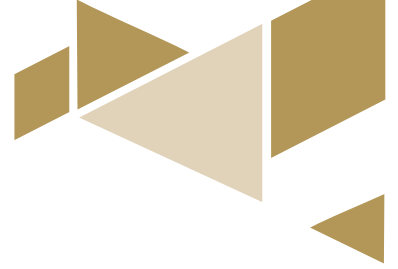
Water Usage

All water at NagaWorld is provided by the Phnom Penh Water Supply Authority to World Health Authority Drinking Water Standards. We had no issue in sourcing water that is fit for purpose during the Year. NagaWorld is in compliance with the relevant Cambodian rules and regulations in relation to water management. Bottled drinking water provided to our customers is also sourced from Cambodia.

We are committed to using water in a responsible manner and have developed strategies to reduce our water consumption by applying mechanical systems and rethinking processes, with water consumption monitored and benchmarked on a monthly basis. An ongoing program is designed to increase the efficiency of the air conditioning and ventilation systems, which will further reduce the amount of water consumed.

We are also educating our customers and our employees on the importance of saving water and providing information about how they may contribute, both at work and at home.





NagaCity Walk opened in August 2016. In November 2017 we “soft-opened” our phase two expansion Naga2. Consequently, total water consumption is expected to increase significantly. However Naga2 does introduce advances in water saving technology. These include sensor taps in public bathrooms and a more efficient cooling system.

Air Quality

NagaWorld is in compliance with the relevant Cambodian rules and regulations in relation to air pollution and is actively working to provide good air quality within the company premises. Furthermore, at NagaWorld, we encourage our employees to bring in their own plants to participate in making the office green.

Air quality is taken very seriously at NagaWorld, not least because smoking is permitted in many areas of the property. Regular monitoring is carried out in accordance with ASHRAE standards in order to ensure a safe and comfortable environment for our employees and customers. This includes a monthly Indoor Air Quality test to identify any potential issues, based on a range of key indicators including temperature, relative humidity, CO₂, carbon monoxide, light and sound. All readings during 2017 were within permitted levels.

For GHG emissions please refer to Energy and Greenhouse Gases section on pages 30 to 33.

Sustainability Report

Waste Management

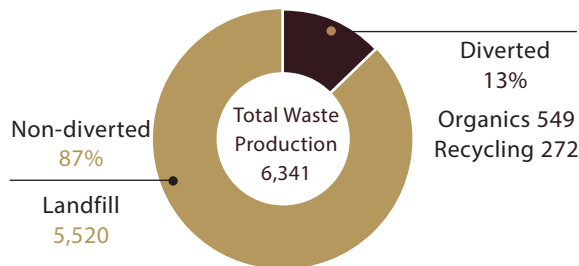
NagaWorld is in compliance with the relevant Cambodian rules and regulations in relation to waste management. Beyond this, NagaWorld has embraced the “3R” strategy in our waste management: Reduce, Reuse and Recycle. The aim is to reduce the amount of waste produced which will eventually end in landfill.

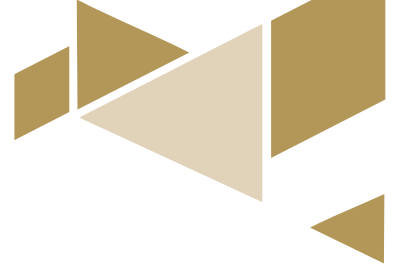
Our Sustainability Policy encourages the use of goods with low negative impact on the environment and humans, and to emphasize life cycle thinking into every business decision made. With these policies in place, we aim to minimize our consumption and reduce waste without impacting customers.

At present, diverted waste produced at NagaWorld falls into the following major categories:

1. Recycling – shredded card, carton boxes and plastic bottles are taken by a contractor for recycling.
2. Organics – used cooking oil is taken by a contractor for recycling/reuse; restaurant and kitchen wet waste is taken by a local farmer of which about a third is usable for animal feed.

NagaWorld Waste Management (tonnes) 2017





Currently all other materials are non-diverted and taken to landfill by a contractor. However, Naga2 will provide more back of house space for waste diversion initiatives in the future.

An example of such an initiative is our partnership with Indochina Starfish Foundation (ISF), a humanitarian and environmental non-profit organization which works to recycle hotel soap bars. The aim is to address health and hygiene issues in underserved communities while reducing waste generated by the organization. In 2017, 373 kilogrammes of soap bars were sanitized and then donated to a local non-governmental organization (“NGO”), for distribution to families and children in Phnom Penh.

As a service business, we do not produce material quantities of hazardous waste nor produce a finished product that requires packaging materials.

Social Responsibility

NagaCorp has contributed positively to the development of the economy and the community of Cambodia for over 20 years. At NagaCorp, corporate social responsibility is more than addressing community welfare. It is about developing a sustainable business strategy and conducting business with a conscience and a longer term view – caring for the Company, Shareholders, employees, customers, public, environment and all stakeholders, including the host country.

Employees

Our talented and dedicated employees are the heart of our success. As an employer of choice in Cambodia, NagaCorp offers job security and invests heavily in providing basic skills training and a structured professional development program to groom its people.



Sustainability Report

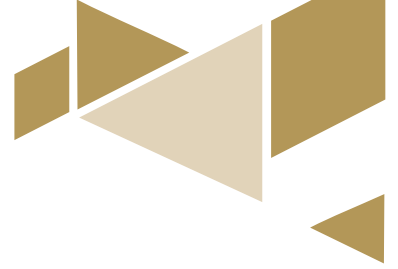
In Cambodia, employer-employee relations are governed by a collection of legal authorities, including: the Constitution of the Kingdom of Cambodia; the Labour Law of 1997; regulations enacted by the Royal Government (Sub-Decrees) and the Ministry of Labour (Prakas, Circulars, and Notices); collective bargaining agreements; employment contracts; employers' internal regulations; and awards of the Arbitration Council.

Cambodian requirements are in line with international standards, and include such matters as prohibition of child and forced labour, the right of employees to organize unions and engage in collective bargaining, non-discrimination and civil and political rights. NagaCorp does not hire any underage candidates and complies with all relevant laws and regulations.

Workforce Overview

Policies and procedures have been established governing the terms of employment – compensation, dismissal, working hours and rest periods. Staff who are hired get a staff handbook and 4 days induction training which covers practical matters around fire and work safety, personal hygiene dress code, work hours, leave, payroll and performance management. Ongoing training for staff is a mix of mandatory and voluntary modules.

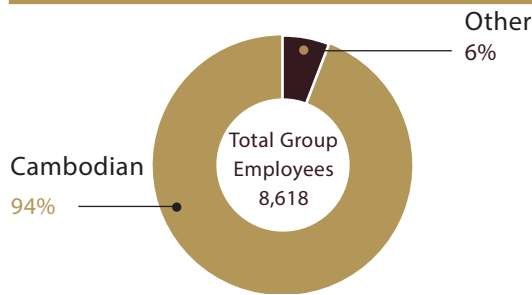
NagaCorp prides itself on providing a safe, fair and healthy workplace for all staff, with a diverse workforce and equal opportunities for all. As at 31 December 2017, the Group had a total of 8,618 employees (2016: 6,153), representing over 32 nationalities, with 99% of the employees based in Cambodia. Priority is given to developing our Cambodian workforce, which represents 94% of total employees.



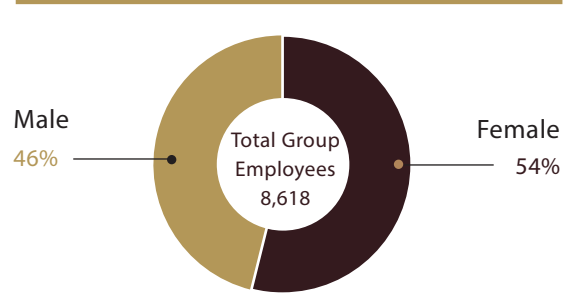
NagaWorld employees follow designated working hours, meal breaks and rest days according to a rotating shift schedule prepared by each department on the basis of three 8-hour shifts per 24-hours and six consecutive days or 48 hours per work week. They are entitled to 1.5 days of paid annual leave for every month of service rendered. In addition

to annual leave, employees are also entitled to sick leave, maternity leave, paternity leave, marriage leave, and other compassionate leaves, and all public holidays declared by the Ministry of Labour and Vocational Training, Cambodia. We also provide health insurance, an in-house medical centre and meals during work shifts.

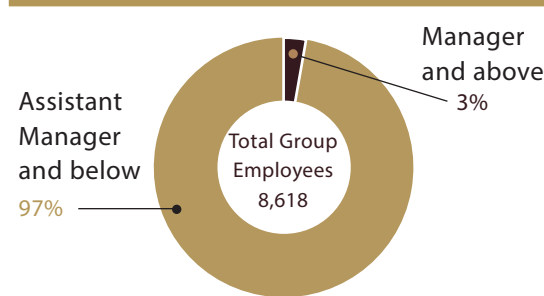
Group Employees by Nationality as at 31 December 2017



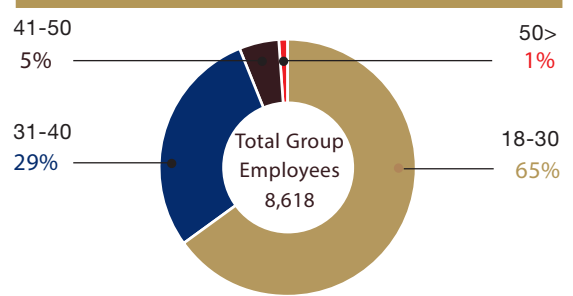
Group Employees by Gender as at 31 December 2017



Group Employees by Seniority as at 31 December 2017



Group Employees by Age Group as at 31 December 2017



Sustainability Report

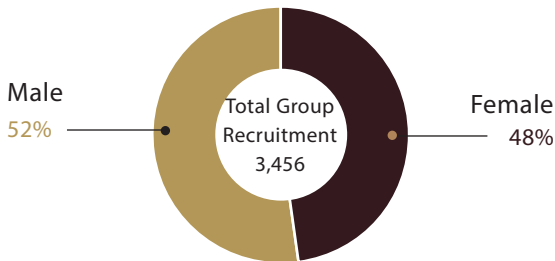
Attracting Talent

The ability to attract the right talent is crucial to our growth strategy. All positions are sourced and recruited through a competency-based assessment strategy. NagaCorp is also actively expanding its talent acquisition strategy by using social media platforms and other innovative platforms to reach out to both local and global communities.

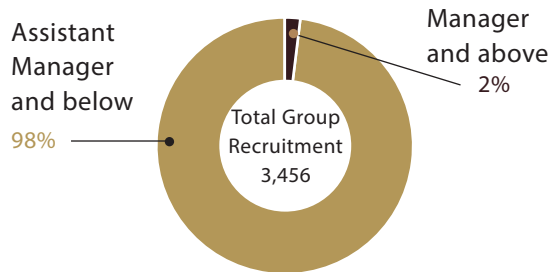
Job applicants must be at least 18 years of age, be able to speak basic English, deemed medically 'fit for work' and not have any criminal record. NagaCorp is committed to ensuring equal employment opportunity to all qualified

individuals. We do not discriminate on the basis of union membership, gender, age, marital status, ethnicity, sexual-orientation or religion. NagaCorp has a policy of zero child or forced labour. Prior to appointment, all selected candidates are required to go through a two level identity verification process which requires the submission and verification of either two of the official national identity documents, the National ID Card, Birth Certificate, Family Book or Passport. Candidates are then required to obtain official medical and criminal record clearance from the Ministry of Labour and Ministry of Justice respectively to ensure legal employment of all new hires.

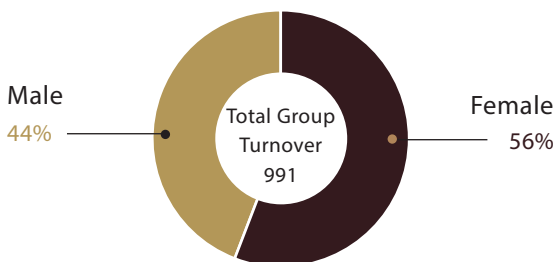
Group Recruitment by Gender in 2017



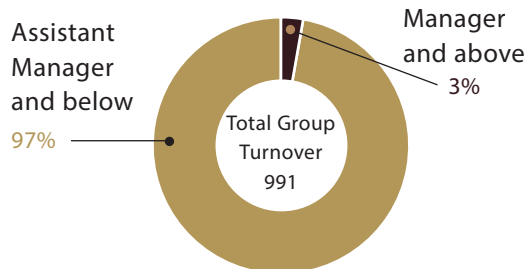
Group Recruitment by Seniority in 2017



Group Staff Turnover by Gender in 2017



Group Staff Turnover by Seniority in 2017





In 2017, we hired 3,456 employees (2016: 1,095) while 991 exited (2016: 660). In November 2017 we “soft-opened” our phase two expansion Naga2. Consequently we conducted large scale recruitment drives in 2017; holding 192 events in Phnom Penh and the provinces which resulted in almost 14,000 applications.

Employee Development

The Group supports a fair, transparent and high performance culture through its Group Human Resources (“GHR”) department, where it aims to: (i) deliver superior business results through our people and its programs; and (ii) be a strategic business partner with all operations.

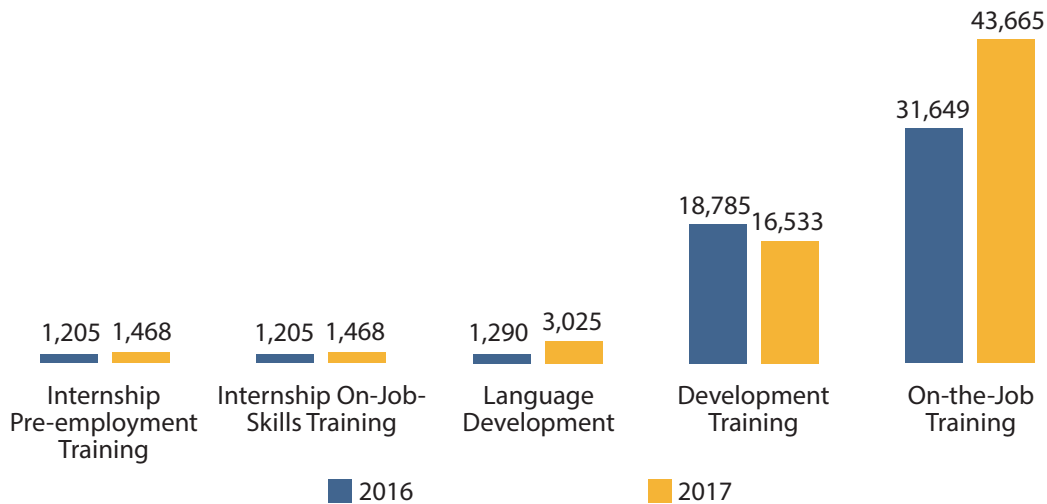
NagaCorp is committed to developing our employees and advancing their careers by providing suitable training opportunities. In the second quarter of 2017, the training and development section of GHR was restructured to gear up for the massive training effort required to prepare the workforce for the opening of Naga2. A Learning and Development (“L&D”) section was established to oversee and develop training frameworks and courses, whilst also manage the day to day operations of Naga Academy. L&D aims to pursue strategic human resources development through a five-pronged competency development framework to achieve organisational excellence.



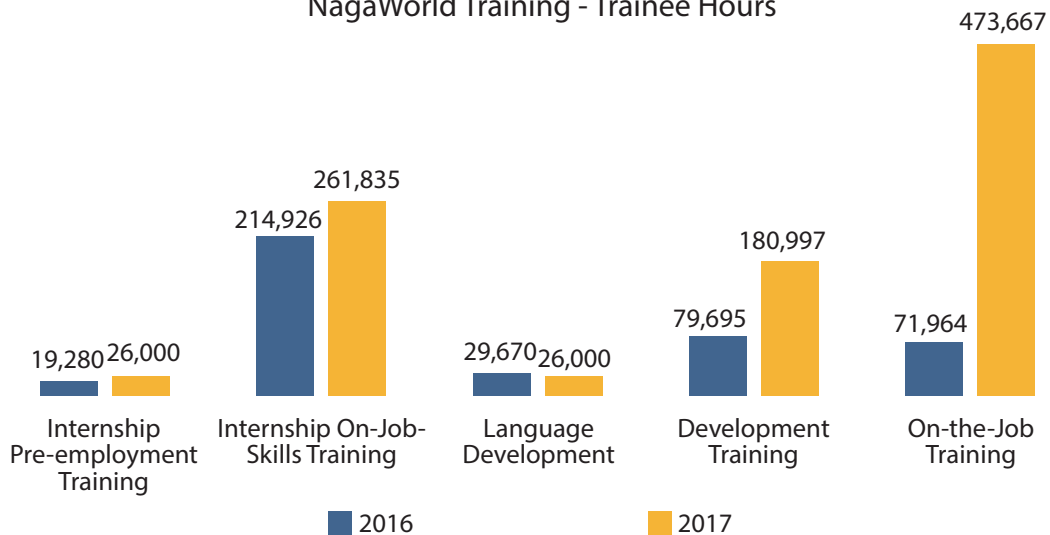
Sustainability Report

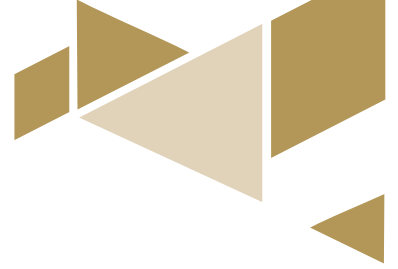
In 2017 training was focused on preparing for the opening of Naga2. NagaWorld recorded 66,159 trainee attendances for a total of 968,499 training hours.

NagaWorld Training - Participants



NagaWorld Training - Trainee Hours





The Group continued its commitment to develop local talent through a succession plan that focuses on “locals first”. In 2017, 1,002 local staff were promoted to supervisory and junior management positions as compared to 337 in 2016. We also encourage employees to participate in sports, community and social events. Please refer to the Community Relations section on pages 50 to 57 for more information in this regard.

Compensation and Benefits

The Group is committed to providing competitive compensation and benefits to all employees. Our programs take into account education and technical qualifications, experience and degree of responsibility relevant to the job. We regularly benchmark against local, regional and global industry standards. The standard compensation and benefits package for employees includes basic salary, meal allowances, health cover and where applicable, pension contributions. In addition to annual salary increments and discretionary performance bonus programs, we also recognise long serving employees with long service awards.

Nurturing and providing support to employees is crucial to business performance and priorities. In addition to measuring key performance indicators and competencies, the performance management program emphasises identifying growth areas for mentoring and training to enable career progression. Efforts are being made to ensure that talent is nurtured for potential opportunities arising from our growth strategy.

Employee Relations

Positive employee engagement is our first priority, as our business model dictates that “happy employees” lead to “happy customers”. We welcome feedback and constructive suggestions from employees at all times. We reach out every day to staff to work more collaboratively and continue to improve working relationships.

The employee handbook contains information on the process and various avenues to raise grievances, including management hierarchy, GHR reps, a locked anonymous box, shop stewards, and union representatives. We offer our employees career counselling and conflict resolution when required with the aim to find positive solutions. We also continue to develop and implement programs to promote team building.



Sustainability Report

Shop Stewards are elected by the employees to represent them for a two-year mandate. The Shop Stewards meet to discuss issues relating to the employees. The representatives are grouped into four Sub-Committees: (i) Health and Safety; (ii) Working Conditions; (iii) Welfare; and (iv) Internal Rules. GHR representatives on the Shop Stewards Committees support them at all times.

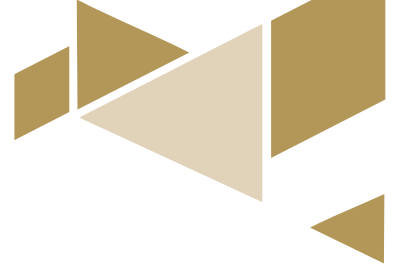
The election for 2016-2018 was held in July 2016. As at 31 December 2017, 60 elected official shop stewards and 34 elected assistant shop stewards represented staff at NagaWorld. The next election will be held in July 2018. Since introduction, the Shop Steward structure has improved relations and communication between employees and NagaWorld significantly. In 2017, NagaWorld conducted 15 Shop Steward Conferences and two ad hoc Shop Steward meetings, as well as regular departmental meetings and sharing sessions.

In addition, all employees are free to join a trade union and two unions were active at NagaWorld during 2017. The Company conducted two meetings with the unions in 2017.

Occupational Safety and Health Administration

NagaWorld is committed to providing a healthy, hazard free and safe working environment for all its employees, guests, visitors, suppliers and contractors. To achieve an injury-free workplace, we have implemented a systematic approach to the identification and assessment of risks and the allocation of financial and physical resources to manage those risks. We maintain an effective system of communication on Health and Safety, and continuously review and audit our safety performance so as to learn from our past experiences. NagaWorld is in compliance with all relevant laws and regulations on occupational health and safety.

An Occupational Safety and Health Administration (“OSHA”) department was established in 2017. NagaWorld is now in the process of reviewing all policies and implementing a standard set of occupational health and safety policies in pursuance with the relevant actions stipulated by the International Labour Organization. Each manager is accountable for achievement of OSHA objectives. An OSHA Committee, consisting of representatives from key departments, meets regularly. Each OSHA Committee member is committed to ensure their work area is safe. Training on awareness is provided to all employees and continuous monitoring on a day to day activity of safety standards is maintained.



In 2017, the Fire Safety Department and the GHR department launched a safety awareness campaign for staff and their children addressing major concerns in safety such as: fire safety, work safety and road safety.

Supply Chain Management

Our suppliers are our business partners and we aim to maintain a long term partnership with them to continuously improve the quality of products and services. NagaWorld has a policy of prioritising local suppliers whenever possible, without compromising on quality, value and support. The Cambodian supply chain continues to improve based on fundamentals of mutual trust, co-operation and awareness. In 2017 around 87% of our 132 frequent suppliers were Cambodian. NagaWorld has been building an engagement program with local suppliers in the primary areas of food safety and hygiene.

The Purchasing Department has developed a Sustainability Policy that encourages the integration of environmental and safety policy into the procurement process. Product certification is required from international standards organizations and review minimizes the chance of negative environmental impacts. Suppliers are selected based on competency with background and reference checks. Registered suppliers are monitored on an ongoing basis and random site visits performed regularly.

Our Environmentally Preferred Purchasing program preferences: (a) sourcing products that have a lesser or reduced effect on human health and the environment when compared with competing products that serve the same purpose; (b) products that are environmentally friendly (which meet quality and value criteria).

Product responsibility

Policies and standards are in place to ensure that all our products and services meet quality standards. NagaWorld is in compliance with all relevant laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided. We also seek to continuously improve our standards.

Food Safety

Our primary objective is to ensure that we always serve food prepared to the highest standards and use the best quality products and ingredients. NagaWorld abides by local and international laws and regulations to ensure that the food we serve complies with food safety standards.

To ensure best practices, NagaWorld has developed a common minimum operating standard and set of behaviours which is practiced at every kitchen and restaurant we operate. These are based on sound scientific principles, regulatory requirements and industry best practices. NagaWorld aims to set the benchmark as one of the leading hotels in Cambodia through its food safety and hygiene system.

Sustainability Report

NagaWorld regularly measures compliance against these standards and implements performance objectives to assure our customers that the food we provide is safe to eat whilst meeting their quality expectations. In order to achieve this, we provide all employees with the latest information on food safety, training and tools necessary to do their job systematically and with good hygiene practices.

The Ministry of Health Cambodia conducts regular audits of food and beverage outlets and issue certificates to recommend the cleanliness and hygiene of each outlet. All of our restaurants in Naga1 are certified with an "A" rating that recognise the highest hygiene and cleanliness level. For Naga2, we expect certification early in 2018.



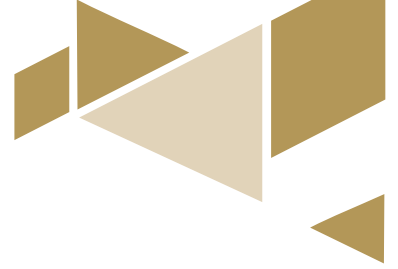
Guest engagement

In addition to policies and procedures to ensure high service standards, we provide a variety of channels for customers to provide feedback on their experience.

Fire Safety

The safety of our guests and staff is paramount and essential at all times. Since 2012, NagaWorld's in-house Fire Safety Department (the "FSD") has promoted professional standards through further education and training of our fire fighters. All FSD staff have completed and passed the NFPA 1001 International Standard Training (The National Fire Protection Association Standard 1001 – Fire Fighter Professional Qualification). All fire fighters are also trained by the Cambodian Red Cross in First-Aid to ensure 24-hour assistance and support for any kind of emergency.

NagaWorld's efforts to drive high standards, recruit competent leaders and provide further education and training of its fire safety, medical and emergency response team allows FSD to protect and serve NagaWorld and its guests. As at 31 December 2017, the FSD comprised 64 fire-fighters, with a minimum of 15 FSD officers on duty 24 hours a day, seven days a week.



The FSD is managed by a team of fire safety professionals who have accumulated international education, experience and certification in different fields of fire emergency response and management. Further training in 2017 for team leaders included advanced fire fighting by the world's leading provider of industrial fire and rescue services for high-risk industries and airports.

In 2017, NagaWorld staff completed programs and activities implemented by the FSD such as fire induction training and fire and evacuation drills. The FSD believes that safety is everyone's responsibility and is committed in cultivating a safety culture in the organisation. Working together, FSD and the GHR department

launched a safety awareness campaign addressing major concerns in safety.

The FSD places highest priority on strengthening the capability of the fire safety team by continuously developing advanced training programs. In December 2017, construction of a live fire training facility commenced. This facility was created to conduct live fire training drills where the training instructors purposely set structures on fire to give fire-fighters opportunities to develop skills of thinking critically and clearly under extreme stress. The overall objective of this behavioural training is to instil good practice in the team through repeated exposure.

Sustainability Report



Apart from ensuring safety of the organization, the FSD is also highly involved in corporate social responsibility initiatives of NagaWorld, and is the major proponent for a campaign to educate the community about fire safety. In 2017, 19 schools and institutions participated in discussions and activities promoting awareness about fire safety and prevention. NagaWorld also donated fire extinguishers to these institutions.

Anti-corruption

NagaCorp is committed to maintaining high ethical standards in all of our operations and business activities. This involves each of us – employees, officers and members of the board of directors alike – fostering and maintaining NagaCorp’s reputation for integrity, honesty and transparency.

Policies and procedures in place to ensure compliance with all relevant laws and regulations with respect to anti-corruption, anti-money laundering, extortion, fraud and combatting financing of terrorism. With this in mind, NagaCorp is dedicated to a zero-tolerance policy with regard to involvement in corruption or bribery activities of any type. An anti-corruption handbook is made available to all employees.

During 2017, no legal case regarding corruption was brought against the Company or its employees.

Our Code of Conduct (the “Code”) helps to ensure that employees understand the Company’s expectations. The Code lays out the legal responsibilities and ethical tone for the expected behaviour of all employees. It explicitly prohibits employees from soliciting, accepting, or offering bribes or any other form of advantage. The Code also provides guidance for daily interactions with fellow employees, customers, vendors, government officials and business partners and outlines NagaCorp’s expectations on employees with regard to conflicts of interests and encourages employees to report any malpractice and misconduct.



In keeping with the best practices, NagaCorp has also developed and implemented an Anti-corruption Policy which reinforces the Code and provides additional guidance regarding compliance with rules and laws related to bribery and corruption. Both the Code and the Anti-corruption Policy play a critical role in defining our values and act as framework in guiding our operations and business practices. All employees are required to comply with all policies and the Code.

Please refer to the Corporate Governance section of our corporate website (www.nagacorp.com) for further details on our Code of Conduct and anti-corruption policies.

In consideration of NagaCorp's primary business as a gaming operator, which entails particular sensitivity to the risks of unsuitable associations and the need to fully comply with legal and regulatory requirements, diligence is required to avoid impropriety and the appearance of impropriety by employees engaged in business dealings. NagaCorp has developed a Compliance Programme to structure a process to review and report

on certain areas of business activities and to identify the suitability of individuals and organizations to engage in joint business endeavours with NagaCorp.

The Company has in place an AML Procedure Manual to deal with money laundering in gaming operations, details of which can be found in the Corporate Governance Report on pages 60 to 76.

NagaCorp is in compliance with best international standards and practices in dealing with anti-corruption and anti-bribery issues which include, but are not limited to, Cambodian law, the Listing Rules, the Organization for Economic Cooperation and Development, the United Nations Convention Against Corruption and the principles supporting the Foreign Corrupt Practices Act.

To the best of the directors' knowledge, information and belief, neither NagaCorp nor any of its employees is subject to any actual, pending or threatened cases regarding any corrupt practice or any allegation of corrupt practice during the Year.

Sustainability Report

Community Relations

“Since inception in 1995 until now, contributing to society, doing charity and helping nation building have always been synonymous with the way NagaCorp carries out its business in Cambodia. Through private and public sector participation programs, NagaCorp’s community, environmental and national cares encompass a wide sphere of activities from education, sports development, human resources development, promoting tourism, contributing to charitable causes, sustainability, green initiatives and benchmarking international industry best practices by adhering to global corporate governance programs.” – NagaCorp Founder, Tan Sri Datuk Dr Chen Lip Keong

In 2017 NagaWorld focused community development in three principal categories: education, youth and national sports development, and charitable causes.

Education

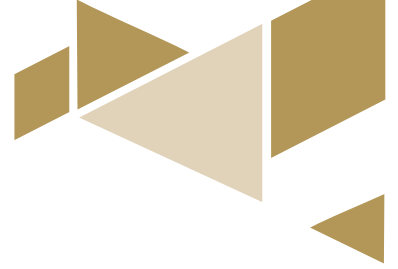
Founded in November 2012, Naga Academy’s goal is to be an effective and comprehensive apprenticeship-based hospitality training institute. Naga Academy’s Internship, Job-Skills-Development and Language Development programs for unemployed youths of Cambodia form a critical part of NagaWorld’s corporate social responsibility initiative.

Since inception, Naga Academy has had almost 2,000 graduates. The interns are sourced from partners which include local NGOs, international NGOs, universities and vocational schools. A significant percentage of graduates have been hired as permanent employees of NagaWorld, while some were given the opportunity to work with external industry partners, who are also major hospitality players in Cambodia – we endorse a “no graduate left behind” policy.

Naga Academy is a prominent partner of the Ministry of Tourism (“MOT”), to develop tourism industry skills. In 2016, Naga Academy was certified by the MOT to deliver the ASEAN Mutual Recognition Arrangement for Tourism Professionals (MRA-TP). Naga Academy is the first private sector partner of MOT to bundle MRA-TP competency units into vocational Certificates and associate Diplomas.

In 2017 the Naga Academy opened a new facility in Phnom Penh located 1.6 kilometres from NagaWorld, with a capacity for up to 500 students. The facility includes a computer lab, a 100-180 person theatre, four 60-person classrooms, four 30-person classrooms, two 15-person classrooms as well as a mock up hotel room, bar and restaurant.





In 2017, the Naga Academy focused on training recruits for the Naga2 opening. Naga Academy provided 485 interns with apprenticeship based vocational programs of three months or longer duration. This consisted of 26,000 hours of classroom training before job placements. A further 261,835 hours of on the job training was provided in various NagaWorld departments. On average each intern received 600 hours of job-skills training. Almost 50% of interns graduated and gained employment with NagaWorld in 2017.

Naga Academy aspires to be a fully accredited educational institution for Hotel and Tourism Hospitality, producing graduates for the broader tourism industry. This will strengthen NagaWorld's commitment to develop

Cambodian youths to be employable in the hospitality and tourism industry. Naga Academy will also be the key-driver to build the capacity of our own workforce to progress towards World-class standards.

Youth and National Sports Development

NagaCorp believes that participation in sports develops character, fosters teamwork and leadership and helps to revitalize the young and the disadvantaged in a sustainable way. NagaCorp continues to support Cambodian sports through partnership with the National Olympic Committee of Cambodia (the "NOCC") and also through continuing support of both grassroots and international events. NagaCorp invested approximately US\$0.5 million in sports development in 2017.





Sustainability Report

Cambodia Sports Awards 2017

This year marked the second edition of the awards where over 300 Cambodian athletes, officials and coaches as well as the Minister of Tourism gathered at NagaWorld to celebrate outstanding sports achievement of 2016.

This year we gave out nine awards to outstanding athletes including a new Legend Award to recognize past sporting heroes who had contributed and laid foundations for the current crop of athletes.

Male Athlete of Year was won by Sok Chanmean who won the Petanque World Championship while the Female Athlete of Year went to Sorn Seavmey (Taekwondo) who became the first Cambodian athlete to qualify direct for the Olympics.

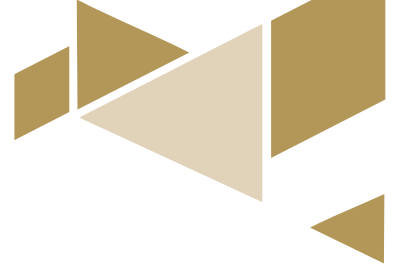
Team of Year and Coach of Year went to the Cambodia All Stars Football Team as well as their coach, Prak Sovannara who lead the team to victories over Thai powerhouses Muang Thong United and Buriram United as well as a Lao All Stars Team.

The first ever Legend award was presented to Hok Chheang Kim who was an active sportsman in his youth having represented Cambodia in several sports including Bokator, Wrestling, Basketball, Football and Track and Field. Later in life, he became a coach for Bokator and Wrestling as well as football.

Other winners on the night included, Female Para Athlete Sao Thida and Male Para Athlete Chim Phan who both achieved personal bests in regional track and field events in 2016. There was also a Special Award for Try Sotheva for achieving a Bronze Medal at the Asia Beach Games and Kong Horn for Best Picture.

29th SEA Games in Kuala Lumpur

Since 2011, NagaWorld has been a supporter of Cambodian athletes at the bi-annual South East Asia Games as well as other major events including the Asia Games and Olympic Games. In 2017 NagaWorld again provided off-field attire for the 400-strong Cambodian contingent that competed at the 29th South East Asia Games in Kuala Lumpur, Malaysia.



Besides the apparel, the NagaWorld Go For Gold Program rewards Cambodian Gold Medallists with cash incentives ranging from US\$3,000 to US\$5,000. Cambodia won gold medals in Petanque Doubles, Taekwondo and Muay competitions this year.

NagaWorld Football Club

Football is the most popular sport in Cambodia. NagaWorld Football Club is one of the founding clubs of the Cambodia Premier League, which started out in 2005, and also one of the best known clubs in the country.

In 2017, NagaWorld Football Club finished third in the Cambodia Premier League. Besides being a competitive force in the league, the team also regularly does community outreach programs together with NagaWorld Kind Hearts and participates in events which reach out to the youth to encourage sporting participation.

NagaWorld Football Club was invited by the Penang Football Association, Football Association of Singapore and the Chinese Cities League organizers to play friendly matches and competitions.



For the fourth consecutive year, NagaWorld Football Club remained a partner of RHB Bank's football program where we help organized and run the tournament. The RHB Bank Junior Cup is fast becoming an iconic tournament for primary schools students and this year, there were over 400 participants involved in the competition including a girls' category for the first time involving eight teams.

Together with NagaWorld staff, NagaWorld Football Club participated in the second edition of the One Heart Run organized by the Union of Youth Federation of Cambodia which is the largest youth movement in Cambodia. In 2017 the race raised funds for retired teachers and Kuntha Bopha children's hospital. NagaWorld had the largest contingent of participants and raised US\$2,000.

Charitable Causes

Charitable donations made by the Group during the Year totalled US\$1.5 million (2016: US\$1.3 million), all of which were donated in Cambodia. In addition, NagaWorld also donated more than 6.8 tonnes of rice, food supplies, sewing machines, towels, sarongs and reading materials to hundreds of orphans, single mothers, HIV/AIDS children and children living with a disability.



Sustainability Report

NagaWorld Kind Hearts

NagaWorld Kind Hearts is a staff volunteer program aimed at supporting schools and organizations in creating a better learning environment for underprivileged children and helping to contribute to improving local communities.

During the Year, over 600 NagaWorld staff raised almost US\$50,000 and volunteered a total of 3,166 hours of their time to help distribute stationery sets, school bags and exercise books to children, organise competitions to enhance English language and implement projects that rebuild and improve Cambodian schools. Their efforts benefited 26,767 students in 90 schools located across eight different provinces.

NagaWorld contributed to four major school improvement projects in Kampong Cham, Prey Veng and Kampong Speu provinces and helped provide new resources to school libraries with the aim of fostering a strong reading culture among Cambodian children.



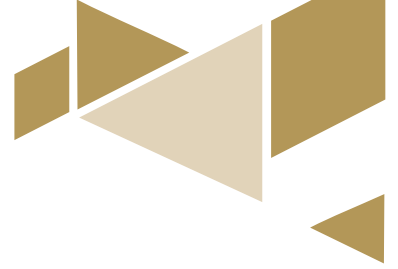
The school improvement programmes, included new painting on walls, new cementing of floors, replacing broken doors and windows, donating new school gates, classroom table and chairs, and fixing tables. We hope our small contributions go a long way in helping these Cambodian students as they strive for a better education and a bright future and help contribute positively towards the country's continued economic growth.



Painting walls at Prey Tbes Primary School



Replacing doors and windows at Hun Sen Chibal Primary School



Donation of a new school gate at Sleng Primary School



Fixing broken classroom tables and chairs at Cheasim Angkor Yous Primary School

In 2017 NagaWorld Kind Hearts organised seven “Clean Up Days” to help clean/handpick the garbage surrounding Phnom Penh and other provinces, setting a good example on the importance of living in a clean and healthy environment. NagaWorld Kind Hearts has also promoted the 3Rs campaign – Reduce, Reuse, Recycle – to help maintain a clean and safe environment, as well as collecting rubbish around many public schools and Phnom Penh public parks. This aims to create awareness on the importance of protecting the environment.

NagaWorld Kind Hearts launched a Clean School Competition in December 2017, with 30 lower secondary schools within Phnom Penh participating. The programme intends to change the mind-set and behaviour of students in regards to school cleanliness, and help ensure a positive learning environment and promote a sense of responsibility, with the hope of producing a generation of students with a culture of cleanliness. We hope these students will be responsible adults that help keep Phnom Penh clean.



Sustainability Report

NagaWorld Kind Hearts has celebrated Mother's Day for the past three years. In May 2017, NagaWorld hosted a special reception for 222 single underprivileged local mothers. Members of NagaWorld senior management and NagaWorld Kind Hearts volunteers distributed gifts to the women to help improve the living conditions of their families. The mothers were incredibly grateful for the gifts. They were also honoured with a blessing dance and a fine meal to mark a memorable day.



In December 2017, NagaWorld Kind Hearts volunteers organised a Back to School Programme, which saw 105 students in Grade 9 from four Phnom Penh secondary schools attend a special event at NagaWorld's Grand Ballroom. These students all enjoyed an amazing day, and were really excited to each receive a new school uniform, school bag, and stationery set, which brought heart-warming smiles to their faces. The gifts were intended to encourage them to pursue their studies with added enthusiasm. They were also treated to an entertaining performance from NagaWorld's dance group and a delicious buffet spread at the ballroom.



On Christmas Day, NagaWorld Kind Hearts handed out gifts of school uniforms and learning materials to orphans and underprivileged children from four different charity organisations in Phnom Penh. Under the motto “We Serve Cambodia”, the objective of the event was to encourage students to study harder with a positive attitude to help create a better future for themselves and their families.



Relationship with Cambodian Red Cross

The Cambodian Red Cross is the largest NGO in Cambodia and is officially recognized by the Cambodian Government as the primary auxiliary for humanitarian services throughout the country. Besides donating to other charitable organizations, NagaWorld has been a long-standing contributor to the Red Cross, and thereby, giving back to the community and working towards building Cambodia’s social welfare.



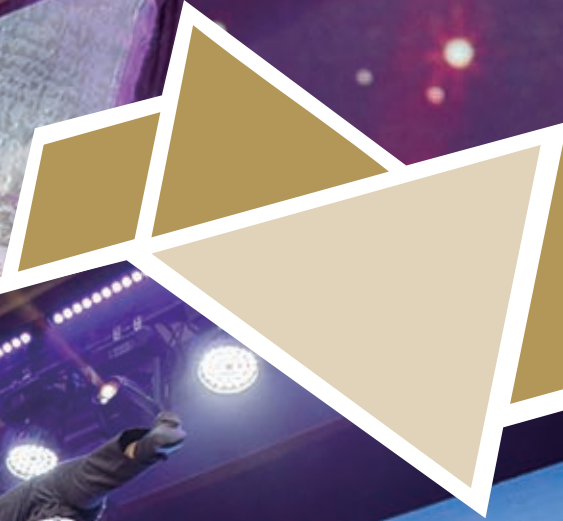


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Corporate Governance Report

The Board is committed to maintaining a high standard of corporate governance and ensuring integrity, transparency and comprehensive disclosure.

Corporate Governance Practices

In the opinion of the Company's directors (the "Directors"), having considered, amongst others, the findings of reviews and/or audits conducted by the independent professional parties (as discussed below), the Company has applied the principles of and complied with, all the applicable code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Listing Rules during the Year.

Directors' Securities Transactions

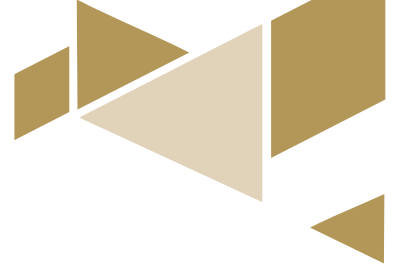
The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct of the Directors in respect of transactions in securities of the Company. Following specific enquiry by the Company of all Directors, the Company confirmed that the Directors have complied with the required standard set out in the Model Code for the Year.

The Board

The Company has a Board with a balanced composition of executive and non-executive directors to provide for leadership, control and management of the Company's business and affairs. The Board is committed to making decisions objectively in the interests of the Company.

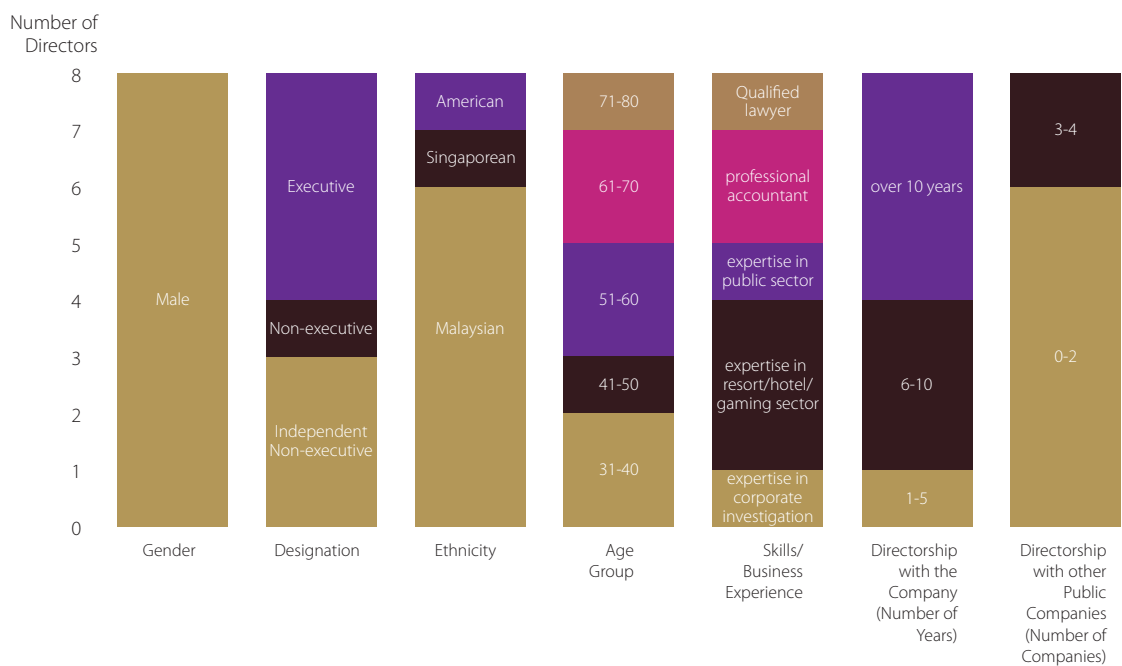
The Board currently consists of four executive Directors, namely Tan Sri Dr Chen Lip Keong (Chief Executive Officer), Mr. Philip Lee Wai Tuck, Mr. Chen Yiy Fon and Mr. Chen Yepern; one non-executive Director, namely Mr. Timothy Patrick McNally (Chairman); and three independent non-executive Directors, namely Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, Mr. Lim Mun Kee and Mr. Michael Lai Kai Jin.

The composition, structure and size of the Board are reviewed at least annually by the Nomination Committee to ensure that it has a balance of appropriate skills, experience and diversity of perspectives to meet the needs of the business of the Group.



Members of the Board have a diverse range of business, financial and professional expertise. Brief biographical details of the Directors are set out in the section headed “Directors’ Profile” in this annual report.

An analysis of the current Board composition is set out in the following chart:



Throughout the Year, the Company has complied with the requirements of the Listing Rules relating to the appointment of independent non-executive directors representing at least one-third of the Board, with at least one independent non-executive director possessing the appropriate professional qualifications, accounting or related financial management expertise. The Company has received from each of the independent non-executive Directors his latest annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all of them to be independent.

Save for the fact that Mr. Chen Yiy Fon is an elder brother of Mr. Chen Yepern, both of whom are the sons of Tan Sri Dr Chen Lip Keong, the CEO, executive Director and controlling shareholder of the Company, to the best of the Directors’ knowledge, there is no financial, business, family or other material/relevant relationship among members of the Board and between the Chairman and the CEO. All of the Directors are free to exercise their independent judgment.



Corporate Governance Report

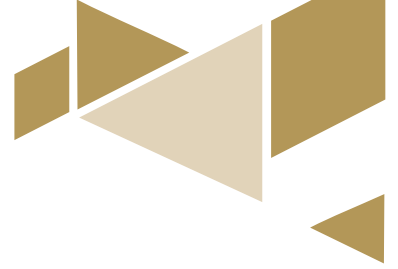
Board Process

The Board meets regularly and at least four times a year. Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notices are given. Papers for Board meetings and committee meetings together with all relevant information are normally sent to all Directors or committee members at least three working days before each meeting, enabling them to make informed decisions with adequate data.

In order to have an effective Board, Directors are provided with information on activities and developments in the Group's business on a regular and timely basis to keep them apprised of the latest developments of the Group. The Directors have full access to information on the Group and are able to seek independent professional advice when they consider necessary.

The Company Secretary is responsible for maintaining minutes of all meetings of the Board and its committees. Draft minutes are circulated to the Directors for comments within reasonable time after each meeting and the final version thereof, as approved formally by the Board or the relevant committee, is filed for record purposes. All Directors have access to the minutes of the Board and its committee meetings.

According to the current Board practice, each Director is required to make disclosure of his interests or potential conflict of interests, if any, in any proposed transactions or issues discussed by the Directors at Board meetings. The Company's articles of association (the "Articles of Association") also contain provisions requiring the Directors to abstain from voting for resolutions approving transactions in which such Directors or any of their associates have a material interest.



During the Year, five Board meetings and three general meetings were held. Details of the attendances of the Board meetings and the general meetings are set out below:

Directors	Number of Meetings Attended/Held		
	Board Meeting	Annual General Meeting	Extraordinary General Meetings
Executive Directors			
Tan Sri Dr Chen Lip Keong (<i>Chief Executive Officer</i>)	4/5	0/1	0/2
Mr. Philip Lee Wai Tuck	5/5	1/1	2/2
Mr. Chen Yiy Fon	5/5	1/1	2/2*
Mr. Chen Yepern	5/5	1/1	2/2*
Non-executive Director			
Mr. Timothy Patrick McNally (<i>Chairman</i>)	4/5	1/1	2/2*
Independent Non-executive Directors			
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji			
Sheikh Fadzir	4/5	1/1	2/2*
Mr. Lim Mun Kee	4/5	1/1	2/2
Mr. Michael Lai Kai Jin	5/5	1/1	1/2*

Note: Certain Directors (including independent non-executive Directors) did not attend the general meetings and some board meetings due to other business commitments.

* Due to other overseas commitments, Mr. Timothy Patrick McNally, Mr. Chen Yiy Fon, Mr. Chen Yepern, Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir and Mr. Michael Lai Kai Jin attended the extraordinary general meeting held on 21 July 2017 by way of telephone.

Board Diversity

The Company acknowledged that diversity was important for the effective functioning of the Board and made progress in shaping the Board for the future by adopting the Board Diversity Policy in August 2013, which ensures diversity in its broadest definition. Under the policy:

- (a) the Company recognises and embraces the benefits of having a diverse Board, and sees diversity at the Board level as an essential element in achieving a sustainable and balanced development of the Company;
- (b) all Board appointments will be based on meritocracy, and candidates will be considered against objective criteria (including, but not limited to, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service), having due regard for the benefits of diversity; and
- (c) the ultimate decision will be based on merits and contribution that the selected candidates will bring to the Board.



Corporate Governance Report

While the Board does not think specific quotas on any objective criteria are appropriate and considers that the opportunities should be made on merit, it does believe that a diverse mix of gender, age, cultural and educational background, professional experience, skills, knowledge and length of service is important.

The Chairman and the Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer are separate and assumed by different individuals to ensure a balance of power and authority, so that power is not concentrated in any one individual of the Board. The Chairman, Mr. Timothy Patrick McNally is responsible for overseeing the function of the Board while the Chief Executive Officer, Tan Sri Dr Chen Lip Keong, is responsible for managing the Group's business and overall operations. There is a clear division of responsibilities between the Chairman and Chief Executive Officer.

Non-executive Directors

The Non-executive Director has been appointed for a term of three years and each of the independent non-executive Directors (the "INEDs") has been appointed for a term of one year.

Directors' Responsibilities

The Board is responsible for the management of the Company, which includes formulating business strategies, directing and supervising the Company's affairs. Executive Directors are in charge of different businesses and functional divisions in accordance with their respective areas of expertise.

The Board is also entrusted with the overall responsibility of developing, maintaining and reviewing sound and effective corporate governance policies within the Group and is committed to ensuring that corporate governance functions are carried out in accordance with the CG Code, including continuously reviewing and improving the corporate governance practices within the Group.

Directors' Commitment

Each Director is expected to give sufficient time and attention to the affairs of the Company. All Directors have disclosed to the Company the number and nature of offices held in public companies or organisations and other significant commitments, with the identity of the public companies or organisations and an indication of the time involved. Each Director is also requested to provide confirmation to the Company semi-annually and notify the Company Secretary in a timely manner of any change of such information.



Induction, Familiarisation and Training

Upon appointment, each Director is given comprehensive introduction of the business operations of the Group and the regulatory and statutory requirements for Directors and is required to attend briefings from senior executives and department heads of the Group.

To ensure effective fulfilment of the respective roles of the Directors on the Board, various steps are taken to ensure that all Directors continually update and refresh their knowledge and skills, as well as familiarize themselves with the Company through gaining access to its operations and employees.

The Board aims to hold at least one Board meeting each year at the Company's head office in Cambodia and takes the opportunity to discuss business issues, risks and strategies with the local management. During the Year, two Board meetings were held at NagaWorld in Cambodia, during which the non-executive Directors attended a site visit to familiarise themselves with, and gained a greater insight into, the Group's businesses.

Directors' training is an ongoing process. Directors have attended the internal training and/or briefings from time to time provided by the Company to develop and refresh the Directors' duties and responsibilities. All Directors are also encouraged to attend relevant training courses at the Company's expense.

During the Year, Tan Sri Dr Chen Lip Keong, Philip Lee Wai Tuck, Chen Yiy Fon, Chen Yepern, Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir and Michael Lai Kai Jin have participated in continuous professional development by attending an internal training course on practical guidance to corporate governance concerning key directors' duties. Directors were kept informed on the changes and developments on the Group's business and on legislative and regulatory environment in which the Group operates in order to develop, refresh and update their knowledge and skills.

Training records of all Directors have been maintained by the Company Secretary.



Corporate Governance Report

The Board also recognizes the importance of ongoing professional development of senior management so that they can continue to contributing to the Company. To keep them abreast of the market developments and applicable rules and regulations for the fulfilment of their duties and responsibilities, all members of senior management are encouraged to attend briefings and seminars as appropriate. The training and continuous professional development of Directors and senior management has been reviewed by the Board on an annual basis.

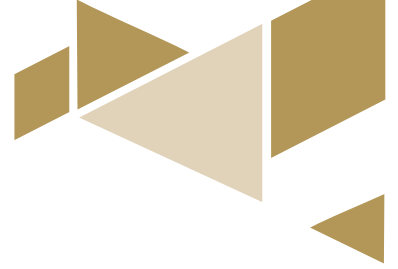
Delegation by the Board

The Board has established various Board committees including the Audit Committee, the Remuneration Committee, the Nomination Committee and the AML Oversight Committee, and delegated authority to oversee these aspects of the Company's affairs. Pursuant to the respective terms of reference, the Board committees are required to report to the Board regularly on their decisions and recommendations. The day-to-day management of the operations of the Company is delegated to the divisional heads.

Audit Committee

The Company has established written terms of reference for the Audit Committee in accordance with the requirements of the Listing Rules. In December 2015, the terms of reference of the Audit Committee were updated to reflect the additional responsibilities of the Audit Committee arising from the Stock Exchange's proposal on risk management and internal control under the CG Code applicable to accounting periods beginning on or after 1 January 2016. The Audit Committee consists of three INEDs, namely Mr. Lim Mun Kee, Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir and Mr. Michael Lai Kai Jin. The Audit Committee is chaired by Mr. Lim Mun Kee.

The principal responsibilities of the Audit Committee include, amongst others, ensuring the objectivity and credibility of financial reporting and internal control principles, assuring adequate risk management and internal control systems are in place and following and maintaining an appropriate relationship with the external auditor of the Company.



The Audit Committee is also responsible for reviewing the Group's whistle-blowing procedures which allow employees to raise concerns, in confidence and in anonymity, about possible improprieties in financial reporting, internal control or other matters and ensure that these arrangements allow fair and independent investigation of such matters and appropriate follow up actions.

To perform its duties, the Audit Committee is provided with sufficient resources and is supported by the Internal Audit Department to examine all matters relating to the Group's adopted accounting principles and practices and to review all material financial, operational and compliance controls.

During the Year, four Audit Committee meetings were held and details of the attendance of the Audit Committee members are set out below:

Directors	Number of Meetings Attended/Held
Independent Non-executive Directors	
Mr. Lim Mun Kee (<i>Chairman</i>)	3/4
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji	
Sheikh Fadzir	4/4
Mr. Michael Lai Kai Jin	4/4

In addition, the Audit Committee held private meetings with the external auditor without the presence of the management to discuss matters relating to its audit fees, issues arising from the audit and other matters which the independent auditor wished to raise.

For the Year, the Audit Committee had considered, reviewed and discussed (1) the auditing and financial reporting matters; (2) the appointment of external auditor including the terms of engagement; (3) the annual and interim financial statements and the relevant results announcements and give recommendation to the Board for approval; (4) reports on the Group's internal audit; (5) reports on the Group's internal control with a focus on anti-money laundering ("AML") issued by an independent professional party; and (6) the effectiveness of the Group's risk management and internal control systems. Each member of the Audit Committee has unrestricted access to the independent auditor and all senior staff of the Group.

The Audit Committee recommended to the Board that, subject to the approval of the Shareholders at the forthcoming annual general meeting, BDO Limited be re-appointed as the independent auditor of the Company.



Corporate Governance Report

Remuneration of Directors and Senior Management

A formal and transparent procedure for fixing the remuneration packages of individual Directors and senior management is in place. Details of remuneration policies and other relevant information are set out in the Remuneration Committee Report.

Nomination and Appointment of Directors

A formal procedure for proposing changes to the Board is set up. Details of nomination procedure are set out in the Nomination Committee Report.

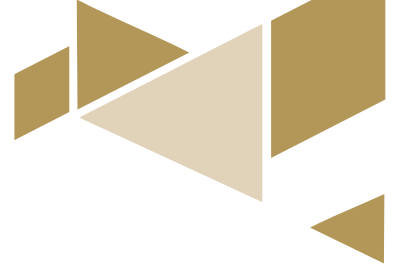
Risks Management and Internal Control

The Board considers that sound risk management and internal control systems are vital to the achievement of the Group's strategic objectives and acknowledges its responsibility to establish, maintain and review the effectiveness of such systems.

The Board plays a key role in overseeing risks undertaken by considering risks as part of the strategy setting process. The Company has an established risk framework under which it identifies risks relevant to the operations and activities of the Group, and assesses these risks in relation to their likelihood and potential impacts. Such systems are designed to manage, rather than eliminate the risk of failure to achieve business objectives, and aims to provide a reasonable, as opposed to an absolute assurance against material misstatement or loss. Under our framework, management is primarily responsible for the

design, implementation and maintenance of the risk management and internal control systems, while the Board and its Audit Committee oversee the actions of management and monitor the effectiveness of these systems and to safeguard the Group's assets. This risk management and internal control framework is reviewed annually by the Audit Committee on behalf of the Board.

The Internal Audit Department of the Group supported the Audit Committee in reviewing the effectiveness of risk management and internal control systems and performed its functions during the Year following an annual audit plan and routine testings. As part of this exercise, the Audit Committee reviewed the risk management and internal control systems in respect of the Year. The Board conducted a review of the risk management and internal control systems of the Group for the Year, including financial, operational and compliance controls, and considered the systems effective and adequate. The Board assessed the effectiveness of the risk management and internal control systems by considering the reviews performed by the Audit Committee. The Board also assessed the effectiveness of the Group's internal audit function and external audit process, and satisfied itself, through the work of its Audit Committee, that the internal audit function is adequately resourced and is effective at providing assurance to the Board on the relevant risks faced by the Company, and that the external audit process is effective.



The Company has in place an AML Procedure Manual, which takes into account regulatory requirements and expectations, as well as industry demands, to ensure that regulatory compliance is maintained at the highest monitoring standards. The Board was also satisfied that the Company complies with the code provisions relating to internal control contained in the CG Code.

Internal Controls on Anti-money Laundering

In order to ensure that the Company maintains a high standard for compliance and integrity on AML, the Company has established a program designed to protect the reputation and mitigate AML risks. NagaCorp's long term sustainability and success is dependent on its integrity and transparency in its daily gaming operations in relation to world best practices on AML. The Company has in place a four-tier AML control structure comprising:

- Tier 1 – An AML Management Committee, led by the Compliance Officer and supported by senior managers from various key operational departments, tasked with ensuring that the Company adopts policies and procedures as governed by the AML Procedure Manual in its day to day operational activities.
- Tier 2 - Internal audit of AML procedures to ensure that the Company is in compliance with AML policies, with results of such audits reported to the Audit Committee and AML Oversight Committee.

Tier 3 - AML Oversight Committee established at the Board level, chaired by the non-executive chairman of the Board, which meets on a quarterly basis to review the work and reports of the AML Management Committee and Internal Audit. Matters of significance are then reported to the Board for deliberation.

Tier 4 - External audit of the Company's AML procedures. The Company engages an AML specialist firm which carries out a biannual audit of the Company's AML procedures, which includes work conducted by the AML Management Committee. The report of this external AML audit is reported in the Company's annual financial reports. For more details, please refer to the heading "Independent Review of Anti-Money Laundering Internal Controls at NagaCorp Ltd." in this annual report. It is noted that the Company has been found to be fully compliant with all relevant FATF recommendations.

Independent Review of Investment Risks in Cambodia

Since the listing of the Company, the Company has engaged Political and Economic Risk Consultancy, Ltd., an independent professional party, to assess and review on an annual basis, the political, social, investment and macro-economic risks in Cambodia and disclose its findings in its annual and interim financial reports. For more details, please refer to the heading "Independent Review of Investment Risks in Cambodia" in this annual report.



Corporate Governance Report

AML Oversight Committee

The Company set up an AML Oversight Committee to formulate policies and strategies on AML development and implementation programmes, ensure quality control and act as an oversight committee on AML matters. The AML Oversight Committee currently consists of Mr. Timothy Patrick McNally, Tan Sri Dr Chen Lip Keong, Mr. Chen Yiy Fon, Mr. Chen Yepern and Mr. Michael Lai Kai Jin. Mr. Timothy Patrick McNally acts as the Chairman of the AML Oversight Committee.

During the Year, four AML Oversight Committee meetings were held and details of the attendance of the AML Oversight Committee members are set out below:

Directors	Number of Meetings Attended/Held
Executive Directors	
Tan Sri Dr Chen Lip Keong	3/4
Mr. Chen Yepern	4/4
Mr. Chen Yiy Fon	4/4
Non-executive Director	
Mr. Timothy Patrick McNally (Chairman)	3/4
Independent Non-executive Director	
Mr. Michael Lai Kai Jin	3/4

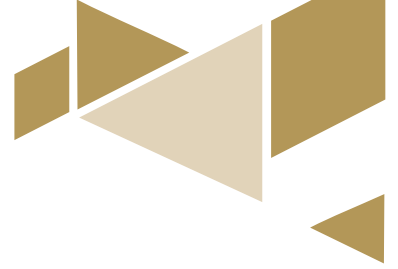
For the Year, the AML Oversight Committee had considered, reviewed and discussed (1) reports from the independent professional party on AML internal controls; (2) re-appointment of the independent professional party as internal control consultant; and (3) report from its sub-committee AML Management Committee.

The Board, through reports made by the independent professional parties and the AML Oversight Committee, has reviewed the Group's internal control system and considered it to be effective and adequate.

Inside Information

With respect to procedures and internal controls for handling dissemination of inside information, the Company:

- is aware of its obligations under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (the "SFO") and the Listing Rules and the overriding principle that inside information should be announced immediately after such information comes to our attention and/or it is the subject of a decision unless it falls within the safe harbours as provided in the SFO;



- conducts its affairs with close regard to the applicable laws and regulations and the “Guidelines on Disclosure of Inside Information” issued by the Securities and Futures Commission;
- has established a Corporate Disclosure Policy for monitoring, reporting and disseminating inside information to our shareholders, investors, analysts and media; and
- has communicated to all relevant staff regarding the implementation of the Corporate Disclosure Policy and relevant trainings are also provided.

Management Functions

While the Board is responsible for the overall strategic direction and governance by considering and approving the Group’s strategies, policies and business plan, the functions of implementing the approved strategies and policies and managing the day-to-day operations are delegated to the management team and subject to the Chief Executive Officer’s leadership and supervision.

Directors’ and Auditor’s Responsibilities for the Consolidated Financial Statements

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group and have ensured that the consolidated financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The Directors have ensured timely publication of the consolidated financial statements of the Group.

The statement of the independent auditor of the Company, BDO Limited, about reporting responsibilities on the consolidated financial statements of the Group is set out under the heading “Independent Auditor’s Report” in this annual report.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern.



Corporate Governance Report

Company Secretary

The Company Secretary is responsible for facilitating the Board process, including the induction and professional development of Directors, as well as communications among the Board members, with Shareholders and management. During the Year, the Company Secretary, Ms. Lam Yi Lin, undertook no less than 15 hours of professional training to update her skills and knowledge.

Independent Auditor's Remuneration

For the Year, the amounts paid to the independent auditor of the Group in respect of the following services provided to the Group are set out below:

	2017 US\$'000
Audit services	
– Current year	615
– Over-provision for prior year	(7)
Non-audit services (primary carrying out agreed-upon procedures on interim financial information)	166

Changes in Directors' Information pursuant to Rule 13.51B(1) of the Listing Rules

The changes in Directors' information subsequent to the interim report of the Company dated 10 July 2017 and up to the date of this Corporate Governance Report, as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Timothy Patrick McNally, Chairman and Non-executive Director

- Director's fee has been revised from US\$150,000 to US\$200,000 per annum with retrospective effect from 1 January 2018

Tan Sri Dr Chen Lip Keong, Chief Executive Officer and Executive Director

- payment of the performance bonus in an aggregate sum of US\$17,062,037 for the financial years ended 31 December 2015 and 2016 has been approved by the Board and accrued for (not yet paid) in the consolidated financial statements of the Group for the Year

Chen Yepern, Executive Director

- appointed as a director of Talent Tree Manpower Solutions Co., Ltd., a wholly-owned subsidiary of the Company, effective 26 October 2017

Communication with Shareholders

The Company is committed to maintaining open dialogue with its Shareholders through a number of formal communication channels. These include the annual report, interim report, press releases and announcements.



In addition to the annual general meeting, the Company held two extraordinary general meetings during the Year. The chairman of the Board and the chairmen of the Board committees attended the annual general meeting and the extraordinary general meetings either in person or by way of telephone and were available to answer questions.

The last general meeting was held on 4 August 2017 at Regus Conference Centre, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong for the purpose of approving the concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity walk Convertible Bonds in full and the Whitewash Waiver. The above resolution was passed at the said extraordinary general meeting. The results of the poll voting have been published on the websites of the Company and the Stock Exchange.

Procedures for Shareholders to convene General Meetings/put forward Proposals

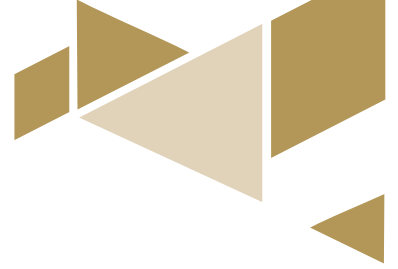
Subject to the provisions of the Articles of Association, the Listing Rules and the applicable laws and regulations, Shareholders may convene general meetings of the Company in accordance with the following procedures:

1. One or more Shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "Requisitionist(s)") may require the Board to convene an extraordinary general meeting of the Company by depositing a written requisition (the "Requisition") at the principal place of business of the Company at Suite 2806, 28/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, for the attention of the Board or the Company Secretary.
2. The Requisition must clearly state the name(s) and shareholding in the Company of the Requisitionist(s), specify the purposes of the extraordinary general meeting and the details of the business proposed to be transacted in the extraordinary general meeting and be signed by the Requisitionist(s) and may consist of several documents in like form, each signed by one or more of the Requisitionists.
3. Upon receipt of the Requisition, the Directors shall verify the Requisition with the Company's branch share registrar and upon this confirmation that the Requisition is proper and in order, shall forthwith proceed duly to convene the extraordinary general meeting, and such extraordinary general meeting shall be held within two (2) months after the deposit of the Requisition. If the Requisition has been verified as not being proper or in order, the Director shall notify it to the Requisitionists concerned and an extraordinary general meeting shall not be convened as requested.
4. If within twenty-one (21) days from the date of the deposit of the Requisition the Board fails to proceed duly to convene the extraordinary general meeting, the Requisitionist(s) may himself or themselves convene the extraordinary general meeting in the same manner and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board shall be reimbursed to the Requisitionist(s) by the Company.



Corporate Governance Report

5. Under the Articles of Association and pursuant to the requirements of the Listing Rules, a notice specifying the time and place and the general nature of the proposed business to be transacted at the extraordinary general meeting shall be given to all Shareholders entitled to attend the extraordinary general meeting for consideration in the following manner:
 - notice of not less than 21 clear days or 10 clear business days, whichever is the longer, if a special resolution is to be passed at the extraordinary general meeting; and
 - notice of not less than 14 clear days or 10 clear business days, whichever is the longer, in all other cases, provided that an extraordinary general meeting may be called by a shorter notice if it is so agreed by a majority in number of the Shareholders having the right to attend and vote at the extraordinary general meeting, being a majority together holding not less than 95% in nominal value of the issued Shares giving such right.
6. If a Shareholder wishes to propose a person other than a Director of the Company for election as a Director at any general meeting, the nominating Shareholder can deposit a written notice to that effect (the "Notice") at the principal place of business of the Company at Suite 2806, 28/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, for the attention of the Board or the Company Secretary. In order for the Company to inform Shareholders of that proposal, the Notice must state the full name of the person proposed for election as a Director, include the person's biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the nominating Shareholder and that nominated Director indicating his/her willingness to be elected. The minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that (if the Notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgement of such Notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting. In order to ensure Shareholders have at least 10 business days to receive and consider the relevant information of the nominated Director(s), nominating Shareholder(s) are urged to submit their Notice(s) as early as practicable, to that (if the notice of general meeting has already been given), a supplemental circular or announcement containing information of the nominated Director(s) can be despatched to Shareholders as soon as practicable without the need to adjourn the relevant general meeting.
7. Shareholders who have enquires about the above procedures may write to the Company Secretary at the principal place of business of the Company at Suite 2806, 28/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.



Enquiries put to the Board

Apart from the Shareholders' meetings, the Company's website is an effective means of communication with Shareholders. Any Shareholders who have questions or comments on what the Company is doing are most welcome to contact the Company at any time through the website. Shareholders may raise enquiries to the Board by contacting the Group's Investor Relations team. Upon receipt of the enquiries, the Investor Relations team will forward the Shareholders' enquiries and concerns to the Board, Board committees or the management as appropriate.

Shareholdings as at 31 December 2017

As at the end of 2017, the Company had around 300 registered Shareholders. Details of Shareholders by aggregated shareholding are listed below:

Shares Held by Shareholders	Number of Shareholders	% of Shareholders	Aggregate Number of Shares	% of Total Issued Shares
1 – 1,000	93	27.85%	3,217	0.00%
1,001 – 10,000	196	58.68%	540,904	0.01%
10,001 – 100,000	24	7.19%	767,307	0.02%
100,001 – 500,000	10	2.99%	2,683,362	0.06%
Over 500,000	11	3.29%	4,337,013,251	99.91%
Total	334	100.00%	4,341,008,041	100.00%



Corporate Governance Report

From publicly available information and as far as the Directors are aware, as at 31 December 2017, approximately 34.58% of the issued share capital of the Company was held by the public and the public float capitalization was approximately HK\$9,081,313,647.

Constitutional Documents

Pursuant to Rule 13.90 of the Listing Rules, the Company has published on the website of the Stock Exchange and that of the Company its memorandum and Articles of Association. During the Year, no amendments were made to the constitutional documents of the Company.

Financial Calendar

2017 Final Results Announcement	:	6 February 2018 (Tuesday)
Closure of Register of Members	:	(i) 23 April 2018 (Monday) to 27 April 2018 (Friday) (for ascertaining Shareholders' entitlement to attend and vote at the 2018 AGM) (ii) 7 May 2018 (Monday) (for ascertaining Shareholders' entitlement to the 2017 Final Dividend)
2018 AGM	:	27 April 2018 (Friday)
Record Date for 2017 Final Dividend	:	7 May 2018 (Monday)
Payment of 2017 Final Dividend	:	17 May 2018 (Thursday)

Hong Kong, 6 February 2018



Remuneration Committee Report

Remuneration Committee

The Company has established written terms of reference for the Remuneration Committee in accordance with the requirements under the Listing Rules. The Remuneration Committee currently consists of two executive Directors, namely Tan Sri Dr Chen Lip Keong and Mr. Chen Yepern, and three INEDs, namely Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, Mr. Lim Mun Kee and Mr. Michael Lai Kai Jin. Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir acts as the Chairman of the Remuneration Committee.

The principal responsibilities of the Remuneration Committee are to make recommendations to the Board on the Company's policy for and structure of remuneration of the Directors and senior management of the Company, and to make recommendations to the Board regarding the remuneration packages of executive directors, non-executive directors and senior management of the Company before the Board determines their remuneration based on the expertise, capability, performance and responsibility of our Directors and senior management. The Remuneration Committee also takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management, employment conditions elsewhere in the Group in making its recommendation. In addition to salaries, we provide staff benefits such as medical insurance and contributions to provident schemes.

During the Year, work performed by the Remuneration Committee included (1) reviewing the Company's policy for and structure of remuneration of the Directors and senior management, including the remuneration packages of the newly recruited senior management; (2) making recommendation to the Board regarding the Directors' fee to be approved by Shareholders at the 2017 annual general meeting; (3) recommending the payment of incentive bonus to the Directors; (4) reviewing the performance bonus of the CEO and recommending to the Board to appeal the generosity and good judgement of CEO to defer his performance bonus; and (5) reviewing and endorsing the Remuneration Committee Report included in the 2016 annual report of the Company and recommending to the Board for approval.

For the Year, two Remuneration Committee meetings were held. Details of the attendance of the Remuneration Committee members are set out below:

Directors	Number of Meetings Attended/Held
Executive Directors	
Tan Sri Dr Chen Lip Keong	2/2
Mr. Chen Yepern	2/2
Independent Non-executive Directors	
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir (<i>Chairman</i>)	2/2
Mr. Lim Mun Kee	1/2
Mr. Michael Lai Kai Jin	2/2

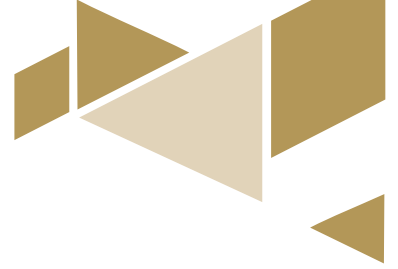
Remuneration Committee Report

Remuneration of Directors

The Directors received the following remuneration for the Year:

	Annual Performance Bonus US\$'000	Discretionary Bonus US\$'000	Fees US\$'000	Basic Salaries, Allowances and Benefits- in-kind US\$'000	Total US\$'000
Executive Directors					
Tan Sri Dr Chen Lip Keong	17,062*	150	–	720	17,932
Philip Lee Wai Tuck	–	120	–	256	376
Chen Yiy Fon	–	30	–	144	174
Chen Yepern	–	30	–	253	283
Non-executive Director					
Timothy Patrick McNally	–	100	150	325	575
Independent Non-executive Directors					
Michael Lai Kai Jin	–	20	36	–	56
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji	–	20	36	–	56
Lim Mun Kee	–	30	48	–	78
Total	17,062	500	270	1,698	19,530

* Payment of the performance bonus in an aggregate sum of US\$17,062,000 for the financial years ended 31 December 2015 and 2016 in satisfaction of contractual obligations had been determined and accrued (not yet paid) as at 31 December 2017. An amount of performance bonus in US\$18,600,000 had been foregone for the financial years 2011 to 2014.



Remuneration of Senior Management

Of the five individuals with the highest emoluments, two are Directors whose emoluments are disclosed above. The emoluments of the three individuals with highest emoluments for the Year are as follows:

	Number of Individuals
US\$Nil – US\$256,400	–
US\$256,401 – US\$320,500	–
US\$320,501 – US\$384,600	–
US\$384,601 – US\$448,700	–
US\$448,701 – US\$512,800	1
US\$512,801 – US\$576,900	1
US\$576,901 – US\$641,000	1

Share Option Scheme

On 20 April 2016, the Company has adopted a share option scheme (the “Scheme”) which has a life of ten years until 19 April 2026. The purpose of the Scheme is to provide incentive or reward to the eligible participants for their contribution to, and continuing efforts to promote the interests of the Group. According to the terms of the Scheme, the Directors are authorized, at their discretions, to invite employees of the Group, including directors of any company in the Group, to take up options to subscribe for shares of the Company.

No share options were granted, exercised, cancelled or lapsed under the Scheme during the Year.

Members of the Remuneration Committee

Tan Sri Datuk Seri Panglima Abdul Kadir Bin
Haji Sheikh Fadzir (*Chairman*)
Tan Sri Dr Chen Lip Keong
Chen Yepern
Lim Mun Kee
Michael Lai Kai Jin

Hong Kong, 6 February 2018



Nomination Committee Report

Nomination Committee

The Company has established written terms of reference for the Nomination Committee in accordance with the requirements under the Listing Rules. The Nomination Committee currently consists of two executive Directors, namely Tan Sri Dr Chen Lip Keong and Mr. Chen Yepern, and three INEDs, namely Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, Mr. Lim Mun Kee and Mr. Michael Lai Kai Jin. Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir acts as the Chairman of the Nomination Committee.

The principal responsibilities of the Nomination Committee are to review, from time to time, the structure, size and composition (including the skills, the knowledge and experience) of the Board and make recommendations to the Board regarding any proposed changes to the composition of the Board to complement the Company's corporate strategy. The Nomination Committee also undertakes to identify individuals suitably qualified to become a Director and nominate such individual to the Board for directorship. The Nomination Committee also assesses the independence of independent non-executive directors, makes recommendations to the Board on the appointment, re-appointment and succession plans of Directors, reviews and monitors the implementation of the Board Diversity Policy.

Board Diversity

The Company recognizes that having a diverse Board can enhance the quality of its performance. In August 2013, a Board Diversity Policy was adopted by the Board which sets out the approach to achieve diversity among the Board members. When recommending suitable candidates to the Board, the Nomination Committee will take into consideration merits of the candidates, such as qualifications, work experiences, and

time commitment, and against objective criteria, with due regard for the benefits of diversity (including, without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service).

Under its revised terms of reference as approved by the Board, the Nomination Committee is delegated with the task of reviewing the Board Diversity Policy and the measurable objectives that the Board has set for implementing the Board Diversity Policy, and monitor the progress on achieving these objectives. A summary of the Board Diversity Policy is set out in the Corporate Governance Report on pages 63 to 64 of this annual report.

Nomination Procedure, Process and Criteria

In respect of nomination of Directors, the Company adopts the following procedure:

1. Nomination Committee makes recommendations to the Board on any proposed changes,
2. Nomination Committee identifies individuals suitably qualified to become Directors,
3. Nomination Committee makes recommendations to the Board and nominates candidates for directorships, and
4. The Board makes formal invitation to selected persons for appointment to the Board.

In addition, Shareholders may propose a person for election as a Director in accordance with the procedure set out on the Company's website.



Appointment and Re-election of Directors

The Articles of Association provide that any Director appointed either to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office until the next following annual general meeting of the Company and shall be eligible for re-election. The Articles of Association also provide that one-third of the Directors for the time being, or, if the number is not a multiple of three, the number nearest to but not less than one third shall retire from office by rotation at each annual general meeting of the Company provided that every Director shall be subject to retirement by rotation at least once every three years.

In accordance with the Articles of Association, Mr. Timothy Patrick McNally, Mr. Philip Lee Wai Tuck and Mr. Chen Yepern shall retire from office at the forthcoming annual general meeting. Except for Mr. Chen Yepern who does not offer himself for re-election, all retiring Directors, being eligible, will offer themselves for re-election.

Other than Mr. Timothy Patrick McNally who is appointed for a specific term of three years, each of the INEDs is appointed for a term of one year. The appointment may be renewed at the discretion of the Board but are subject to retirement by rotation and re-election in accordance with the Articles of Association.

Summary of Work Done

During the Year, work performed by the Nomination Committee included (1) reviewing and recommending to the Board that the retiring Directors to stand for re-election at the 2017 annual general meeting; (2) reviewing the structure, size and composition of the Board; (3) reviewing the Board Diversity Policy, measurable objectives for implementing this policy and the progress on achieving objectives; (4) assessing and arranging for confirmation of independence of each INEDs pursuant to Rule 3.13 of the Listing Rules; (5) considering the renewal of appointment letters of a non-executive director and three INEDs and recommending to the Board for

approval; (6) reviewing and endorsing the Nomination Committee Report included in the 2016 annual report of the Company and recommending to the Board for approval.

For the Year, two Nomination Committee meetings were held. Details of the attendance of the Nomination Committee members are set out below:

Directors	Number of Meetings Attended/Held
Executive Directors	
Tan Sri Dr Chen Lip Keong	2/2
Mr. Chen Yepern	2/2
Independent Non-executive Directors	
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir (<i>Chairman</i>)	2/2
Mr. Lim Mun Kee	1/2
Mr. Michael Lai Kai Jin	2/2

Subsequent to the year end, the Nomination Committee reviewed the current Board composition against the objective criteria set out in the Board Diversity Policy. An analysis of the current Board composition based on these criteria is set out in the Corporate Governance Report on page 61. The Committee considers that the existing members of the Board possess a diverse mix of skills, knowledge and experience in light of the current business needs of the Company.

Members of the Nomination Committee

Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir (*Chairman*)
 Tan Sri Dr Chen Lip Keong
 Chen Yepern
 Lim Mun Kee
 Michael Lai Kai Jin

Hong Kong, 6 February 2018

Independent Review of Investment Risks in Cambodia

Political and Economic Risk Consultancy, Ltd.
 ("PERC")
 20/F, Central Tower
 28 Queen's Road, Central
 Hong Kong

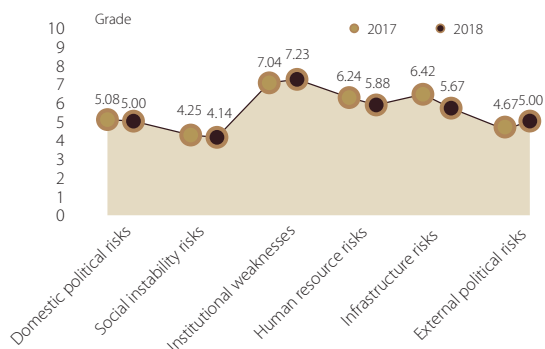
TO THE BOARD OF NAGACORP LTD.

We have assessed and reviewed the political, social, investment and macro-economic risks in Cambodia as they relate to NagaCorp's casino, hotel and entertainment business

operations. In arriving at our findings below, we have taken into account, amongst others, domestic political risks, social instability risks, institutional weaknesses, human resource risks, infrastructure risks and external political risks.

Based on the assessments and reviews carried out between late November 2017 and the end of December 2017 we summarised our findings below:

Perceptions of Cambodia's Business Environment Risks



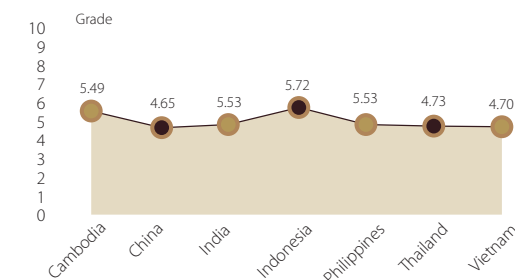
Grades range from zero to 10, with zero being the best grade possible and 10 the worst.

We quantify investment risks in Cambodia through the measure of the following variables:

- Domestic political risks
- Social instability risks
- Institutional weaknesses
- Human resource risks
- Infrastructure risks
- External political risks

Each of these variables is itself made up of a number of sub-variables relating to specific aspects of the category being assessed. The weighted sum of the grades for sub-variables

How Perceptions of Cambodian Socio-Political Risks Compare

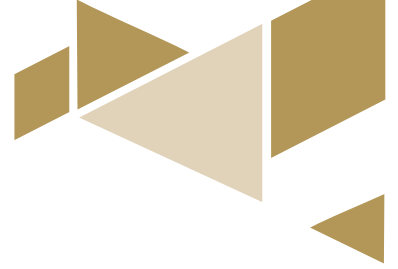


Grades range from zero to 10, with zero being the best grade possible and 10 the worst.

equals the score of a broader variable, while the weighted sum of the grades of the broad variables defines overall investment risks in Cambodia. We have treated each variable as having equal importance or weight.

Summary

The maximum possible risk rating is 10 (the worst grade possible) while the minimum is 0 (the most favorable grade possible). PERC's most recent risk survey gives Cambodia an overall risk grade of 5.49 (better than one year ago). The reasons for the improvement include a more predictable domestic political situation, a decline in social instability risks, and an improvement in the outlook for labor stability.



The government's clampdown on political opposition has eliminated any doubts about the outcome of the 2018 general election. The present government will retain power. The dissolution of the main opposition party means the election campaign will be free from heated debates or disruptive demonstrations. Moreover, the government is taking steps to retain the support of key population groups like garment workers by raising minimum wages, offering tax relief, and showing it is actively listening to the concerns of such groups – actions that it did not do ahead of the last general elections and consequently contributed to an environment in which demonstrations were a problem. No such environment exists going into the 2018 elections.

However, the consolidation of the government's position has come at a cost, and some risks have deteriorated. For example, there has been a decline in the strength of certain institutions like the media and the ability of opposition parties to foster healthy debate. Cambodia's relations with external bodies like the governments of the US and the European Union (EU), as well as a number of non-governmental organizations, have also been strained.

On the other hand, Cambodia's relations with Mainland China have been strengthened further by these same developments. From the perspective of NagaCorp, the improvement in relations with China is more significant than the strain in relations with the US and Europe, since China is a much larger source of tourists to Cambodia than are the US or Europe. Visitors from China are also growing more rapidly than visitors from the US and Europe.

Still, the deterioration in relations with the US and Europe is a negative development. So far, the governments of the West have expressed their displeasure with the way the government has cracked down on the opposition by cutting their aid for the coming general election. However, they have resisted calls to make it more difficult for Cambodia to export to these markets, in a solid sign that they do not want to hurt average Cambodians by placing obstacles in the way of the country's economic growth. The threat of discrimination against Cambodian exports has not been eliminated entirely, but it has diminished with time.

Consequently, the economy should have another good year. Growth slowed slightly in 2017 because of a peaking of construction activity and a slowdown in investment. However, the economy should pick up a bit in 2018, keeping Cambodia among the highest growing countries in the world. Election spending will help to stimulate the economy in the coming year, while the tourism industry could be the main driver of overall growth, with the influx of foreign visitors led by Chinese, Vietnamese, Japanese, South Koreans and Southeast Asians.

The downside of the continuing rapid growth of tourism and manufacturing is that it will aggravate existing problems related to comparatively high labor costs and a shortage of labor with the required skills and experience. The big annual increases in the mandated minimum wage rate are good for maintaining labor stability but they are bad for maintaining the country's competitiveness and increasing standards of production and services.



Independent Review of Investment Risks in Cambodia

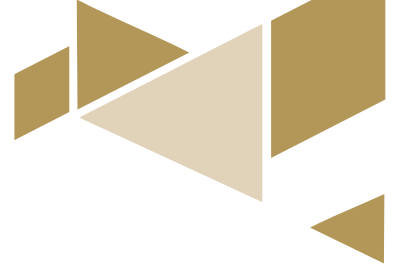
Positive Developments

- The growing role played by China in driving Cambodia's economic growth is a reason for optimism. The ways that China is contributing to Cambodia's growth – through foreign direct investment in manufacturing, tourism, an investor in major physical infrastructure projects, and as a donor and provider of aid – are all increasing and showing no signs of weakening.
- Moreover, while recent political developments in Cambodia could interfere with the flow of aid and economic assistance from the US and Europe, the same forces are causing China to increase its support of Cambodia in ways that more than offset the potential weakening of official assistance from the West.
- Cambodia is more predictable in the near term. A positive feature of the dissolution of the main opposition party is that it has reduced uncertainties about the outcome of the 2018 elections and raised business confidence that there will be no disruptive social unrest or shocking political changes as a result of the elections.
- The economy is likely to maintain a real growth rate of close to 7% for the next two years, one of the highest in Asia. Moreover, tourism will remain one of the main contributors of economic growth, and the biggest increase in foreign visitors will be from Mainland China and other Asian countries that historically have driven NagaCorp's growth in Cambodia.

- It is much easier for foreign investors to do business in Cambodia than is implied by rankings like the World Bank's Ease of Doing Business report. Cambodia's challenges are rooted in poverty and the problems that come with it, not government policies that discriminate against business. To the contrary, the present government is very pro-business and there is no debate on the desirability of foreign direct investment (FDI). The door is much more open to FDI in Cambodia than is the case in many other Asian countries. It is wanted by all political parties and there is no movement to make the environment more restrictive or to close the door to foreign investors.

The Challenges

- Cambodia's export competitiveness is being threatened by rising real wages, which are growing faster than in other countries and are outpacing gains in productivity. Demands on labor are likely to intensify due to the continuing strong influx of foreign direct investment and the demand for workers who can provide a high standard of services for the larger number of foreign visitors.
- A negative feature of the crackdown on the political opposition is that it has strained Cambodia's relations with the US and Europe and raised some fears that some Western government might penalize Cambodia in ways that could hurt its garment and other exports to these markets. These fears are diminishing with the passage of time, but they still exist.



- Striking the right balance between how much Cambodia should continue to allow transactions to be conducted in US dollars and how much the government should try to increase the role played by the Riel could be difficult. The National Bank of Cambodia has mandated that banks have a minimum of 10% of their loan portfolios in Riel by 2019. The goal could be too aggressive for the banking system to digest easily.
 - While overall credit growth has moderated, concerns about credit quality and concentration in the real estate sector pose risks to financial and macroeconomic stability. Cambodia's relatively high loans-to-deposit ratio could make the banking sector less resilient to shocks if loan defaults were to jump sharply.
 - The high cost of electricity continues to constrain the development of more sophisticated manufacturing processes, which in turn thwarts diversification. It has also hurt agricultural productivity by discouraging irrigation, which requires electricity.
- base, PERC manages a team of researchers and analysts in the ASEAN countries, the Greater China region and South Korea. Corporations and financial institutions worldwide use PERC's services to assess key trends and critical issues shaping the region, to identify growth opportunities, and to develop effective strategies for capitalizing on these opportunities.
- PERC helps companies understand how politics and other subjective variables are shaping the business environment. Such variables may be difficult to quantify, but nevertheless can have a critical impact on investment performance and therefore have to be factored into the decision-making process, which is the function of PERC's services. PERC's value lies in the organization's experience, its Asian network of seasoned analysts, its emphasis on primary research, its complete independence from any vested interest groups, its pioneering work in the technical aspects of country risk research, its discretion, and its integrated, regional approach to analysis.

Robert Broadfoot
Managing Director
PERC

Hong Kong, 15 January 2018

Robert Broadfoot researched and wrote the report on the review on investment risks in Cambodia. Mr. Broadfoot is the founder and Managing Director of Political & Economic Risk Consultancy, Ltd. (PERC). Established in 1976, PERC is headquartered in Hong Kong and engaged principally in the monitoring and auditing of country risks in Asia. From this



Independent Review of Anti-Money Laundering Internal Controls at NagaCorp Ltd.

Hill & Associates Ltd
Units 101B & 104, 1/F
Tower 2, The Harbourfront
22 Tak Fung Street, Hung Hom
Kowloon, Hong Kong

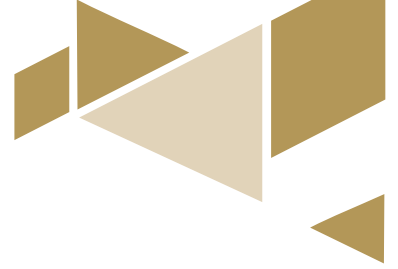
To The Board of NagaCorp Ltd.

Hill & Associates Ltd. (“H&A”) has conducted two independent reviews of the internal controls of NagaCorp Ltd. (“NagaCorp”) with a focus on anti-money laundering (“AML”), covering the full year 2017. The review included site visits in June and December, as well as desktop work and external consultation on the progress of AML controls in Cambodia. During the site visits, H&A examined all relevant documentation. As NagaCorp has further strengthened its internal compliance regime our principal point of contact is now Ann Chyi Jian, Director of Compliance, who provided access to all relevant information and also briefed H&A on the opening of Naga2 and the implementation of all AML controls with regard to the new property. H&A also conducted interviews with management including Mahendran Supramaniam, the Head of Internal Audit, and Philip Lee, the Compliance Officer for the Company.

NagaCorp continues to apply the controls required in the AML Manual which was produced by NagaCorp in the first half of 2014 to reflect the requirements of both the Cambodian 2010 AML Prakas and also the updated 2012 Financial Action Task Force (“FATF”) Recommendations. As previously reported, there were no substantive changes to the FATF Recommendations but an updated numbering system had been adopted for the Recommendations and this report reflects these changes in the findings section.

During the site visits H&A also reviewed records on the ongoing AML training of relevant NagaCorp staff. In 2017, forty-eight training courses were conducted. The majority of training sessions (35) were for new employee induction and the balance were for operational departments. A total of 3,481 staff training attendances took place. The training is based on the Company’s Training Manual which was previously evaluated by Hill & Associates as a particularly useful training tool. This ongoing process is recognized by H&A as providing substantial understanding of AML issues at all levels of NagaCorp.

As previously mentioned our main point of contact for the audit is Ms. Ann Chyi Jian, Director of Compliance and in that role has significant involvement in the successful application of all required AML controls, in coordination with the NagaCorp Compliance Officer Mr. Philip Lee. H&A recognizes the continued significant emphasis placed on AML controls by NagaCorp. There has been no deterioration whatsoever in the diligence applied in the adherence to all laws and regulations concerning AML in NagaCorp. Discussions with the Director of Compliance focused on the comprehensive nature of the record keeping and also on the interaction with the Financial Investigation Unit (“FIU”) of the National Bank of Cambodia.



H&A notes that the Suspicious Incident Records (SIRs) continue to record all necessary and relevant information and that there is cross-checking between surveillance, operations and AML compliance staff within a large number of these reports. The majority of the SIRs refer to incidences of small note transactions or counterfeit notes with no significant AML issue being identified in 2017. In 2017 there were sixty-five SIRs raised and these generated twenty-three Suspicious Transaction Reports (STRs) which were submitted to the FIU of the National Bank of Cambodia.

The AML Oversight Committee met four times in 2017. The review team is satisfied NagaWorld maintains full control of the gaming operations and these operations remain compliant with all relevant FATF recommendations. H&A maintains regular contact with Timothy McNally the Chairman of the AML Oversight Committee.

As H&A noted in our previous reviews, the most recent assessment of Cambodia by FATF in February 2015 resulted in the recognition of the progress made by the country with respect to anti-money laundering controls. Continuing the assessment process, the Asia/Pacific Group on Money Laundering ("APG") conducted a Mutual Evaluation of Cambodia in December 2016 as reported in our full year review of 2016. The Mutual Evaluation Report was issued in the third quarter of 2017 and H&A notes the considerable improvement recognised by the APG. As mentioned in previous audits H&A attended an interview with the APG in December 2016 as the independent AML auditors for NagaCorp. The report has confirmed our opinion of the overall improvement in the country albeit with some

concern that the FIU has more work to do with the non-banking businesses. NagaCorp was identifiable, although not named, a number of times in the APG report as a business that was driving AML compliance in Cambodia.

H&A recognizes that NagaWorld remains at the forefront of implementing AML controls in Cambodia and we also note that NagaCorp is committed to full compliance with all national and international laws and regulations on AML. Sources within the National Bank of Cambodia and also external sources consulted by H&A acknowledge that NagaWorld remains at the forefront of AML compliance efforts in Cambodia.

The review team found NagaWorld to be in full compliance with all relevant FATF recommendations and also noted that the upgrading of Cambodia by FATF and the Mutual Evaluation Report of the APG to be very positive developments.

John Bruce
Managing Director
Hill & Associates Ltd.

Hong Kong, 26 January 2018

Hill & Associates Ltd is an independent security and risk management consultancy with working knowledge of and extensive experience in AML and Risk management.



Report of the Directors

The Directors have pleasure in presenting their report together with the audited consolidated financial statements for the Year.

Principal Place of Business

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 25 February 2003 and has its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business at NagaWorld, Samdech Techo Hun Sen Park, Phnom Penh, Kingdom of Cambodia.

Principal Activities and Geographical Analysis of Operations

The Company is an investment holding company. The principal activity of the Group is the operation of a hotel and entertainment complex, NagaWorld, in Cambodia. Other particulars of its principal subsidiaries are set out in note 1 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the Year. An analysis of the Group's performance for the Year by business segment and its geographical segment information is set out in note 13 to the consolidated financial statements.

Business Review

A review of the business of the Group during the Year and a discussion on the Group's future business development are provided in the Management Discussion and Analysis on pages 10 to 21 of this annual report. Description of possible risks and uncertainties that the Group may be facing can be found in the Corporate Governance Report on pages 60 to 76 of this annual report. Also, the financial risk management objectives and policies of the Group can be found in note 27 to the consolidated financial statements. The Board has not identified any important events affecting the Group that have occurred since the end of the Year. During the Year, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on it.

An analysis of the Group's performance during the Year using financial key performance indicators is provided in the Financial Highlights on page 4 of this annual report. In addition, discussions on the Group's environmental policies and performance are contained in the Sustainability Report on pages 28 to 57 of this annual report.

All references herein to other sections or reports in this annual report form part of this Report of the Directors.



In regard to the stakeholder relationships, NagaCorp understands the importance of creating and maintaining a holistic network of relationships to its business operations, and places priority in engaging various stakeholders in its daily activities. The Company believes that healthy relationships can be cultivated by maintaining active communication with employees, quality services and improved products to our players and customers, and collaborating with key business associates.

A review of our employees and management culture is contained in the Sustainability Report on pages 28 to 57 of this annual report.

Apart from providing quality services and improved products to our players during their stay in NagaWorld, the Group via its Golden Edge Rewards Club loyalty program continues to understand its members' profile, create targeted marketing promotions and rollout player development initiatives to increase the number of visitors and the amount of gaming spending.

The Group believes in the power of positive partnerships to consolidate its position as the entertainment centre of the Mekong Region. By collaborating with quality business associates, NagaCorp will be able to consistently deliver quality and sustainable products and services. NagaWorld has a policy of prioritising local suppliers whenever possible. Further details in this regard are set out in the Sustainability Report on pages 28 to 57 of this annual report.

Major Junket Operators

NagaCorp continues to maintain strong working relationships with junket operators. Regular events showcasing renowned international stars are held to assist the junket operators to develop their business for mutual benefit.

The information in respect of the Group's revenue and cost of sales attributable to the major junket operators during the Year is as follows:

	Percentage of the Group's Total	
	Revenue	Cost of Sales
The largest junket operator	49%	76%
Five largest junket operators in aggregate	59%	90%



Report of the Directors

To the best knowledge of the Directors, none of the Directors or their close associates (as defined in the Listing Rules) or any Shareholders (who, to the best knowledge of the Directors, own more than 5% of the issued Shares) had any interest in the five largest junket operators for the Year.

Major Customers and Suppliers

The aggregate amount of operating revenues attributable to the Group's five largest customers (excluding junket operators) represented less than 30% of the Group's total operating revenues for the Year. The aggregate amount of purchases (not including the purchases of items that are of a capital nature) attributable to the Group's five largest suppliers (excluding junket operators) represented less than 30% of the Group's total purchases for the Year.

Results and Appropriations

The financial performance of the Group for the Year is set out in the consolidated statement of income on page 106.

An interim dividend of US cents 2.08 per Share (2016: US cents 2.77 per Share) for the six months ended 30 June 2017 was declared in July 2017 and paid in August 2017. The Directors proposed the payment of a final dividend of US cents 1.45 per Share (2016: US cent 0.82 per Share) for the Year. The proposed final dividend for the Year together with the interim dividend for the six months ended 30 June 2017 represented a dividend payout ratio of approximately 60%.

Summary of Financial Information

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 174.

Transfer to Reserves

The profit attributable to equity shareholders of the Company, before dividends, of US\$255,186,000 (2016: US\$184,159,000) have been transferred to the reserves. Other movements in reserves are set out in the consolidated statement of changes in equity on page 110.

Pre-emptive Rights

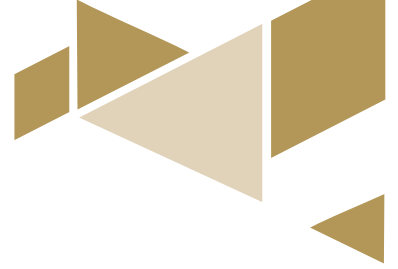
There are no provisions for pre-emptive rights under the Articles of Association and the laws of the Cayman Islands that oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

Charitable Donations

Charitable donations made by the Group during the Year amounted to US\$1,467,000 (2016: US\$1,308,000), all of which were donated in Cambodia.

Issue of Shares

On 13 June 2011, the Company entered into a share purchase agreement as supplemented by supplemental agreements dated 28 December 2011 and 28 December 2015 (collectively, the "Share Purchase Agreement"), with Tan Sri Dr Chen Lip Keong, the controlling shareholder of the Company, to acquire the entire equity interests in TanSriChen Inc. ("TSC Inc.") and TanSriChen (Citywalk) Inc. ("City Walk Inc.") both of which are incorporated in the British Virgin Islands and are beneficially owned by Tan Sri Dr Chen Lip Keong. The acquisition was approved by the independent shareholders of the Company at the extraordinary general meeting held on 30 January 2012. Completion of the acquisition was subject to completion of the construction of several projects, including the development and construction of Naga2 and NagaCity Walk undertaken by TSC Inc. and City Walk Inc.



The agreed consideration for the transaction was US\$369,000,000, divided as to US\$275,000,000 for TSC Inc. ("TSCLK Complex Project") and US\$94,000,000 for City Walk Inc. ("NagaCity Walk Project"). The consideration could be settled, at the election of Tan Sri Dr Chen Lip Keong, in the form of consideration shares (being new ordinary shares of the Company), or in the form of convertible bonds issued by the Company and convertible at the option of the bondholder into conversion shares (being new ordinary shares in the Company), or a combination of consideration shares and convertible bonds, to an aggregate value of US\$369,000,000.

Tan Sri Dr Chen Lip Keong had the ability to elect either split completion (meaning the completion of the NagaCity Walk Project would take place in advance of completion of the TSCLK Complex Project) or combined completion (meaning the two projects would be completed at the same time).

On 17 May 2016, Tan Sri Dr Chen Lip Keong elected for (i) completion of the NagaCity Walk Project to take place in advance of completion of the TSCLK Complex Project; and (ii) the consideration for completion of the NagaCity Walk Project acquisition to be settled by way of the issue of convertible bonds (the "NagaCity Walk Convertible Bonds") in accordance with the terms of the Share Purchase Agreement. Accordingly, the Company on 17 May 2016 issued to Tan Sri Dr Chen Lip Keong the NagaCity Walk Convertible Bonds in the principal amount of US\$94,000,000 on a perpetual basis with no maturity date.

On 30 December 2016, Tan Sri Dr Chen Lip Keong elected for the consideration for completion of the TSCLK Complex Project acquisition to be settled by way of convertible

bonds (the "TSCLK Complex Convertible Bonds"). Accordingly, the Company on 30 December 2016 issued to Tan Sri Dr Chen Lip Keong the TSCLK Complex Convertible Bonds in the principal amount of US\$275,000,000 on a perpetual basis with no maturity date.

On 28 March 2017, the Company received a notice from Tan Sri Dr Chen Lip Keong of his intention to exercise the conversion rights in respect of the TSCLK Complex Convertible Bonds in full in the outstanding aggregate principal amount of US\$275,000,000.

On 23 June 2017, the Company received a revised notice from Tan Sri Dr Chen Lip Keong that after careful consideration of the market responses, he had decided to concurrently exercise the conversion rights in respect of both the TSCLK Complex Convertible Bonds in full in the outstanding aggregate principal amount of US\$275,000,000 and the NagaCity Walk Convertible Bonds in full in the outstanding aggregate principal amount of US\$94,000,000.

At the extraordinary general meeting held on 4 August 2017, the independent shareholders of the Company approved the concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full and the Whitewash Waiver in respect of the obligation of Tan Sri Dr Chen Lip Keong to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by him which might otherwise arise as a result of the allotment and issue to Tan Sri Dr Chen Lip Keong and parties acting in concert with him of an aggregate of 1,881,019,166 conversion shares pursuant to the concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds.



Report of the Directors

On 8 August 2017, based on the conversion price of HK\$1.5301 of each of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds, 1,881,019,166 Shares were allotted and issued to Tan Sri Dr Chen Lip Keong upon his exercise of the conversion rights attached to the said convertible bonds.

For further details of the abovementioned issue of shares, please refer to (a) the Company's announcements dated 13 June 2011, 28 December 2011, 29 December 2015, 17 May 2016, 30 December 2016, 28 March 2017, 18 April 2017 and 12 May 2017, respectively, (b) the 2011 Transaction Circular dated 30 December 2011 in relation to the Company's acquisition of the TSCLK Complex Project and the NagaCity Walk Project, (c) the Whitewash Circular dated 9 June 2017 in relation to the proposed conversion of the TSCLK Complex Convertible Bonds and the application for the Whitewash Waiver, (d) the Company's announcement dated 23 June 2017 in relation to the revised notice of intention from Tan Sri Dr Chen Lip Keong regarding the Proposed Concurrent Conversions and the application for the Whitewash Waiver, (e) the Company's announcement dated 5 July 2017 in relation to, among other things, the delay in despatch of the Supplemental Circular and the adjournment of the Original EGM, (f) the Company's announcement dated 14 July 2017 relating to the delay in despatch of the Supplemental Circular, (g) the Supplemental Circular dated 19 July 2017 and the Company's announcement dated 19 July 2017 in relation

to the despatch of the Supplemental Circular, (h) the Company's announcement dated 21 July 2017 in relation to the adjournment of the Original EGM held on 21 July 2017, (i) the Company's announcement dated 4 August 2017 in relation to poll results of the extraordinary general meeting held on 4 August 2017 and (j) the Company's announcement dated 8 August 2017 in relation to the completion of the concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds.

Reserves

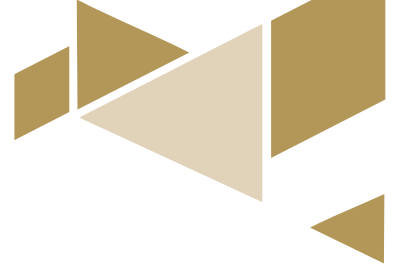
Movements in the reserves of the Company and of the Group are set out in note 33 to the consolidated financial statements and the consolidated statement of changes in equity respectively.

Distributable Reserves

As at 31 December 2017, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately US\$700,298,000.

Remuneration

In compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, the Company has a Remuneration Committee to formulate compensation policies and determine and manage the compensation of the Group's senior management.



Remuneration of the Directors and Senior Management

Details of the remuneration of the Directors and of the Group's senior management are set out in note 9 to the consolidated financial statements.

Tax Relief

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holdings of the Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the Shares, they are advised to consult an expert.

Directors

The Directors during the Year and up to the date of this report were:

Chairman and Non-executive Director:

Timothy Patrick McNally ^M

Executive Directors:

Tan Sri Dr Chen Lip Keong ^{R/N/M}
(Chief Executive Officer)

Philip Lee Wai Tuck

Chen Yiy Fon ^M

Chen Yepern ^{R/N/M}

Independent Non-executive Directors:

Michael Lai Kai Jin ^{A/R/N/M}

Tan Sri Datuk Seri Panglima Abdul Kadir Bin

Haji Sheikh Fadzir ^{A/R/N}

Lim Mun Kee ^{A/R/N}

A: Members of Audit Committee

R: Members of Remuneration Committee

N: Members of Nomination Committee

M: Members of Anti-Money Laundering Oversight Committee

In accordance with Article 87 of the Articles of Association, Mr. Timothy Patrick McNally, Mr. Philip Lee Wai Tuck and Mr. Chen Yepern shall retire from office by rotation at the forthcoming annual general meeting. Except for Mr. Chen Yepern who does not offer himself for re-election, all retiring Directors, being eligible, will offer themselves for re-election.

Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares and Debentures of the Company and its Associated Corporations

The Directors who held office as at 31 December 2017 had the following interests in the Shares and underlying Shares at that date as recorded in the register of directors' and chief executive's interests required 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 as set out in Appendix 10 to the Listing Rules:



Report of the Directors

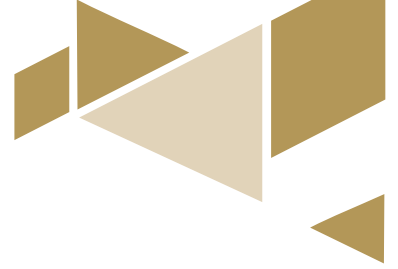
Interests in Shares and Underlying Shares

Name of Director	Capacity	Number of Shares held	% of Total Issued Shares <small>(Note 1)</small>
Tan Sri Dr Chen Lip Keong	Founder of a discretionary trust <small>(Note 2)</small>	951,795,297 (L)	21.93 (L)
Tan Sri Dr Chen Lip Keong	Beneficial owner	1,888,169,166 (L)	43.49 (L)

Notes:

- (1) Based on the Company's issued share capital of 4,341,008,041 Shares as at 31 December 2017.
- (2) Tan Sri Dr Chen Lip Keong is the founder of ChenLa Foundation. ChenLa Foundation indirectly holds, through LIPKCO ENTERPRISES LIMITED and Fourth Star Finance Corp., a total of 951,795,297 Shares. As a founder of ChenLa Foundation, Tan Sri Dr Chen Lip Keong is taken to be interested in the Shares held by ChenLa Foundation. Details of the interests in the Company held by ChenLa Foundation and Fourth Star Finance Corp. are set out in the section headed "Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares" below.
- (3) The letter "L" denotes the entity's long position in the Shares.

Save as disclosed above, as at 31 December 2017, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code.



Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

So far as the Directors or the chief executives of the Company are aware of, as at 31 December 2017, the Shareholders, other than a Director or the chief executive of the Company, who had an interest or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 in 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, were as follows:

Name of Shareholders	Capacity	Number of Shares held	% of Total Issued Shares (Note 1)
ChenLa Foundation	Interest of controlled corporation ^(Note 2)	951,795,297 (L)	21.93 (L)
Fourth Star Finance Corp.	Beneficial owner	789,534,854 (L)	18.19 (L)

Notes:

- (1) Based on the Company's issued share capital of 4,341,008,041 Shares as at 31 December 2017.
- (2) Such interests are held by Fourth Star Finance Corp. and LIPKCO ENTERPRISES LIMITED which in turn were controlled by ChenLa Foundation of which Tan Sri Dr Chen Lip Keong is the founder.
- (3) The letter "L" denotes the entity's long position in the Shares.

Save as disclosed above and so far as the Directors and the chief executive of the Company are aware of, as at 31 December 2017, no other party (other than a Director or the chief executive of the Company) had an interest or short positions in the Shares or the underlying Shares which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 in 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.



Report of the Directors

Summary of the Share Option Scheme

The Company has adopted a share option scheme (the “Scheme”) on 20 April 2016. The Board may, at its discretion, invite employees of the Group, including directors of any company in the Group, to take up options to subscribe for Shares subject to the terms and condition of the Scheme.

(1) Purpose

The purpose of the Scheme is to provide incentive or reward to the eligible participants for their contribution to, and continuing efforts to promote the interests of the Group.

(2) Eligible participants

Eligible participants include any employee (whether full-time or part time), executives or officers, directors of the Group or any invested entity and any consultant, business associates, adviser or agent of any member of the Group or any invested entity, who have contributed or will contribute to the growth and development of the Group or any invested entity.

(3) Total number of Shares available for Issue

The maximum number of Shares which may be issued upon the exercise of all options to be granted by the Company under the Scheme must not exceed in aggregate 10% of the Shares in issue of the Company as at its adoption date (being 226,998,887 Shares as at such date).

Subject to the approval of the Shareholders in general meeting, the limit may be refreshed to 10% of the Shares in issue as at the date of approval of such limit. Options previously granted under the Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in the accordance with the Scheme or exercised) shall not be counted for the purpose of calculating the limit as refreshed.

As at the date of this annual report, the total number of Shares available for issue under the Scheme is 226,998,887 Shares, representing approximately 5.23% of the Shares in issue (i.e. 4,341,008,041 Shares) as at the date of this annual report.

Notwithstanding the foregoing, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not, in aggregate, exceed 30% of the Shares in issue from time to time. No options may be granted under the Scheme or any other schemes if this will result in such overall limit being exceeded.



(4) Total Maximum Entitlement of each Eligible Participant

Unless approved by the Shareholders in general meeting, the total number of Shares issued and to be issued upon exercise of all options granted and to be granted (whether exercised, cancelled or outstanding) under the Scheme to any eligible participant in any 12-month period shall not exceed 1% of the Shares in issue from time to time.

Options granted to a substantial shareholder or independent non-executive director of the Company or any of their respective associates (as defined in the Listing Rules) in any 12-month period up to and including the date of such grant in excess of 0.1% of the Shares in issue and having an aggregate value, based on the closing price of the Shares at the date of each grant, exceeding HK\$5 million must be approved by Shareholders in general meeting in advance.

(5) Option Period

The period within which the options may be exercised under the Scheme will be determined by the Board at the time of grant, save that such period must not exceed 10 years from the date of grant of the relevant option.

(6) Minimum Period for which an Option must be Held before it can be Exercised

No minimum period for which an option must be held before it can be exercised unless otherwise determined by the Board at the time of grant.

(7) Payment on Acceptance of the Option

No consideration is payable by the eligible participant upon the acceptance of an option. An offer of an option must be made by the Company in writing on a business day and accepted in writing by the eligible participant in such manner as the Board may prescribe within 21 calendar days (from and including the date of the offer by the Company) of the same being made and if not so accepted such offer shall lapse.

(8) Basis of Determining the Exercise Price

The exercise price of the options shall be determined by the Board and notified to the eligible participants at the time of the grant but shall not be less than the greater of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the grant of such option, which must be a business day;



Report of the Directors

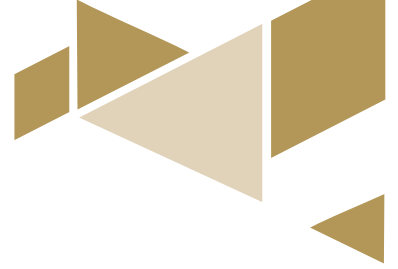
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of such option; and
- (iii) the nominal value of the Shares.

(9) The Remaining Life of the Scheme

Unless otherwise terminated by the Board or the Shareholders in general meeting in accordance with the provisions of the Scheme, the Scheme shall be valid and effective for a period of 10 years from its adoption date, and after which no further options shall be granted or offered but the provisions of the Scheme shall remain in full force and effect and in all other respects with respect to options granted prior to such termination and not then exercised which shall continue to be valid and exercisable subject to and in accordance with the terms of the Scheme.

Since its adoption and up to 31 December 2017, no share option has been granted by the Company under the Scheme. Accordingly, there were no outstanding share options as at the date of this annual report. Apart from the Scheme, the Company has no other share option scheme currently in force as at the date of this annual report.

Apart from the foregoing, at no time during the Year was the Company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.



Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules.

Directors' Interests in Competing Businesses

None of the Directors has interests in any business (apart from the Group's businesses) which competes or is likely to compete, either directly and indirectly, with the businesses of the Group during the Year or as at 31 December 2017.

Directors' Service Contracts

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Transactions, Arrangements or Contracts

Other than as disclosed under the sections "Issue of Shares" above and "Connected Transactions" below, no transactions, arrangements or contracts of significance in relation to the Group's business to which any of the Company's subsidiaries and fellow subsidiaries was a party, and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at any time during the Year or at the end of the Year.

Shareholders' Interests in Contracts of Significance

Other than as disclosed under the sections headed "Issue of Shares" above and "Connected Transactions" below, no Shareholder had a material interest, either directly or indirectly, in any contract of significance (whether for the provision of services to the Company or not) to the business of the Group to which the Company or its holding company or any of its subsidiaries or fellow subsidiaries was a party during the Year.

Permitted Indemnity

Pursuant to the Articles of Association, subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. Such permitted indemnity provision has been in force throughout the Year. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

Properties

Particulars of the major properties and property interests of the Group are set out in note 14 to the consolidated financial statements.

Purchase, Sale or Redemption of Listed Securities

During the Year, the Company did not redeem any of its securities listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such securities.



Report of the Directors

Equity-linked Agreement

Other than the share option scheme adopted by the Company as mentioned in the section headed “Summary of the Share Option Scheme” above, no equity-linked agreements were entered into during the Year or subsisted at the end of the Year.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Year.

Connected Transactions

On 8 August 2017, the Company issued and allotted 1,881,019,166 Shares to Tan Sri Dr Chen Lip Keong, an executive Director, the Chief Executive Officer and a substantial shareholder of the Company, upon his exercise of the conversion rights attached to the NagaCity Walk Convertible Bonds and the TSCLK Complex Convertible Bonds in accordance with the terms of the Share Purchase Agreement. Details of the transaction are included in the section headed “Issue of Shares” above.

Events after Reporting Period

There were no major subsequent events since the end of the Year and up to the date of this annual report.

Material Related Party Transactions

Details of the material related party transactions undertaken in the normal course of business by the Group are set out in note 28 to the consolidated financial statements. Other than those transactions disclosed in “Connected Transactions” above, none of the related party transactions constitutes a discloseable connected transaction under Chapter 14A of the Listing Rules.

Compliance with the Model Code

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. All Directors have confirmed, following specific enquiry by the Company; that they have fully complied with the Model Code throughout the Year.

Auditor

BDO Limited has acted as the independent auditor of the Company and audited the Group’s consolidated financial statements for the Year.

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint BDO Limited as the Company’s independent auditor.

By order of the Board

Timothy Patrick McNally

Chairman

Hong Kong, 6 February 2018



Independent Auditor's Report

Independent auditor's report to the members of NagaCorp Ltd. *(Incorporated in the Cayman Islands with limited liability)*

Opinion

We have audited the consolidated financial statements of NagaCorp Ltd. (the "Company") and its subsidiaries (together the "Group") set out on pages 106 to 173, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the International Accounting Standards Board's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Independent Auditor's Report

Revenue recognition

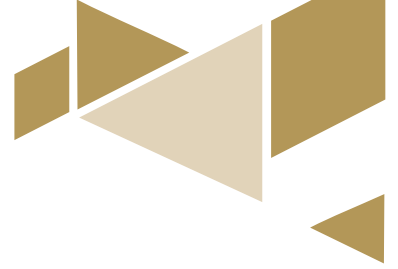
Refer to note 6 to the consolidated financial statements, and the accounting policy 4(q) on page 127.

The Group assigned a licensing right pursuant to note 6 to the consolidated financial statements under its casino licence to certain investors for a fixed sum of US\$60 million.

The determination of whether relevant conditions concerning the revenue recognition of such assignment of licensing right had been met required judgements and estimates.

Our response:

- Obtaining and analysing the agreement entered into between the Group and the investors and inquiring the management to understand the terms and commercial substance of the transaction;
- Checking the receipts against supporting information that we considered relevant;
- Evaluating the Group management's judgment and the associated estimates as developed by the Group's management in determining if the assignment of licence right met all the recognition criteria of a sale under IAS 18 "Revenue" transaction; and
- Evaluating the reasonableness of judgement adopted and major assumptions used in the management estimates.



Other Information in the Annual Report

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



Independent Auditor's Report

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited

Certified Public Accountants

Chiu Wing Cheung Ringo

Practising Certificate Number P04434

25th Floor, Wing On Centre,
111 Connaught Road Central,
Hong Kong

Hong Kong, 6 February 2018

Consolidated Statement of Income

For the year ended 31 December 2017
(Expressed in United States dollars)

	Note	2017 \$'000	2016 \$'000
Revenue	6	956,349	531,558
Cost of sales		(483,434)	(164,714)
Gross profit		472,915	366,844
Other income	7	7,751	5,748
Administrative expenses		(67,195)	(52,606)
Other operating expenses		(150,165)	(111,765)
Profit before taxation	8	263,306	208,221
Income tax	10	(8,120)	(24,062)
Profit attributable to owners of the Company		255,186	184,159
Earnings per share (US cents)			
Basic and diluted	12	7.94	7.89
Basic and diluted	12	5.88	7.04

The notes on pages 113 to 173 form part of these consolidated financial statements.



Consolidated Statement of Comprehensive Income

For the year ended 31 December 2017
(Expressed in United States dollars)

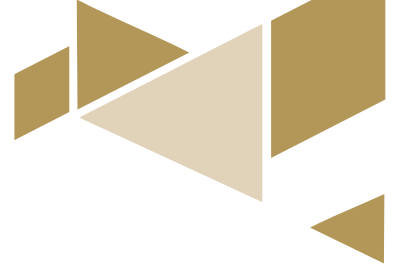
	2017 \$'000	2016 \$'000
Profit for the year	255,186	184,159
Other comprehensive income for the year Items that maybe reclassified subsequently to profit or loss – exchange differences from translation of foreign operations	2,140	(486)
Total comprehensive income attribute to the owners of the Company for the year	257,326	183,673

The notes on pages 113 to 173 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2017
(Expressed in United States dollars)

	Note	2017 \$'000	2016 \$'000
Non-current assets			
Property, plant and equipment	14	1,121,737	810,149
Interest in leasehold lands held for own use under operating lease	14	26,950	27,266
Intangible assets	15	62,654	66,201
Prepayments for acquisition, construction and fitting-out of property, plant and equipment	19	85,343	93,458
Promissory notes	16	9,584	8,647
		1,306,268	1,005,721
Current assets			
Consumables	18	1,795	1,467
Trade and other receivables	17	101,417	72,559
Cash and cash equivalents	20	52,794	210,912
		156,006	284,938
Current liabilities			
Trade and other payables	21	77,948	36,969
Current tax liability		1,781	2,709
		79,729	39,678
Net current assets		76,277	245,260
NET ASSETS		1,382,545	1,250,981



	Note	2017 \$'000	2016 \$'000
CAPITAL AND RESERVES	22		
Share capital		54,263	30,750
Reserves		1,328,282	1,220,231
TOTAL EQUITY		1,382,545	1,250,981

Approved and authorised for issue by the Board on 6 February 2018

Timothy Patrick McNally
Chairman

Philip Lee Wai Tuck
Executive Director

The notes on pages 113 to 173 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017
(Expressed in United States dollars)

	Note	Share capital \$'000	Share premium \$'000	Convertible bonds \$'000	Capital redemption reserve \$'000	Merger reserve \$'000	Capital contribution reserve \$'000	Exchange reserve \$'000	Retained profits \$'000	Total \$'000
Balance at 1 January 2016		28,375	278,438	-	151	(12,812)	55,568	(2,453)	339,309	686,576
Profit for the year		-	-	-	-	-	-	-	184,159	184,159
Other comprehensive income – exchange differences from translation of foreign operations		-	-	-	-	-	-	(486)	-	(486)
Total comprehensive income for the year		-	-	-	-	-	-	(486)	184,159	183,673
Issue of shares under placement	22a(ii)(b)	2,375	120,207	-	-	-	-	-	-	122,582
Share placement expenses	22a(ii)(b)	-	(2,664)	-	-	-	-	-	-	(2,664)
Convertible bonds issue	22(c)(ii)	-	-	378,888	-	-	-	-	-	378,888
Dividend and distribution declared and paid		-	-	-	-	-	-	-	(118,074)	(118,074)
		2,375	117,543	378,888	-	-	-	(486)	66,085	564,405
Balance at 31 December 2016		30,750	395,981	378,888	151	(12,812)	55,568	(2,939)	405,394	1,250,981
Balance at 1 January 2017		30,750	395,981	378,888	151	(12,812)	55,568	(2,939)	405,394	1,250,981
Profit for the year		-	-	-	-	-	-	-	255,186	255,186
Other comprehensive income – exchange differences from translation of foreign operations		-	-	-	-	-	-	2,140	-	2,140
Total comprehensive income for the year		-	-	-	-	-	-	2,140	255,186	257,326
Issue of shares upon conversion of convertible bonds	22a(ii)(a)	23,513	355,375	(378,888)	-	-	-	-	-	-
Dividend and distribution declared and paid	11 & 22(c)(ii)	-	-	-	-	-	-	-	(125,762)	(125,762)
		23,513	355,375	(378,888)	-	-	-	2,140	129,424	131,564
Balance at 31 December 2017		54,263	751,356	-	151	(12,812)	55,568	(799)	534,818	1,382,545

The notes on pages 113 to 173 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2017
(Expressed in United States dollars)

Note	2017 \$'000	2016 \$'000
Operating activities		
Profit before taxation	263,306	208,221
Adjustments for:		
– Depreciation and amortisation	52,869	44,312
– Amortisation of casino licence premium	3,547	3,547
– Interest income	(738)	(1,092)
– Unrealised exchange loss/(gain)	1,729	(1,786)
– Impairment loss on trade receivables	1,025	2,082
– Gain on disposal of property, plant and equipment	(13)	(58)
– Write-off of property, plant and equipment	1	14
Operating profit before changes in working capital	321,726	255,240
Increase in consumables	(328)	(290)
Increase in trade and other receivables	(29,883)	(28,485)
Increase/(Decrease) in trade and other payables	39,766	(1,851)
Cash generated from operations	331,281	224,614
Tax paid	(9,048)	(22,923)
Net cash generated from operating activities	322,233	201,691
Investing activities		
Interest received	211	627
Payment for the purchase of property, plant and equipment and for the construction cost of property	(354,818)	(137,032)
Proceeds from disposal of property, plant and equipment	18	467
Cash acquired from acquisition of subsidiaries	–	234
Net cash used in investing activities	(354,589)	(135,704)

Consolidated Statement of Cash Flows

For the year ended 31 December 2017
(Expressed in United States dollars)

	Note	2017 \$'000	2016 \$'000
Financing activities			
Proceeds from issue of shares under placement	22(a)(ii)(b)	-	122,582
Share placement expense		-	(2,664)
Dividends paid		(125,762)	(118,074)
Net cash (used in)/generated from financing activities		(125,762)	1,844
Net (decrease)/increase in cash and cash equivalents		(158,118)	67,831
Cash and cash equivalents at beginning of year		210,912	143,081
Cash and cash equivalents at end of year		52,794	210,912
Analysis of cash and cash equivalents			
Cash and bank balances		52,444	175,662
Non-pledged fixed deposits with original maturity of less than three months when acquired		350	35,250
Cash and cash equivalents as stated in the consolidated statement of cash flows		52,794	210,912

Note:

The Group has no liabilities arising from financing activities for both years.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

1 General

The Company is a company incorporated in the Cayman Islands and has its principal place of business at NagaWorld, Samdech Techo Hun Sen Park, Phnom Penh, Kingdom of Cambodia. Its shares are listed on the Main Board of the Stock Exchange.

The Group is engaged principally in the management and operation of a hotel and casino complex known as NagaWorld in Phnom Penh, the capital city of Cambodia.

Information about subsidiaries

Details of the Company's principal subsidiaries are as follows:

Name of subsidiary	Place of incorporation	Place of business	Issued and paid up share capital	Effective equity held by the Company	Effective equity held by a subsidiary	Principal activities
NagaCorp (HK) Limited	Hong Kong	Hong Kong	HK\$10	100%	-	Investment holding
Naga Russia Limited	Cayman Islands	Russia	\$1	100%	-	Investment holding
Naga Russia One Limited	Cayman Islands	Russia	\$1	-	100%	Investment holding
Naga Hotels Russia Limited	Cayman Islands	Russia	\$1	-	100%	Investment holding
NAGAWORLD LIMITED ("NWL")	Hong Kong	Cambodia	HK\$78,000,000	-	100%	Gaming, hotel and entertainment operations
Ariston Sdn. Bhd. ("Ariston")	Malaysia	Malaysia & Cambodia	Malaysian Ringgit ("RM") 56,075,891	-	100%	Holding casino licence and Investment holding
Neptune Orient Sdn. Bhd.	Malaysia	Malaysia & Cambodia	RM250,000	-	100%	Inactive
Ariston (Cambodia) Limited	Cambodia	Cambodia	Cambodian Riel ("KHR") 120,000,000	-	100%	Inactive
Naga Primorsky Entertainment Limited	Cyprus	Russia	Euro 1,000	-	100%	Investment holding
Naga Primorsky Beach Resorts Limited	Cyprus	Russia	Euro 1,000	-	100%	Investment holding

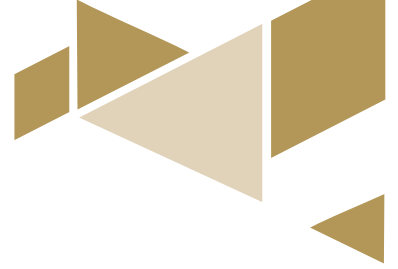
Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

1 General (continued)

Information about subsidiaries (continued)

Name of subsidiary	Place of incorporation	Place of business	Issued and paid up share capital	Effective equity held by the Company	a	Principal activities
Naga Entertainment No.3 Limited	Cyprus	Russia	Euro 1,000	–	100%	Investment holding
Naga Sports Limited	Hong Kong	Cambodia	HK\$2	–	100%	Provision and maintenance of slot machine stations
Naga Travel Limited	Hong Kong	Hong Kong	HK\$2	–	100%	Investment holding
Naga Retail Limited	Hong Kong	Cambodia	HK\$2	–	100%	Operation of retail business
Naga Entertainment Limited	Hong Kong	Cambodia	HK\$2	–	100%	Organisation of entertainment events
Naga Services Limited	Hong Kong	Hong Kong	HK\$2	–	100%	Investment holding
Naga Media Limited	Hong Kong	Hong Kong	HK\$2	–	100%	Inactive
Naga Management Limited	Hong Kong	Hong Kong	HK\$2	–	100%	Inactive
Naga Services Company Limited	Vietnam	Vietnam	\$50,000	–	100%	Management consulting services
Naga Management Services Limited	Thailand	Thailand	Thai Baht 3,000,000	–	100%	Management consulting services
NagaJet Management Limited	Cayman Islands	Cambodia	\$1	–	100%	Management of company aircraft
Naga Transport Limited	Cambodia	Cambodia	KHR200,000,000	–	100%	Investment holding
Golden Passage Destinations Co., Ltd. (formerly known as NagaWorld Travel Limited)	Cambodia	Cambodia	KHR200,000,000	–	100%	Tourism services



1 General (continued)

Information about subsidiaries (continued)

Name of subsidiary	Place of incorporation	Place of business	Issued and paid up share capital	Effective equity held by the Company	Principal activities
NagaWorld (Macau) Limitada	Macau	Macau	MOP25,000	–	100% Marketing, sales, consultancy and services in connection with travelling, hotels and resorts
Primorsky Entertainment Resorts City LLC	Russia	Russia	RUB677,360,138	–	100% Gaming, hotel and entertainment operations
Primorsky Entertainment Resorts City No.2 LLC	Russia	Russia	RUB10,000	–	100% Inactive
NagaWorld Three Limited	British Virgin Islands	–	\$1	–	100% Inactive
Naga Lease Limited	Hong Kong	Hong Kong	HK\$1	–	100% Aircraft leasing
TanSriChen Inc.	British Virgin Islands	Cambodia	\$285,000,000	100%	– Gaming, hotel and entertainment operations
TanSriChen (Citywalk) Inc.	British Virgin Islands	Cambodia	\$95,000,000	100%	– Investment holding
Tan Sri Chen Inc. (T S C I)	Cambodia	Cambodia	\$1,000,000	–	100% Leisure and entertainment
Talent Tree Manpower Solutions Co, Ltd.	Cambodia	Cambodia	KHR4,000,000	–	100% Employment Placement Agencies

The class of shares held is ordinary.



Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

2 Adoption of new or revised International Financial Reporting Standards

Impact of new amendments and interpretations which are effective during the year

In the current year, the Group has applied, for the first time, the following amendments, revised standards and new interpretations issued by the International Accounting Standards Board (the "IASB"), that are effective for the current accounting period of the Group.

Amendments to IAS 7	Disclosure initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to IFRSs 2014 – 2016 Cycle	Amendments to IFRS 12 Disclosure of Interests in Other Entities

The adoption of the above new or revised standards and interpretations has no significant impact on the Group's financial statements.

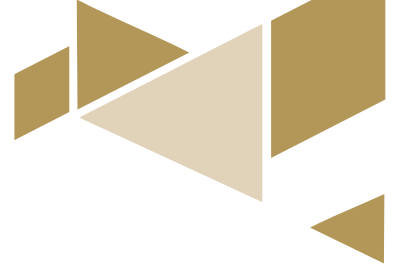
The Group has not applied any amendments, new or revised standards or interpretations that are issued but not yet effective for the current accounting period. The assessments of the potential impact of these amendments and new or revised standards or interpretations on the results and the financial position of the Group are set out in note 30.

3 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards, International Accounting Standards and Interpretations (hereinafter collectively referred to as "IFRS") issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost basis.

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.



3 Basis of preparation (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 31.

The consolidated financial statements are presented in United States dollars, which is the functional currency of the Company.

4 Principal accounting policies

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Group. Intercompany transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

(b) Property, plant and equipment

(i) Owned assets

The following items of property, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses (see note 4(h)).

- buildings held for own use which are situated on leasehold lands, where the fair value of the building could be measured separately from the fair value of the leasehold lands at the inception of the lease (see note 4(p)); and
- other items of property, plant and equipment.

Capital work-in-progress is stated at specifically identified cost, including aggregate cost of development, materials and supplies, wages and other direct expenses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged as expenses in profit or loss during the financial period in which they are incurred.



Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

4 Principal accounting policies (continued)

(b) Property, plant and equipment (continued)

(ii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Buildings	50 years
Renovations, furniture and fittings	5 – 10 years
Motor vehicles	5 years
Plant and equipment	5 – 10 years
Aircraft	20 years

No depreciation is provided for capital work-in-progress until it is completed and ready for its intended use.

(c) Intangible assets

Acquired intangible assets – Casino licence premium

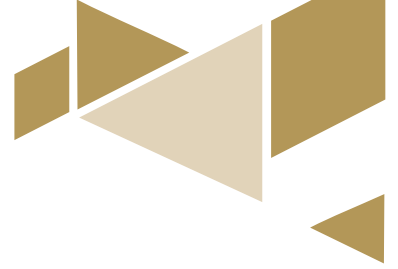
The premium paid for the licence, and related exclusivity periods, to operate the casino in Phnom Penh is stated at cost less accumulated amortisation and impairment losses (see note 4(h)).

Amortisation is charged to profit or loss on a straight-line basis over the period of exclusivity of the licence.

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired (see note 4(h)).

(d) Consumables

Consumables comprising food and beverage, diesel and sundry store items are stated at the lower of cost and net realisable value. Cost comprises all costs of purchase, and other costs incurred in bringing the inventories to their present location and condition. Cost is determined principally on a weighted average basis. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.



4 Principal accounting policies (continued)

(e) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets of the Group are classified as loans and receivables which are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables (including trade and other receivables and amounts due from related parties) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary assets. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

(i) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtors' financial difficulty; or
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.



Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

4 Principal accounting policies (continued)

(e) Financial assets (continued)

(i) *Impairment loss on financial assets (continued)*

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. Where any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(ii) *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

(iii) *Derecognition*

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with IAS 39.

(f) Trade and other payables

Trade and other payables (including amounts due to related parties) are initially recognised at fair value net of directly attributable transaction costs incurred, and thereafter stated at amortised cost using the effective interest method. The related interest expense is recognised within "finance costs" in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.



4 Principal accounting policies (continued)

(f) Trade and other payables (continued)

(i) *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

(ii) *Derecognition*

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(g) Provisions

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at their present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(h) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired, or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- interest in leasehold lands held for own use under operating lease; and
- intangible assets.



Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

4 Principal accounting policies (continued)

(h) Impairment of other assets (continued)

If any such indication exists, the asset's recoverable amount is estimated.

– *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

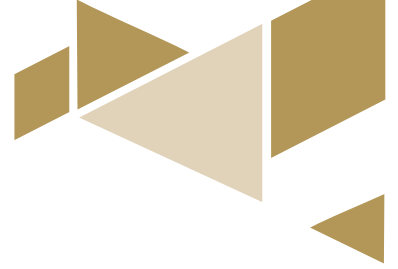
Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for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

(i) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.



4 Principal accounting policies (continued)

(i) Income tax (continued)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The income tax in respect of the gaming and hotel operations of the Company's subsidiary, NWL, represents obligation payments ("Obligation Payments") (refer to note 10(a)).

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(k) Commissions and incentives

Commissions and incentive expenses represent amounts paid and payable to operators, and are included in cost of sales when incurred by the Group.

(l) Employee benefits

Short term employee benefits and contributions to defined contribution retirement scheme

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement scheme and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Any short term employee benefits are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are measured at undiscounted amounts.



Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

4 Principal accounting policies (continued)

(l) Employee benefits (continued)

Short term employee benefits and contributions to defined contribution retirement scheme (continued)

The Group operates defined contribution retirement plans namely Mandatory Provident Fund and Employee Provident Fund for its employees in Hong Kong and Malaysia respectively. Contributions to both plans are made based on a percentage of the employee's basic salaries. The Group's employer contributions vest fully with the employees when contributed into the plans.

There is no mandatory retirement plans in Cambodia except for government employees and veterans who are eligible for government-run pension plans.

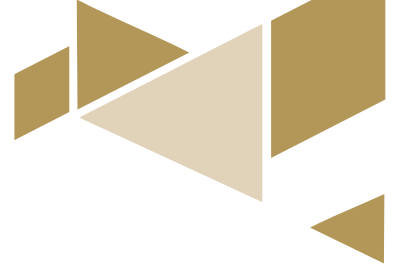
(m) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into United States dollars at exchange rates ruling at the end of the reporting period. Foreign currency transactions during the year are translated into United States dollars at the exchange rates ruling at the transaction dates. The results of foreign entities are translated into United States dollars at the average exchange rates for the year; items in the statement of financial position are translated into United States dollars at the rates of exchange ruling at the end of the reporting period. The resulting exchange differences are dealt with as other comprehensive income. All other translation differences are included in profit or loss.

The functional currency of the group entities has been determined as United States dollars rather than Cambodian Riel and Russian Ruble, the domiciled currency in the relation to the Group's operations, on the basis that the gaming and other operation transactions are undertaken in United States dollars.

(n) Dividends

Interim dividends are recognised as a liability in the period in which they are declared and final dividends are recognised as a liability when shareholders' approval has been obtained.



4 Principal accounting policies (continued)

(o) Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the Company's parent.

- (b) An entity is related to the Group if any of the following conditions apply:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
 - (viii) the entity or any member of a group of which it is a party, provides key management personnel services to the group or the group's parent.



Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

4 Principal accounting policies (continued)

(o) Related parties (continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

(p) Leased assets

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being under finance leases. All other leases are classified as operating leases.

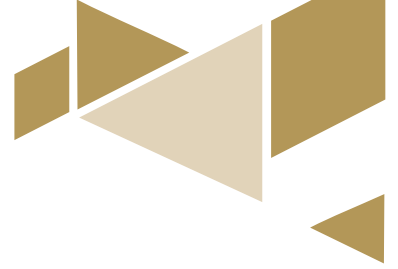
(i) *Assets acquired under finance leases*

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present values of the minimum lease payments, of such assets are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets in equal annual amounts over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 4(b)(ii). Impairment losses are accounted for in accordance with the accounting policy as set out in note 4(h). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are written off as an expense of the accounting period in which they are incurred.

(ii) *Operating lease*

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.



4 Principal accounting policies (continued)

(p) Leased assets (continued)

(ii) Operating lease (continued)

The Group as lessee

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) Prepaid land lease

Interest in leasehold lands held for own use under operating lease is amortised in equal instalments over the period of the respective leases.

(q) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

- (i) Casino revenue represents net house takings arising from casino operations and is recognised in profit or loss when the stakes are received by the casino and the amounts are paid out to the players.
- (ii) Income from the provision and maintenance of gaming machine stations which comprises revenue in relation to profit sharing arrangements for the gaming machine operations where third parties provide and maintain the gaming machine stations is recognised in profit or loss in accordance with the substance of the relevant agreement when the right to receive such amounts is ascertained.
- (iii) Income from restaurant represents revenue from the provision of food and beverages and is recognised when the service is provided.
- (iv) Rental income under operating leases is recognised on a straight-line basis over the terms of the relevant leases.
- (v) Interest income is recognised as it accrues using the effective interest method.
- (vi) Licence fee income is recognised at the time of sale.



Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

4 Principal accounting policies (continued)

(r) Joint arrangements

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangement as joint operations where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

(s) Convertible bonds

Convertible bonds that contain conversion options are classified into equity or liability on initial recognition according to the terms of the convertible bonds.

Convertible bonds issued by the Company (the “Convertible Bonds”) are on a perpetual basis with no maturity date and the bondholder (the “Bondholder”) is not entitled to request the Company to redeem the Convertible Bonds for cash. In addition, the conversion options will be settled by exchanging the Company’s new Shares, at the option of the Bondholder, pursuant to the terms of the Convertible Bonds. The Convertible Bonds as a whole are therefore classified as equity instruments and the fair value of which is included in equity upon initial recognition.

In subsequent periods, the Convertible Bonds will remain in equity until the embedded option is exercised (in which case the balance stated in the Convertible Bonds will be transferred to share capital and share premium). No gain or loss will be recognised upon conversion of the Convertible Bonds.

Transaction costs that relate to the issue of the Convertible Bonds are charged directly to equity.



4 Principal accounting policies (continued)

(t) Share-based payments

Where equity instruments are granted to persons other than employees and others providing similar services, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition of assets. A corresponding increase in equity is recognised.

5 Casino licence

Pursuant to the terms of the Sihanoukville Development Agreement (“SDA”), Supplemental Sihanoukville Development Agreement (“SSDA”) and the Addendum Agreement, the terms of the casino licence were varied and the salient terms of the Casino Licence are as follows:

(a) Duration of licence

The Casino Licence is an irrevocable licence with a duration of 70 years from 2 January 1995. The SSDA also states that should the Cambodian Government, for any reason, terminate or revoke the licence at any time before its expiry, it will pay Ariston, a subsidiary of the Company, the amount of monies invested in the business as agreed investment cost and additional mutually agreed damages for the termination and/or revocation of the Casino Licence at any time before the expiry of the period.

(b) Exclusivity

Ariston has the right of exclusivity in respect of 200 kilometres of Phnom Penh (except the Cambodia-Vietnam Border Area, Bokor, Kirirom Mountains and Sihanoukville) (the “Designated Area”) for the period to the end of 2035. During this period, the Cambodian Government is prohibited from:

- authorising, licensing or approving the conduct of casino gaming within the Designated Area;
- entering into any written agreement with any party with respect to casino gaming within the Designated Area; and
- issuing or granting any other casino licence.

The SSDA also states that the Cambodia Government will pay Ariston mutually agreed damages if it terminates or revokes its exclusivity rights at any time prior to the expiry of the period.

(c) Casino complex

Ariston has the right to locate the casino at any premises or complex within the Designated Area and is entitled to operate such games and gaming machines at its own discretion without the need for any approval from the Cambodian Government. There are no restrictions relating to the operating hours of the casino.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

6 Revenue

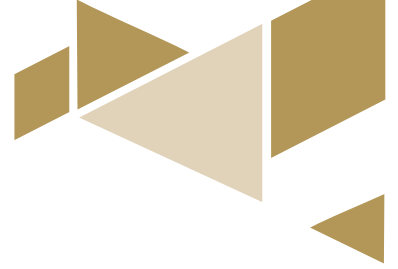
Revenue represents net house takings arising from casino operations and income from other operations as follows:

	2017 \$'000	2016 \$'000
Casino operations – gaming tables	775,038	355,324
Casino operations – electronic gaming *	150,926	145,513
Hotel room income, sale of food and beverage and others	30,385	30,721
	956,349	531,558

* During the Year, revenue from electronic gaming machines (“EGM”) included a fee of \$60 million (2016: \$60 million) in respect of assignment of a licensing right to certain investors to operate a number of EGMs for a period of 10 years.

7 Other income

	2017 \$'000	2016 \$'000
Interest income	738	1,092
Rental income	7,012	4,642
Others	1	14
	7,751	5,748



8 Profit before taxation

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

	2017 \$'000	2016 \$'000
(a) Staff costs (including directors' remuneration):		
Salaries, wages and other benefits	93,092	63,312
Contributions to defined contribution retirement scheme #	49	49
Total staff costs*	93,141	63,361
(b) Other items:		
Auditor's remuneration		
– Current year	781	637
– (Over)/Under-provision for prior year	(7)	5
Amortisation of casino licence premium*	3,547	3,547
Depreciation and amortisation*	52,869	44,312
Impairment loss on trade receivables	1,025	2,082
Write-off of property, plant and equipment	1	14
Gain on disposal of property, plant and equipment	(13)	(58)
Operating lease charges for land lease rental	1,386	343
Operating lease charges for office and car park rental	1,824	1,798
Operating lease charges for hire of equipment	5,297	3,757

* Included in other operating expenses in the consolidated statement of income

There were no forfeited contributions utilised to offset employers' contributions to retirement schemes during the year.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

9 Directors' remuneration and senior management remuneration

(a) Directors' remuneration

The remuneration of the Company's directors is as follows:

	Annual performance bonus \$'000	Discretionary bonus \$'000	Fees \$'000	Basic salaries, allowances and benefits- in-kind \$'000	2017 Total \$'000
Executive Directors					
Tan Sri Dr Chen Lip Keong	17,062	150	-	720	17,932
Philip Lee Wai Tuck	-	120	-	256	376
Chen Yepern	-	30	-	253	283
Chen Yiy Fon	-	30	-	144	174
Non-executive Director					
Timothy Patrick McNally	-	100	150	325	575
Independent Non-executive Directors					
Michael Lai Kai Jin	-	20	36	-	56
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir	-	20	36	-	56
Lim Mun Kee	-	30	48	-	78
Total	17,062	500	270	1,698	19,530

9 Directors' remuneration and senior management remuneration (continued)

(a) Directors' remuneration (continued)

The remuneration of the Company's directors is as follows: (continued)

	Annual performance bonus \$'000	Discretionary bonus \$'000	Fees \$'000	Basic salaries, allowances and benefits- in-kind \$'000	2016 Total \$'000
Executive Directors					
Tan Sri Dr Chen Lip Keong	-	150	-	720	870
Philip Lee Wai Tuck	-	120	-	256	376
Chen Yepern	-	30	-	253	283
Chen Yiy Fon	-	30	-	144	174
Non-executive Director					
Timothy Patrick McNally	-	100	150	344	594
Independent Non-executive Directors					
Michael Lai Kai Jin	-	20	36	-	56
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji	-	20	36	-	56
Lim Mun Kee	-	30	48	-	78
Total	-	500	270	1,717	2,487



Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

9 Directors' remuneration and senior management remuneration (continued)

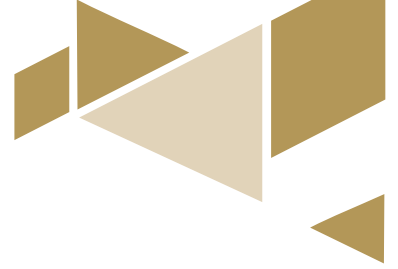
(a) Directors' remuneration (continued)

Tan Sri Dr Chen Lip Keong ("Dr Chen") is entitled to an annual performance bonus based on the Group's consolidated profit before taxation and before the said annual performance bonus ("PBT") as reported in the consolidated financial statements which shall be paid within one month of the approval of the consolidated financial statements. The performance bonus is calculated in accordance with the following formula:

Less than \$30 million PBT	:	\$Nil performance bonus
Between \$30 million to \$40 million PBT	:	performance bonus of 2% of PBT
More than \$40 million but up to and including \$50 million	:	performance bonus of \$0.8 million plus 3% of additional portion of PBT from \$40,000,001 to \$50,000,000
More than \$50 million	:	performance bonus of \$1.1 million plus 5% of additional portion of PBT from \$50,000,001 onwards

Based on the formula stated in Clause 3.3 of the service agreement entered into between the Company and Dr Chen, the chief executive officer of the Company (the "CEO"), the parties acknowledge and agree that Dr Chen will be entitled to a performance bonus of \$8,051,000 (the "2015 Bonus Entitlement"), \$9,011,037 (the "2016 Bonus Entitlement") and \$11,765,000 (the "2017 Bonus Entitlement") for the financial years ended 31 December 2015, 2016 and 2017 respectively.

Pursuant to a resolution passed by the Board on 1 February 2016, the Board considered the matter relating to the payment of the 2015 Bonus Entitlement and resolved to appeal to the generosity and good judgement of Dr Chen to defer such obligation. The Company and Dr Chen agreed that it was in the interests of the Company to defer the 2015 Bonus Entitlement to subsequent years until the achievement of certain key performance indicators (the "KPIs") set for the year ended 31 December 2016. The Company and Dr Chen agreed that subject to the achievement of the KPIs, the deferral of the 2015 Bonus Entitlement should be extended to the financial year ended 31 December 2016 and the financial year ended 31 December 2017 and beyond at the sole election of Dr Chen and that the parties shall negotiate in good faith a reasonable timeframe which is in the best interests of the Company. Pursuant to a resolution passed by the Board on 8 February 2017, the Board further resolved to appeal to the generosity and good judgement of Dr Chen to defer the 2015 Bonus Entitlement. The Company and Dr Chen agreed that it is in the interests of the Company to further defer the 2015 Bonus Entitlement until the achievement of certain KPIs set for the year ended 31 December 2017.



9 Directors' remuneration and senior management remuneration (continued)

(a) Directors' remuneration (continued)

Pursuant to the resolution passed by the Board on 8 February 2017, the Board also considered the matter relating to the 2016 Bonus Entitlement and resolved to appeal to the generosity and good judgement of Dr Chen to defer the 2016 Bonus Entitlement. The Company and Dr Chen agreed that it is in the interests of the Company to defer the 2016 Bonus Entitlement to subsequent years until the achievement of certain KPIs set for the year ended 31 December 2017. The Company and Dr Chen agreed that subject to the achievement of the KPIs, the deferral of the 2016 Bonus Entitlement should be extended to the financial year ended 31 December 2017 and that the parties should negotiate in good faith a reasonable timeframe which is in the best interests of the Company.

As a result of the achievement of the said KPIs for the year ended 31 December 2017, the 2015 Bonus Entitlement and the 2016 Bonus Entitlement amounting to \$17,062,000 in total were recognised in profit or loss during the Year.

Pursuant to the resolution passed by the Board on 6 February 2018, the Board considered the matter relating to the 2017 Bonus Entitlement and resolved to appeal to the generosity and good judgement of Dr Chen to defer the 2017 Bonus Entitlement. The Company and Dr Chen agreed that it is in the interests of the Company to defer the 2017 Bonus Entitlement to subsequent years until the achievement of certain KPIs set for the year ending 31 December 2018. The Company and Dr Chen agreed that subject to the achievement of the KPIs, the deferral of the 2017 Bonus Entitlement should be extended to the financial year ending 31 December 2018 or beyond at the sole election of Dr Chen and that the parties should negotiate in good faith a reasonable timeframe which is in the best interests of the Company. For record purposes, Dr Chen has foregone bonus of US\$18,600,000 from the financial years 2010 to 2014.

(b) Five highest paid individuals

Of the five individuals with highest emoluments, two (2016: three) are directors whose emoluments are disclosed in note 9(a). The aggregate of the emoluments in respect of the three individuals for the year ended 31 December 2017 (2016: two) are as follows:

	2017 \$'000	2016 \$'000
Basic salaries, housing and other allowances and benefits-in-kind	1,598	1,051

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

9 Directors' remuneration and senior management remuneration (continued)

(b) Five highest paid individuals (continued)

The emoluments of the three individuals (2016: two) with the highest emoluments are within the following bands:

	2017 Number of Individuals	2016 Number of Individuals
\$Nil – \$256,400 (approximately HK\$ Nil – HK\$2,000,000)	–	–
\$256,401 – \$320,500 (approximately HK\$2,000,001 – HK\$2,500,000)	–	–
\$320,501 – \$384,600 (approximately HK\$2,500,001 – HK\$3,000,000)	–	–
\$384,601 – \$448,700 (approximately HK\$3,000,001 – HK\$3,500,000)	–	–
\$448,701 – \$512,800 (approximately HK\$3,500,001 – HK\$4,000,000)	1	1
\$512,801 – \$576,900 (approximately HK\$4,000,001 – HK\$4,500,000)	1	1
\$576,901 – \$641,000 (approximately HK\$4,500,001 – HK\$5,000,000)	1	–
	3	2

During the Year, no emoluments were paid by the Group to any of the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office as a director of any member of the Group or in connection with the management of the affairs of any members of the Group. None of the Directors waived any emoluments during the Year.



10 Income tax

Income tax in profit or loss represents:

	2017 \$'000	2016 \$'000
Current tax expense		
– Current year	8,120	7,504
– Additional Obligation Payment	–	16,558
	8,120	24,062

Reconciliation between tax and accounting profit at applicable tax rate:

	2017 \$'000	2016 \$'000
Profit before taxation	263,306	208,221
Profits tax using Cambodian corporation tax rate of 20% (2016: 20%)	52,661	41,644
Tax exempt profits from Cambodian operations (note (a))	(52,661)	(41,644)
Obligation Payments (note (a))	8,120	7,504
Additional Obligation Payment	–	16,558
	8,120	24,062

Notes:

(a) Income tax in profit or loss

Income tax represents monthly gaming Obligation Payment of \$462,363 (2016: \$410,987), monthly non-gaming Obligation Payment of \$214,338 (2016: \$214,338) payable to the Ministry of Economy and Finance (the "MOEF") of Cambodia by NWL Gaming Branch and NWL Hotel and Entertainment Branch, branches registered in Cambodia.



Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

10 Income tax (continued)

Notes: (continued)

(a) Income tax in profit or loss (continued)

(i) Casino tax and licence fees

As described in note 5, under the SDA and the SSDA dated 2 January 1995 and 2 February 2000 respectively, the Cambodian Government has granted a casino licence to a subsidiary, Ariston, which in turn assigned the rights to operate gaming activities in Cambodia to NWL.

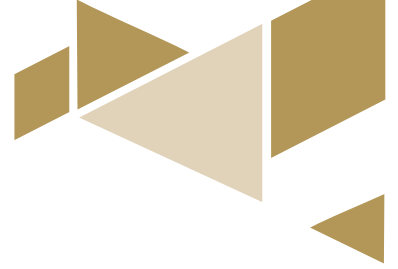
Pursuant to the SDA, Ariston was granted certain tax incentives in respect of the casino operations which include a profits tax exemption for a period of eight years from commencement of business, and profits thereafter would be subject to a concessionary rate of profits tax of 9% as compared to the normal profits tax rate of 20%. Ariston, in turn, has assigned to NWL all the tax incentives that were granted to Ariston pursuant to the SDA and SSDA relating to the gaming operations. The assignment of these tax incentives was confirmed by the Senior Minister, Minister in charge of the Council of Ministers, in a letter dated 20 November 2000.

It was contemplated by the SSDA that the gaming business of NWL would be regulated by a Casino Law which may prescribe casino taxes and licence fees. However, no Casino Law in respect of casino taxes or licence fees has been promulgated to-date. NWL had obtained a legal opinion that no casino taxes and licence fees are payable until the relevant legislation is enacted.

In May 2000, the MOEF levied an Obligation Payment of \$60,000 per month on NWL Gaming Branch payable from January 2000 to December 2003 in respect of the gaming activities. The MOEF has also confirmed that gaming taxes and licence fees are not payable in respect of periods prior to January 2000. Legal opinion was obtained confirming that the Obligation Payment is not payable prior to January 2000. Since December 2003, the MOEF had been revising the Obligation Payment every year. For the year ended 31 December 2017, the Obligation Payments is \$462,363 per month (2016: \$410,987 per month).

Such payments will be subject to an annual increase of 12.5% thereafter until the full completion of NagaWorld. On 24 December 2007, the MOEF revised the terms of the increase in Obligation Payment with NWL and agreed a 12.5% annual increase for a period of seven years to 2013.

On 16 November 2006, NWL received a letter from the MOEF clarifying the terms of payment of the gaming Obligation Payment to the Cambodian Government. In respect of gaming tax, NWL Gaming Branch shall continue to pay its Obligation Payment, which is subject to an annual increase of 12.5% for a period of seven years until year 2013 which, the MOEF mentions, is a period for NWL to complete the construction of its casino and other associated activities. From year 2014 onwards, the gaming Obligation Payment shall be reviewed on the basis of the "actual position" of NWL.



10 Income tax (continued)

Notes: (continued)

(a) Income tax in profit or loss (continued)

(i) Casino tax and licence fees (continued)

On 23 September 2008, NWL received a letter from the MOEF regarding the extension of the terms of payment of the gaming Obligation Payment. In respect of gaming tax, NWL Gaming Branch was granted the extension for an additional period of five years up until 2018, the payment of which was subject to annual increase of 12.5% per annum.

In addition, the MOEF has levied a casino taxation certificate fee amounting to \$30,000 per year payable from year 2004 onwards. However, the MOEF in their letter dated 12 November 2004 acknowledges that under the SDA and SSSA, the Casino Licence is valid for 70 years.

Monthly payments for the gaming Obligation Payment are due on the first week of the following month. In the event of late payment within 7 days from the due date, there will be a penalty of 2% on the late payment and interest 2% per month. In addition, after 15 days when official government notice is issued to NWL for the late payment an additional penalty of 25% will be imposed.

(ii) Corporate and other taxes on gaming activities

Current tax expense represents Obligation Payments for NWL Gaming Branch and NWL Hotel and Entertainment Branch, another branch registered in Cambodia by NWL.

NWL Gaming Branch enjoys certain tax incentives relating to gaming activities which were granted by the Cambodian Government as stipulated in the SDA and SSSA, including exemption from corporate tax for eight years. Further tax incentives and extension of the corporate tax exemption period to December 2004 were granted to NWL, as set out in the letters from the MOEF dated 10 May 2000, 15 September 2000 and 30 November 2000. Tax incentives granted to NWL up to December 2005 include exemptions from all categories of taxes in respect of gaming activities including advance profits tax, dividend withholding tax, minimum profits tax, value-added tax and revenue tax, and exemptions from unpaid fringe benefits tax and withholding tax prior to 31 December 1999.

NWL has further obtained a clarification letter from the MOEF dated 24 February 2003 confirming exemption from salary tax for its gaming employees prior to January 2000.



Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

10 Income tax (continued)

Notes: (continued)

(a) Income tax in profit or loss (continued)

(ii) Corporate and other taxes on gaming activities (continued)

As explained in note 10(a)(i) above in respect of gaming activities, NWL has to pay the Obligation Payment. The MOEF confirmed, in a letter to NWL dated 15 September 2000, to clarify that the Obligation Payment is a fixed gaming tax and with the payment of this fixed gaming tax, NWL will be exempted from all category of taxes on gaming activities including advance profits tax, minimum tax and advance tax on distribution of dividends. NWL, however, is obliged to pay taxes on other non-gaming services and activities payable under the Law of Taxation (the "LoT") of Cambodia.

Furthermore, the Senior Minister of the Council of Ministers of the MOEF in a circular to all casinos dated 7 December 2000 clarified that with the payment of the Obligation Payment on gaming activities, NWL will be exempted from the profits tax, minimum tax, advance tax on dividend distribution and value-added tax.

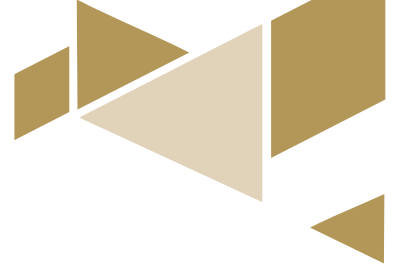
A legal opinion was obtained confirming that NWL will be exempt from the aforementioned taxes subject to the Obligation Payments being made.

With the imposition of the Obligation Payment or fixed gaming tax currently imposed, no Casino Law in respect of casino taxes and licence fees have been promulgated, and together with the tax incentives mentioned in the SDA and SSDA that NWL would enjoy a concessionary rate of profits tax of 9% after the tax exemption period has expired, it is uncertain what applicable rate of tax will be imposed on the profits of NWL from gaming activities in the future when the Casino Law is eventually promulgated.

In July 2002, the MOEF imposed a non-gaming Obligation Payment on NWL in respect of tax on non-gaming activities of a fixed sum of \$30,500 per month for the six months ended 31 December 2002. The monthly rate of non-gaming Obligation Payment will be reviewed annually. For the year ended 31 December 2017, the estimated provision of non-gaming obligation payment is \$214,338 per month (2016: \$214,338 per month).

The above non-gaming Obligation Payment is considered as a composite of various other taxes such as salary tax, fringe benefit tax, withholding tax, value-added tax, patent tax, tax on rental of moveable and unmoveable assets, minimum tax, advance profit tax, advertising tax and specific tax on entertainment services. The non-gaming Obligation Payment is due to be paid monthly and in the event of default in payment, the penalties and interest imposed are similar to those applicable to the gaming Obligation Payment as stated in note 10(a)(i) above.

In the previous year, having discussed with the MOEF, the Group paid an additional Obligation Payment of \$16,558,000 to the MOEF. As at the date of this report, there is no additional obligation for the Year.



10 Income tax (continued)

Notes: (continued)

(a) Income tax in profit or loss (continued)

(iii) Other jurisdictions

The Group is not subject to Hong Kong, Malaysian, Cayman Islands or Russian income taxes for the current and prior years.

(b) Taxes on other businesses

Profits from NWL's operations in Cambodia, other than NWL Gaming Branch and NWL Hotel and Entertainment Branch, are subject to normal profits tax of 20%. Revenue from other operations of NWL in Cambodia is subject to value-added tax of 10%.

(c) Amendment to the Law on Investment and Law of Taxation

Certain amendments to the existing Law on Investment ("LoI") and LoT of Cambodia were promulgated in March 2003.

Under the amendments made to the LoI, profits tax exemption would be preserved for the term granted under the original investment incentives, and the concessionary 9% profits tax rate will be restricted to five years from the expiry of the tax exemption period and thereafter profits would be subject to the normal tax rate of 20%.

Under the previous LoT, dividends can be distributed to shareholders without further withholding taxes. For entities that enjoy profits tax exemption or a concessionary profits tax rate of 9%, the amendments to the LoT will impose an additional tax that effectively increases the profits tax rate to 20%, upon the distribution of dividends. In addition, under the amendments made to the LoT, distribution of dividends to non-residents will be subject to a withholding tax on the distribution net of 20% tax at a rate of 14%, resulting in a net distribution tax of 31.2%.

As explained above, the Casino Law in respect of casino taxes and licence fees is yet to be promulgated. NWL has written a letter to the MOEF to clarify whether the amendments of the LoI and LoT will apply to their gaming business and has received a reply dated 9 June 2003 that the amendments of the LoI and LoT do not apply to casinos as they will be regulated by the Casino Administration Law which is yet to be enacted. However, the amendments to the LoI and LoT will apply to NWL Hotel and Entertainment Branch.

(d) Deferred taxation

No provision for deferred taxation has been recognised as there is no significant temporary difference at the end of the reporting period.

Notes to the Consolidated Financial Statements

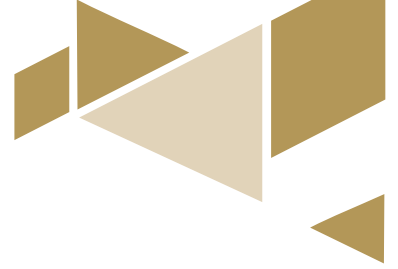
(Expressed in United States dollars)

11 Dividends payable to owners of the Company attributable to the year

	2017 \$'000	2016 \$'000
Interim dividend declared during the year:		
2016: US cents 2.77 per ordinary share	–	62,938
2017: US cents 2.08 per ordinary share	90,379	–
Final dividend proposed after the end of reporting period:		
2016: US cents 0.82 per ordinary share	–	20,051
2017: US cents 1.45 per ordinary share	62,732	–
	153,111	82,989

The interim dividend of \$90,379,000 (six months ended 30 June 2016: \$62,938,000) for the six-month period ended 30 June 2017 was declared and paid in August 2017.

As further detailed in note 22(c)(ii), distribution on the Convertible Bonds will be equal to the dividends that would have been paid on the new shares to be allotted and issued upon exercise of the conversion right attached to the Convertible Bonds (the “Conversion Shares”).



12 Earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to owners of the Company of \$255,186,000 (2016: \$184,159,000) and the weighted average number of shares of 3,212,396,541 (2016: 2,334,273,452) in issue during the Year.

The calculation of diluted earnings per share for the Year is based on the consolidated profit attributable to owners of the Company of \$255,186,000 (2016: \$184,159,000) and the weighted average number of shares for the purpose of diluted earnings per share of 4,341,008,041 (2016: 2,616,873,080).

	Number of Shares	
	2017	2016
Weighted average number of shares in issue during the year used in the basic earnings per share calculation	3,212,396,541	2,334,273,452
Effect of dilution – weighted average number of shares: – Convertible Bonds	1,128,611,500	282,599,628
Weighted average number of shares for the purpose of diluted earnings per share	4,341,008,041	2,616,873,080

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

13 Segment information

The Group manages its businesses by segments, which comprise a mixture of business activities (casino, hotel and entertainment). The Group has identified the following two main reportable segments in a manner consistent with the way in which information is reported internally to the Group's most senior executive management (the "SEM") for the purpose of resource allocation and performance assessment.

- Casino operations: this segment comprises all gaming activities.
- Hotel and entertainment operations: this segment comprises the operations of leisure, hotel and entertainment activities.

(a) Segment results, assets and liabilities

The SEM monitors the results, assets and liabilities attributable to each reportable segment as follows:

Segment assets include all tangible, intangible and current assets. Segment liabilities include trade creditors, other creditors, provision for unredeemed chips and other liabilities.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and expenses incurred by those segments or which would otherwise arise from the depreciation and amortisation of assets attributed to those segments.

	Casino operations \$'000	Hotel and entertainment operations \$'000	Total \$'000
Segment revenue:			
Year ended 31 December 2016 (restated)			
Revenue from external customers	500,837	30,721	531,558
Inter-segment revenue	(2,694)	11,270	8,576
Reportable segment revenue	498,143	41,991	540,134
Year ended 31 December 2017			
Revenue from external customers	925,964	30,385	956,349
Inter-segment revenue	(2,526)	14,425	11,899
Reportable segment revenue	923,438	44,810	968,248
Segment profit:			
Year ended 31 December			
2016 (restated)	255,993	15,868	271,861
2017	344,617	9,174	353,791



13 Segment information (continued)

(a) Segment results, assets and liabilities (continued)

	Casino operations \$'000	Hotel and entertainment operations \$'000	Total \$'000
Segment assets:			
As at 31 December 2016 (restated)	955,734	504,101	1,459,835
2017	1,070,902	509,200	1,580,102
Segment liabilities:			
As at 31 December 2016 (restated)	(28,645)	(180,717)	(209,362)
2017	(46,111)	(134,345)	(180,456)
Net assets:			
As at 31 December 2016 (restated)	927,089	323,384	1,250,473
2017	1,024,791	374,855	1,399,646
Other segment information			
Capital expenditure:			
Year ended 31 December 2016 (restated)	198,506	318,053	516,559
2017	211,312	152,251	363,563
Impairment loss on trade receivables			
Year ended 31 December 2016	2,082	–	2,082
2017	1,025	–	1,025

Notes to the Consolidated Financial Statements

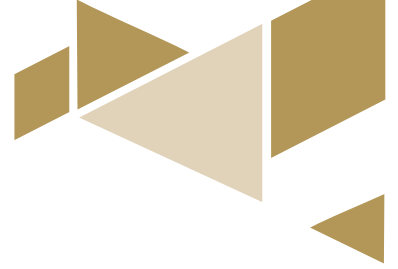
(Expressed in United States dollars)

13 Segment information (continued)

(a) Segment results, assets and liabilities (continued)

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities to revenue, profit or loss, assets and liabilities per the consolidated financial statements is as follows:

	2017 \$'000	2016 \$'000 (restated)
Revenue		
Reportable segment revenue	968,248	540,134
Elimination of inter-segment revenue	(11,899)	(8,576)
Consolidated revenue	956,349	531,558
Profit		
Reportable segment profit	353,791	271,861
Other revenue	-	6
Depreciation and amortisation	(56,416)	(47,859)
Unallocated head office and corporate expenses	(34,069)	(15,787)
Consolidated profit before taxation	263,306	208,221
Assets		
Reportable segment assets	1,580,102	1,459,835
Elimination of inter-segment assets	(120,373)	(171,020)
	1,459,729	1,288,815
Unallocated corporate assets	2,545	1,844
Consolidated total assets	1,462,274	1,290,659
Liabilities		
Reportable segment liabilities	(180,456)	(209,362)
Elimination of inter-segment payables	120,373	171,020
	(60,083)	(38,342)
Unallocated corporate liabilities	(19,646)	(1,336)
Consolidated total liabilities	(79,729)	(39,678)



13 Segment information (continued)

(b) Geographical information

The Group's operations and activities are mainly located in Cambodia. As at 31 December 2017, the Group had non-current assets other than financial instruments and deferred tax assets located in Cambodia and Russia of \$1,218,319,000 (2016: \$933,049,000) and \$78,365,000 (2016: \$64,025,000), respectively.

14 Property, plant and equipment, and interest in leasehold lands held for own use under operating lease

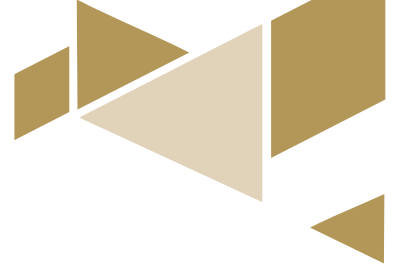
	Plant and equipment \$'000	Buildings \$'000	Capital work-in- progress \$'000 (note (i))	Renovations, furniture and fittings \$'000	Motor vehicles \$'000	Aircraft \$'000	Total property, plant and equipment \$'000	Interest in leasehold lands held for own use under operating lease \$'000 (note (ii))
Cost:								
At 1 January 2016	66,606	108,875	52,232	256,818	6,146	55,990	546,667	1,551
Acquisition of subsidiaries (note 23)	-	95,000	259,000	-	-	-	354,000	26,000
Additions	2,265	-	91,100	303	91	-	93,759	-
Disposal	(644)	-	-	-	(633)	-	(1,277)	-
Written off	(1,503)	-	-	-	-	-	(1,503)	-
Transfer	1,151	5,967	(35,768)	28,650	-	-	-	-
Exchange adjustments	-	-	-	-	2	-	2	-
At 31 December 2016	67,875	209,842	366,564	285,771	5,606	55,990	991,648	27,551
At 1 January 2017	67,875	209,842	366,564	285,771	5,606	55,990	991,648	27,551
Additions	3,624	-	360,295	227	-	-	364,146	-
Disposal	(11)	-	-	-	(77)	-	(88)	-
Written off	(33)	-	-	-	-	-	(33)	-
Transfer	78,336	478,840	(668,177)	109,797	1,204	-	-	-
Exchange adjustments	-	-	-	-	1	-	1	-
At 31 December 2017	149,791	688,682	58,682	395,795	6,734	55,990	1,355,674	27,551

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

14 Property, plant and equipment, and interest in leasehold lands held for own use under operating lease (continued)

	Plant and equipment \$'000	Buildings \$'000	Capital work-in- progress \$'000 (note (i))	Renovations, furniture and fittings \$'000	Motor vehicles \$'000	Aircraft \$'000	Total property, plant and equipment \$'000	Interest in leasehold lands held for own use under operating lease \$'000 (note (ii))
Accumulated depreciation/ amortisation:								
At 1 January 2016	24,036	12,512	-	93,093	4,147	5,799	139,587	243
Charge for the year	9,256	2,523	-	28,777	892	2,822	44,270	42
Disposal	(250)	-	-	-	(618)	-	(868)	-
Written off	(1,489)	-	-	-	-	-	(1,489)	-
Exchange adjustments	-	-	-	-	(1)	-	(1)	-
At 31 December 2016	31,553	15,035	-	121,870	4,420	8,621	181,499	285
At 1 January 2017	31,553	15,035	-	121,870	4,420	8,621	181,499	285
Charge for the year	10,413	5,907	-	32,915	497	2,821	52,553	316
Disposal	(7)	-	-	-	(76)	-	(83)	-
Written off	(32)	-	-	-	-	-	(32)	-
At 31 December 2017	41,927	20,942	-	154,785	4,841	11,442	233,937	601
Net book value:								
At 31 December 2017	107,864	667,740	58,682	241,010	1,893	44,548	1,121,737	26,950
At 31 December 2016	36,322	194,807	366,564	163,901	1,186	47,369	810,149	27,266



14 Property, plant and equipment, and interest in leasehold lands held for own use under operating lease (continued)

Notes:

- (i) Capital work-in-progress is mainly incurred on the Group's hotel and casino complex located in Cambodia and Russia.
- (ii) Interest in leasehold lands held for own use under operating lease is located as follows:

	2017 \$'000	2016 \$'000
Cambodia	26,950	27,266

The Group has four leasehold lands which has a remaining leasehold period expiring on 31 July 2095, 10 January 2037, 31 July 2066 and 14 December 2110 respectively.

In addition to the prepaid lease payments to acquire the interest in the leasehold lands, the Group was obliged to pay the annual operating lease charge of approximately \$322,000 (2016: \$254,000), subject to increment for every 5 or 10 years, as shown in note 24 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

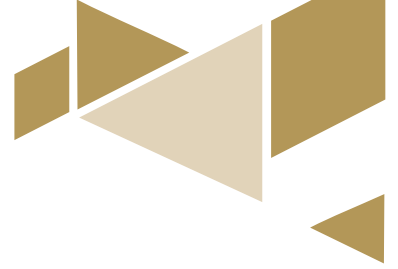
15 Intangible assets

	2017 \$'000	2016 \$'000
Casino licence premium and extended exclusivity premium:		
Cost:		
At 1 January and 31 December	108,000	108,000
Accumulated amortisation:		
At 1 January	41,799	38,252
Charge for year	3,547	3,547
At 31 December	45,346	41,799
Net book value	62,654	66,201

On 12 August 2005, Ariston, a subsidiary of the Company, and the Cambodian Government entered into an Addendum Agreement which extended the exclusivity period of the Casino Licence within the Designated Area for the period to the end of 2035 in consideration for the surrender by Ariston of the rights and concessions granted under the SDA signed on 2 January 1995 and SSSA signed on 2 February 2000, both between Ariston and the Cambodian Government (except for the right to operate the casino within the Designated Area) including, but not limited to, the rights granted in respect of the development in O'Chhoue Teal, Naga Island and Sihanoukville International Airport (the "Assigned Assets"). The Assigned Assets had previously been assigned to Ariston Holdings Sdn. Bhd., a related company that is beneficially owned by the ultimate controlling shareholder of the Company, Dr Chen, on 30 August 2002. In order to fulfill its obligations under the Addendum Agreement, Ariston proposed to enter into an agreement with Ariston Holdings Sdn. Bhd., pursuant to which Ariston Holdings Sdn. Bhd. would surrender all rights, title, benefits and interests in and to the Assigned Assets to the Cambodian Government with an effective date of 12 August 2005 in consideration for \$105 million.

The \$105 million liability in respect of the extended exclusivity period has been settled as follows:

- On 11 May 2006, the Company issued 202,332,411 ordinary shares of \$0.0125 each to Dr Chen pursuant to an agreement with, amongst others, Ariston and Ariston Holdings Sdn. Bhd. The fair value of the 202,332,411 ordinary shares was \$50 million of which \$2,529,155 was the par value of the ordinary shares issued and \$47,470,845 was the premium on the issue of the ordinary shares; and



15 Intangible assets (continued)

- On 16 August 2006, the remaining \$55 million due to Ariston Holdings Sdn. Bhd. was settled by way of a capital contribution of \$55 million by the ultimate controlling shareholder of the Company.

Please refer to note 5 in respect of the Casino Licence.

16 Promissory notes

The promissory notes (the “Promissory Notes”) in total amount of RUB469,100,000 (approximately \$9,584,000) (2016: \$8,647,000) bought from a bank in Russia bear an interest of 6.6% per annum and the maturity date of which is 2,909 days from the date of issue, i.e. 30 January 2023. The Promissory Notes were pledged to the same bank for issuance of a bank guarantee amounting to RUB400,000,000 in favour of Primorsky Krai Development Corporation for the Group’s gaming and resort development project in Russia.

17 Trade and other receivables

	2017 \$'000	2016 \$'000
Trade receivables	63,705	32,319
Less: Allowance for impairment loss	(5,369)	(4,344)
	58,336	27,975
Deposits, prepayments and other receivables	43,081	44,584
	101,417	72,559

Included in trade and other receivables are trade debts (net of impairment losses) with the following ageing analysis as at the end of the reporting period:

	2017 \$'000	2016 \$'000
Current to within 1 month	47,111	22,213
1 to 3 months	2,329	2,182
3 to 6 months	6,095	1,494
6 to 12 months	163	1,144
More than 1 year	2,638	942
	58,336	27,975

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

17 Trade and other receivables (continued)

The analysis of trade receivables which are past due but not impaired is as follows:

	2017 \$'000	2016 \$'000
Not yet past due	33,558	–
Less than 1 month overdue	13,553	20,658
1 to 3 months overdue	2,329	375
3 to 6 months overdue	6,095	1,432
6 to 12 months overdue	163	1,135
More than 1 year overdue	2,638	451
	58,336	24,051

The balances which are past due but not impaired relate mostly to Junket VIP operators and local operators who have good track records with the Group, or were active during the Year.

The Group recognises impairment losses in accordance with the policy in note 4(e)(i). The Group's credit policy is set out in note 27(c).

The following table reconciles the impairment loss of trade receivables for the year:

	2017 \$'000	2016 \$'000
At 1 January	4,344	2,262
Impairment loss recognised	1,025	2,082
At 31 December	5,369	4,344

18 Consumables

Consumables comprise food and beverage, diesel and sundry store items.

19 Prepayments for acquisition, construction and fitting-out of property, plant and equipment

As at the end of the Year, prepayments for construction and fitting-out relate to advances made for various construction activities in NagaWorld and elsewhere.



20 Cash and cash equivalents

	2017 \$'000	2016 \$'000
Cash and bank balances	52,444	175,662
Fixed deposits	350	35,250
	52,794	210,912

The carrying amounts of these assets approximate their fair values.

21 Trade and other payables

	2017 \$'000	2016 \$'000
Trade payables (note)	2,590	2,624
Unredeemed casino chips	24,391	12,305
Deferred revenue	1,273	1,170
Deposits	680	339
Construction creditors	7,039	5,826
Accruals and other creditors	41,975	14,705
	77,948	36,969

Note:

Included in trade and other payables are trade creditors with the following ageing analysis as at the end of the reporting period:

	2017 \$'000	2016 \$'000
Due within 1 month or on demand	2,590	2,463
Due after 1 month but within 3 months	-	31
Due after 3 months but within 6 months	-	47
Due after 6 months but within 1 year	-	65
Due after 1 year	-	18
Total	2,590	2,624

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

22 Capital and reserves

(a) Share capital

(i) Authorised:

	2017 \$'000	2016 \$'000
8,000,000,000 ordinary shares of \$0.0125 each	100,000	100,000

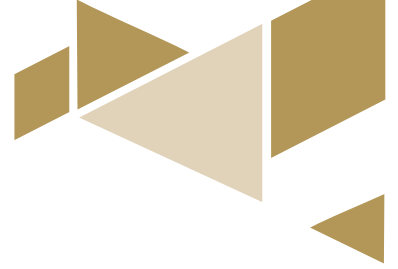
(ii) Issued and fully paid:

	2017		2016	
	Number of shares	\$'000	Number of shares	\$'000
Issued and fully paid:				
Ordinary shares of \$0.0125 each				
At 1 January	2,459,988,875	30,750	2,269,988,875	28,375
Issue of shares upon conversion of convertible bonds (Note (a))	1,881,019,166	23,513	-	-
Issue of shares under placement (Note (b))	-	-	190,000,000	2,375
At 31 December	4,341,008,041	54,263	2,459,988,875	30,750

The holders of Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per Share at general meetings of the Company. All Shares rank equally with regard to the Company's residual assets.

Note:

- (a) On 8 August 2017, the Company allotted and issued 1,881,019,166 Conversion Shares upon exercise of the conversion rights attached to the Convertible Bonds. Further details are set out in note 22(c)(ii).
- (b) On 9 September 2016, the Company allotted and issued 190,000,000 new ordinary shares of \$0.0125 each at subscription price of HK\$5 per share pursuant to the Placing and Subscription Agreement dated 1 September 2016. Transaction costs of \$2,664,000 were incurred for the share issued.



22 Capital and reserves (continued)

(a) Share capital (continued)

(iii) Capital management

The Group's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide a return to shareholders by pricing services commensurately with the level of risk.

The gearing ratio at the end of reporting period was as follows:

	2017 \$'000	2016 \$'000
Debt	-	-
Cash and cash equivalents	(52,794)	(210,912)
Net debt	(52,794)	(210,912)
Equity	1,382,545	1,250,981
Net debt to equity ratio	N/A	N/A

The capital structure of the Group consists of equity attributable to owners of the Company only, comprising share capital and reserves. Management may consider any opportunity of debt financing when necessary. The Group sets the amount of capital to reflect the perceived level of risk. The Group manages the capital structure and makes adjustments in the light of changes in economic and business conditions and the risk characteristics of the underlying assets.

(b) Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 110 of the consolidated financial statements.



Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

22 Capital and reserves (continued)

(c) Nature and purpose of reserves

(i) *Share premium*

Under the Companies Law of the Cayman Islands, the share premium account of the Company is distributable to the shareholders provided that immediately following that date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts when they fall due in the ordinary course of business.

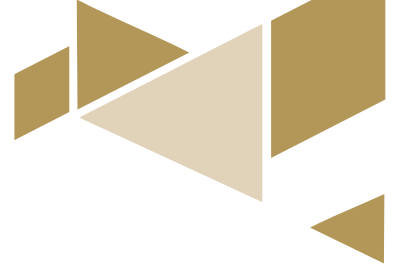
(ii) *Convertible bonds*

On 17 May 2016 and 30 December 2016, the Company issued the Convertible Bonds with a principal amount of \$94,000,000 and \$275,000,000 on a perpetual basis with no maturity date in relation to the acquisition of TanSriChen (Citywalk) Inc. and TanSriChen Inc. respectively (as mentioned in note 23). The Convertible Bonds are denominated in United States dollars. The Convertible Bonds can be converted into Shares of the Company at the Bondholder's option in accordance with terms of the Convertible Bonds. On initial recognition, the total fair value of the Convertible Bonds amounting to \$378,888,000 were included in equity (note 23).

Distributions on the Convertible Bonds would be equal to the dividends that would otherwise have been paid on the Conversion Shares. Distributions shall be paid to the Bondholder on the date on which the relevant dividend is paid to the Shareholders.

On 8 August 2017, based on the conversion price of HK\$1.5301 (equivalent to US\$0.1962) of the Convertible Bonds, 1,881,019,166 Conversion Shares were allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds.

The interim and final distributions for the year ended 31 December 2016 amounted to \$12,174,000 and \$15,332,000 respectively.



22 Capital and reserves (continued)

(c) Nature and purpose of reserves (continued)

(iii) Merger reserve

The merger reserve relates to the pooling of interests under the share swap agreement between, amongst others, the former shareholders of the combined entities, the Company and the then sole ultimate controlling shareholder dated 6 June 2003. The amount represents the fair value of the share capital of the combined entities and the carrying value of assets and liabilities combined into the Group pursuant to the restructuring aforementioned.

(iv) Capital contribution reserve

The capital contribution reserve comprises the fair value of assets contributed to the Company by the ultimate controlling shareholder.

(v) Capital redemption reserve

The capital redemption reserve arose from cancellation of 12,090,000 treasury shares during the year ended 31 December 2015. Pursuant to section 37(4) of the Companies Law of the Cayman Islands, upon the cancellation, the par value of the cancelled treasury shares was transferred from share premium accounts.

(vi) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities.

(d) Distributable reserves

At 31 December 2017, the aggregate amount of reserves available for distribution to owners of the Company was \$700,298,000 (2016: \$379,454,000) within which \$751,356,000 (2016: \$395,981,000) related to the share premium of the new Shares issued upon conversion of the Convertible Bonds in current year and issued under placement in past years and \$55,000,000 (2016: \$55,000,000) related to the capital contribution reserve, which the Directors have no current intention of distributing.

After the end of the reporting period, the Directors proposed a final dividend for Shareholder of US cent 1.45 per Share amounting to \$62.7 million (2016: final dividend for Shareholder and distribution for the Bondholder of US cents 0.82 per Share/Conversion Share amounting to \$35.4 million). The final dividend has not been recognised as a liability at the end of the reporting period.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

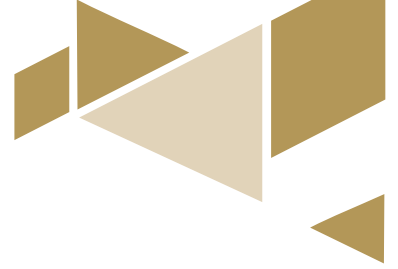
23 Acquisitions of assets and liabilities through acquisition of subsidiaries

On 17 May 2016 and 30 December 2016, the Group acquired 100% of the equity interest of TanSriChen (Citywalk) Inc. and its wholly-owned subsidiary (collectively the "Citywalk Group") which is the owner of NagaCity Walk, an underground linkway connecting NagaWorld Hotel and Naga2 and TanSriChen Inc. which is the owner of TSCLK Complex, at a consideration of \$94,000,000 and \$275,000,000 respectively, which were satisfied by the issuance of the Convertible Bonds by the Company (note 22(c)(ii)). Dr Chen was the sole shareholder of both TanSriChen (Citywalk) Inc. and TanSriChen Inc. before and at the time of the acquisitions.

The fair values of identifiable assets and liabilities of the Citywalk Group and TanSriChen Inc. as at the respective date of acquisitions were:

	Citywalk Group \$'000	TanSriChen Inc. \$'000	Total \$'000
Property, plant and equipment (note 14)	95,000	259,000	354,000
Interest in leasehold lands held for own use under operating lease (note 14)	–	26,000	26,000
Deposit	20	–	20
Cash and cash equivalents	–	234	234
Amount due from related parties	–	137	137
Amount due to shareholders	–	(1,084)	(1,084)
Amount due to a holding company	(137)	–	(137)
Other payables	(261)	(21)	(282)
	94,622	284,266	378,888
The fair value of considerations transfer:	\$'000	\$'000	\$'000
Issuance of the Convertible Bonds at fair value (Note 22(c)(ii))	94,622	284,266	378,888

The acquisitions were considered as acquisition of assets and liabilities and the considerations were settled by the issuance of the Convertible Bonds. The fair values of the Convertible Bonds issued in connection with the acquisitions are determined based on the fair values of the identifiable assets and liabilities acquired which amounted to \$94,622,000 and \$284,266,000 respectively.



24 Leases

Operating lease – Lessee

At the end of the reporting period, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2017					2016					
	In respect of:					In respect of:					
	Office, staff quarters and		Equipment rental	Gaming machines stations and tables games		Office, staff quarters and		Equipment rental	Gaming machines stations and tables games		Total
	Land lease	car park rental		Land lease	car park rental	Land lease	car park rental				
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Within 1 year	2,340	927	1,062	-	4,329	307	760	1,536	969	3,572	
1 to 5 years	9,364	632	-	-	9,996	1,237	730	1,062	960	3,989	
After 5 years	33,542	464	-	-	34,006	24,816	522	-	-	25,338	
	45,246	2,023	1,062	-	48,331	26,360	2,012	2,598	1,929	32,899	

The Group has entered into lease arrangements in respect of land in Phnom Penh, Cambodia which forms the site for the NagaWorld hotel and entertainment complex with integrated casino facilities currently under construction. The lease agreement is for a period of 99 years and does not include any provisions for renewal upon expiry or contingent rentals. Provisions for periodic adjustments to reflect market rentals are included in the lease agreement and in the commitments shown above.

The Group also entered into lease agreement in respect of land for the construction of NagaCity Walk between the Municipality of Phnom Penh and the TanSriChen Inc. for a term of 50 years. Under the terms of the lease agreement, upon the expiry of the initial lease term of 50 years, the lease shall be automatically renewed at the option of the Company for another term in accordance with the laws of Cambodia.

Please refer to note 14(ii) for further details in respect of the lands.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

24 Leases (continued)

Operating lease – Lessor

At the end of the reporting period, the Group's total future minimum lease receivables under non-cancellable operating are as follows:

	2017 \$'000	2016 \$'000
Within 1 year	2,315	1,633
1 to 5 years	9,916	9,390
After 5 years	10,072	10,818
	22,303	21,841

The lease was negotiated for an original term of 10.5 years. The terms of the lease also provide for periodic rent adjustments according to the then prevailing market conditions. Rent is calculated at the higher of base rent or 8% on turnover generated from the tenant plus 5% on turnover generated from its licensee, operator or sub-tenant. No contingent rental was recognised during the Year (2016: Nil).

25 Capital commitments

The Group had the following capital commitments as at the end of the reporting period:

	2017 \$'000	2016 \$'000
Hotel and casino complex – contracted but not incurred	342,539	370,234

The capital commitments relating to the hotel and casino complex are expected to be incurred over one year in accordance with a phased construction plan.

26 Equity settled share-based transactions

The Company has adopted a share option scheme on 20 April 2016 (the "Scheme"). Under the Scheme, the Directors are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at nil consideration to subscribe for shares of the Company.

The Company did not grant any share options during the Year (2016: Nil) and there are no outstanding share options at the end of the reporting period (2016: Nil).



27 Risk management

(a) Financial risk management objectives and policies

Exposures to political and economic risks, credit, interest rate and foreign currency risks arise in the normal course of the Group's business. The Group has risk management policies and guidelines which set out its overall business strategies, its tolerance of risk and its general risk management philosophy and has established processes to monitor and control the hedging of transactions in a timely and accurate manner. Such policies are regularly reviewed by the Board and regular reviews are undertaken to ensure that the Group's policy guidelines are adhered to.

(b) Political and economic risks

The Group's activities are carried out in Cambodia, a country which, until recently, has had a history of political instability. While the political climate has been more stable in recent years, its political and legal frameworks are still evolving and the economic and legal environments may change significantly in the event of a change of government. Although the Cambodian Government has been pursuing reform policies in recent years, no assurance can be given that the Cambodian Government will continue to pursue such policies or that such policies may not be significantly altered. There is also no guarantee that the Cambodian Government's pursuit of reforms will be consistent or effective. Changes in LoT and Lol and in policies affecting the industry in which the Group operates could have a significant negative effect on its operating results and financial condition.

(c) Credit risk

The credit policy on gaming receivables is five to thirty days (2016: five to thirty days) from the end of tour. The credit policy on non-gaming receivables is thirty days from end of month (2016: thirty days from end of month). Trade receivables relate mostly to Junket operators. At the end of the reporting period, the Group has a certain concentration of credit risk at 43% (2016: 20%) of the total trade and other receivables that were due from the five largest operators.

The Group recognises impairment losses on trade and other receivables in accordance with the policy in note 4(e)(i). The Group has a credit policy in place and the exposure to credit risk is monitored on a regular basis. The Group grants credit facilities, on an unsecured basis, to selected Junket VIP operators. Credit evaluations are performed on all customers requesting credit facilities.

The Group does not provide any guarantees which would expose the Group to credit risk.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

27 Risk management (continued)

(d) Liquidity risk

The contractual maturities of financial liabilities of the Group are shown as below:

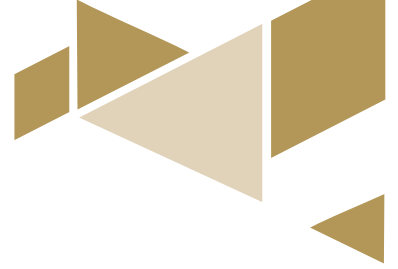
	2017 \$'000	2016 \$'000
Less than one year	77,948	36,969

(e) Interest rate risk

To date the Group's funding requirements have largely been met by cash flows generated from its operations. In respect of income from monetary assets, effective interest rates and terms are as follows:

	2017		2016	
	Effective interest rate %	One year or less \$'000	Effective interest rate %	One year or less \$'000
Bank deposits				
– On demand	0.01 to 0.8	17,909	0.01 to 0.8	149,340
– Within one year	4	350	1.20 to 1.80	35,250
		18,259		184,590
Promissory Notes	6.6	9,584	6.6	8,647
		27,843		193,237

The Group has no significant interest bearing assets except the Promissory Notes detailed in note 16. The Group policy is to manage its interest rate risk, working within an agreed framework, to ensure that there are no undue exposures to significant interest rate movements and rates are approximately fixed when necessary. The directors considered that the Group's cash flow interest rate risk is minimal.



27 Risk management (continued)

(f) Foreign currency risk

The Group's income is principally earned in United States dollars. The Group's expenditure is principally paid in United States dollars and to a lesser extent in Cambodian Riels and Russian Ruble. The Group does not therefore have significant exposure to foreign currency risk. The Group does not enter into currency hedging transactions since it considers that the cost of such instruments outweigh the potential cost of exchange rate fluctuations.

(g) Fair values

Financial instruments not measured at fair value include Promissory Notes, cash and cash equivalents, trade and other receivables and trade and other payables. The carrying values of these financial instruments approximately fair values.

28 Related party transactions

In addition to the information disclosed in the notes 22 and 23 to the consolidated financial statements, significant transactions entered into between the Group and its related parties are as follows:

(a) Compensation of key management personnel

	2017 \$'000	2016 \$'000
Basic salaries, housing and other allowances and benefits in kind	9,764	7,491
Bonus	18,166	893
	27,930	8,384

As at 31 December 2017, amounts due from related companies of \$274,000 (2016: \$263,000) are included in trade and other receivables as disclosed in note 17 to the consolidated financial statements. The maximum balance during the Year was \$293,000 (2016: \$413,000).

As at 31 December 2017, amount due to a director, Dr Chen of \$19,081,000 (2016: \$2,090,000) is included in trade and other payables as disclosed in note 21 to the consolidated financial statements.

The balances with the related companies and the director are unsecured, interest-free and repayable on demand.



Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

29 Ultimate controlling party

At 31 December 2017, Dr Chen owned equity interests in 2,839,964,463 (2016: 958,945,297) ordinary shares out of the 4,341,008,041 (2016: 2,459,988,975) issued ordinary shares of the Company, of which 1,888,169,166 (2016: 7,150,000) ordinary shares were beneficially owned by Dr Chen and the remaining 951,795,297 (2016: 951,795,297) ordinary shares were indirectly held by a discretionary trust named ChenLa Foundation. By virtue of being the founder of ChenLa Foundation, Dr Chen was taken to be interested in the 951,795,297 (2016: 951,795,297) ordinary shares held by ChenLa Foundation.

30 Possible impact of amendments and new or revised standards issued but not yet effective for the annual accounting year ended 31 December 2017

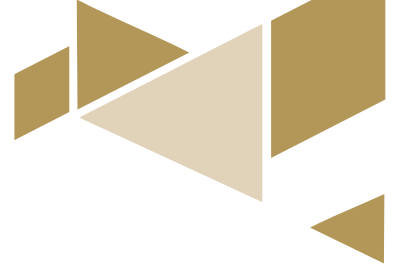
Up to the date of issue of these consolidated financial statements, the IASB has issued the following amendments and new or revised standards which are not yet effective for the annual accounting year ended 31 December 2017, potentially relevant to the Group's financial statements, and have not been early adopted in these consolidated financial statements.

Annual Improvements to IFRSs 2014-2016 Cycle	Amendments to IFRS 1 First-time adoption of International Financial Reporting Standards ¹
Annual Improvements to IFRSs 2014-2016 Cycle	Amendments to IAS 28 Investments in Associates and Joint Ventures ²
Annual Improvements to IFRSs 2015-2017 Cycle	Amendments to IFRS 3 Business Combinations ²
Annual Improvements to IFRSs 2015-2017 Cycle	Amendments to IFRS 11 Joint Arrangements ²
Annual Improvements to IFRSs 2015-2017 Cycle	Amendments to IAS 12 Income Taxes ²
Annual Improvements to IFRSs 2015-2017 Cycle	Amendments to IAS 23 Borrowing Costs ²
Amendments to IFRS 2	Classification and Measurement of Share-Based Payment Transactions ¹
IFRS 9	Financial Instruments ¹
Amendments to IFRS 9	Prepayment Features with Negative Compensation ²
IFRS 15	Revenue from Contracts with Customers ¹
Amendments to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers ¹
IFRS 16	Leases ²
IFRIC 22	Foreign Currency Transactions and Advance Consideration ¹
IFRIC 23	Uncertainty Over Income Tax Treatments ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

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

2 Effective for annual periods beginning on or after 1 January 2019

3 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.



30 Possible impact of amendments and new or revised standards issued but not yet effective for the annual accounting year ended 31 December 2017 (continued)

Annual Improvements to IFRSs 2014-2016 Cycle – Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to IFRS 1, First-time Adoption of International Financial Reporting Standards, removing transition provision exemptions relating to accounting periods that had already passed and were therefore no longer applicable.

Annual Improvements to IFRSs 2014-2016 Cycle – Amendments to IAS 28 Investments in Associates and Joint Ventures

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to IAS 28, Investments in Associates and Joint Ventures, clarifying that a Venture Capital organisation's permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

Annual Improvements to IFRSs 2015-2017 Cycle – Amendments to IFRS 3 Business Combinations

The amendment clarifies that a company remeasures its previously held interest in a joint operation that is a business when it obtains control of the business. Paragraph 42A is added to clarify this requirement.

Annual Improvements to IFRSs 2015-2017 Cycle – Amendments to IFRS 11 Joint Arrangements

The amendment clarifies that a company that participates in but does not have joint control over a joint operation, does not remeasure its previously held interest in the joint operation which is a business when it obtains joint control of the business. Paragraph B33CA is added to IFRS 11 to clarify this requirement.

Annual Improvements to IFRSs 2015-2017 Cycle – Amendments to IAS 12 Income Tax

The amendment clarifies that a company accounts for all income tax consequences of dividend payments in the same way as the entity recognised the originating transaction or event that generated the distributable profit giving rise to the dividend. Paragraph 57A to IAS 12 is added to clarify this point.



Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

30 Possible impact of amendments and new or revised standards issued but not yet effective for the annual accounting year ended 31 December 2017 (continued)

Annual Improvements to IFRSs 2015-2017 Cycle – Amendments to IAS 23 Borrowing Costs

The amendment clarifies that when a qualifying asset is ready for its intended use or sale and (some of) the related specific borrowing remains outstanding, that borrowing is treated as general borrowings. Paragraph 14 of IAS 23 is amended to convey this principle.

Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions

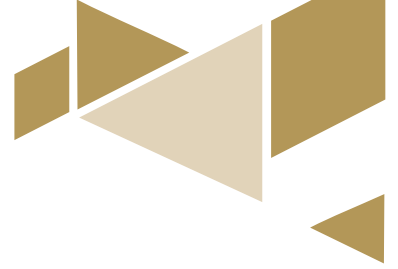
The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

IFRS 9 – Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income (“FVTOCI”) if the objective of the entity’s business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss (“FVTPL”).

IFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in IAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

IFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 retains the requirements in IAS 39 for derecognition of financial assets and financial liabilities.



30 Possible impact of amendments and new or revised standards issued but not yet effective for the annual accounting year ended 31 December 2017 (continued)

IFRS 15 – Revenue from Contracts with customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 supersedes existing revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

IFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

IFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under IFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Directors anticipates that the application of IFRS 15 in the future may have an impact on the amounts of revenue reported in particulars for the gaming business as the timing of revenue recognition and allocation of total consideration to respective performance obligations based on relative fair values may be affected. In addition, the application of IFRS 15 in the future may result in more disclosures in the consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

Amendments IFRS 15 – Clarifications to IFRS 15 Revenue from Contracts with customers

The amendments to IFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.



Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

30 Possible impact of amendments and new or revised standards issued but not yet effective for the annual accounting year ended 31 December 2017 (continued)

IFRS 16 – Leases

IFRS 16, which upon the effective date will supersede IAS 17 – Leases and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, IAS 17.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of approximately \$48,331,000 as disclosed in note 24. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. In addition, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the Directors complete a detailed review.



30 Possible impact of amendments and new or revised standards issued but not yet effective for the annual accounting year ended 31 December 2017 (continued)

IFRIC 22 – Foreign Currency Transactions and Advance Consideration

The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

HK(IFRIC) – Int 23 – Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of IAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the “most likely amount” or the “expected value” approach, whichever better predicts the resolution of the uncertainty.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors’ interests in the joint venture or associate.



Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

31 Key sources of estimation

(i) Impairment allowance for bad and doubtful debts

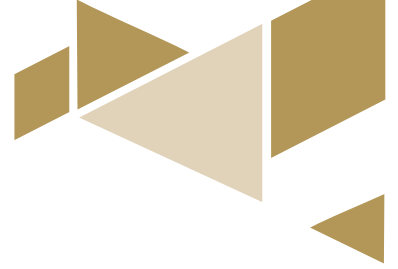
The policy for impairment allowance for bad and doubtful debts on trade and other receivables of the Group is based on the evaluation of recoverability and outstanding period of accounts, and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer, including Junket VIP operators and local operators. In determining whether impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from individual trade and other receivables. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly.

(ii) Recognition of the revenue from assignment of a licensing right

Part of the Group's income is generated from certain investors in respect of assignment of a licensing right for operating EGMs (note 6). In making this assessment, considerations have been placed on the nature, terms and commercial substance of the transaction for the purpose of the determination that the assignment of right under the agreement should be accounted for as a sale and on a stand-alone basis.

(iii) Obligation payment

As mentioned in note 10 to the consolidated financial statements, a Casino Law which is to govern gaming activities in Cambodia has yet to be promulgated. Management judgement is therefore required in determining the relevant amounts. The Group has carefully evaluated its exposure to transactions occurred during the Year and observes the development of the Casino Law in exercising such judgement.



32 Contingent Liabilities

Based on the formula stated in Clause 3.3 of the service agreement entered into between the Company and Dr Chen, the CEO, the parties acknowledge and agree that Dr Chen will be entitled to the 2017 Bonus Entitlement of \$11,765,000 for the financial year ended 31 December 2017.

Pursuant to the resolution passed by the Board on 6 February 2018, the Board considered the matter relating to the 2017 Bonus Entitlement and resolved to appeal to the generosity and good judgement of Dr Chen to defer the 2017 Bonus Entitlement. The Company and Dr Chen agreed that it is in the interests of the Company to defer the 2017 Bonus Entitlement to subsequent years until the achievement of certain KPIs set for the year ending 31 December 2018. The Company and Dr Chen agreed that subject to the achievement of the KPIs, the deferral of the 2017 Bonus Entitlement should be extended to the financial year ending 31 December 2018 or beyond at the sole election of Dr Chen and that the parties should negotiate in good faith a reasonable timeframe which is in the best interests of the Company. For record purposes, Dr Chen has foregone bonus of US\$18,600,000 from the financial years 2010 to 2014.

Except for the above and other than the addition obligation payment, if any, as described in note 10, there were no other contingent liabilities as at 31 December 2017.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

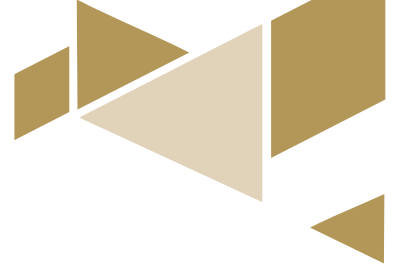
33 Statement of financial position of the Company

	2017 \$'000	2016 \$'000
Non-current assets		
Property, plant and equipment	822	338
Investments in subsidiaries	394,391	394,391
	395,213	394,729
Current assets		
Deposits, prepayments and other receivables	823	724
Amounts due from subsidiaries	374,810	321,479
Cash and cash equivalents	2,855	73,160
	378,488	395,363
Current liabilities		
Accruals and other payables	19,137	947
Amounts due to subsidiaries	3	53
	19,140	1,000
Net current assets	359,348	394,363
NET ASSETS	754,561	789,092
CAPITAL AND RESERVES		
Share capital (Note)	54,263	30,750
Reserves	700,298	758,342
TOTAL EQUITY	754,561	789,092

Approved and authorised for issue by the Board on 6 February 2018

Timothy Patrick McNally
Chairman

Philip Lee Wai Tuck
Executive Director



33 Statement of financial position of the Company (continued)

Note:

Capital and reserves of the Company

	Share capital \$'000	Share premium \$'000	Convertible bonds \$'000	Capital redemption reserve \$'000	Capital contribution reserve \$'000	Accumulated losses \$'000	Total \$'000
At 1 January 2016	28,375	278,438	-	151	55,000	(55,371)	306,593
Issues of shares under placement	2,375	120,207	-	-	-	-	122,582
Share placement expenses	-	(2,664)	-	-	-	-	(2,664)
Convertible bonds issued	-	-	378,888	-	-	-	378,888
Profit for the year	-	-	-	-	-	101,767	101,767
Dividend and distribution declared and paid	-	-	-	-	-	(118,074)	(118,074)
At 31 December 2016	30,750	395,981	378,888	151	55,000	(71,678)	789,092
At 1 January 2017	30,750	395,981	378,888	151	55,000	(71,678)	789,092
Issues of shares upon conversion of convertible bonds	23,513	355,375	(378,888)	-	-	-	-
Profit for the year	-	-	-	-	-	91,231	91,231
Dividend and distribution declared and paid	-	-	-	-	-	(125,762)	(125,762)
At 31 December 2017	54,263	751,356	-	151	55,000	(106,209)	754,561

Five-year Financial Summary

(Expressed in United States dollars)

	2013 \$'000	2014 \$'000	2015 \$'000	2016 \$'000	2017 \$'000
Consolidated statement of income					
Revenue	344,946	404,298	503,655	531,558	956,349
Profit attributable to owners of the Company	140,290	136,086	172,623	184,159	255,186
Basic Earnings per share (US cents)	6.28	5.96	7.58	7.89	7.94
Diluted Earnings per share (US cents)	6.28	5.96	7.58	7.04	5.88
Dividend					
Interim dividend declared	43,996	47,334	60,612	62,938	90,379
Final dividend proposed after the end of reporting period	54,207	47,925	42,962	20,051	62,732
Total dividend attributable to the year	98,203	95,259	103,574	82,989	153,111
Dividend per share (US cents)	4.31	4.18	4.56	3.59	3.53
Consolidated statement of financial position					
Property, plant and equipment and interest in leasehold lands held for own use under operating lease	270,731	337,839	408,388	837,415	1,148,687
Intangible assets	76,842	73,295	69,748	66,201	62,654
Other non-current assets	21,627	15,059	54,577	102,105	94,927
Net current assets	230,759	199,307	153,863	245,260	76,277
Employment of capital	599,959	625,500	686,576	1,250,981	1,382,545
Represented by:					
Share capital	28,526	28,526	28,375	30,750	54,263
Treasury shares	-	(9,004)	-	-	-
Reserves	571,433	605,978	658,201	1,220,231	1,328,282
Shareholders' funds	599,959	625,500	686,576	1,250,981	1,382,545
Other non-current liabilities	-	-	-	-	-
Capital employed	599,959	625,500	686,576	1,250,981	1,382,545
Net assets per share in open market (US cents)	26.29	27.55	30.25	50.85	31.85



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the annual general meeting of NagaCorp Ltd. (the “Company”) will be held at Regus Conference Centre, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Friday, 27 April 2018 at 10:00 a.m. for the following:

1. To receive and consider the audited consolidated financial statements of the Company and the reports of the directors and independent auditor for the year ended 31 December 2017 (the “Year”).
2. To declare a final dividend in respect of the Year.
3. To re-elect the following retiring directors of the Company:
 - i. Mr. Timothy Patrick McNally as a non-executive director of the Company.
 - ii. Mr. Philip Lee Wai Tuck as an executive director of the Company.
4. To approve the directors’ remuneration for the Year and to authorize the board of directors to fix the directors’ remuneration for the year ending 31 December 2018.
5. To re-appoint BDO Limited as the independent auditor of the Company and to authorize the board of directors to fix its remuneration.
6. To consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:
 - (A) **“That:**
 - (i) subject to paragraph (A)(iii) below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all powers of the Company to allot, issue or otherwise deal with additional shares of the Company (the “Shares”) or securities convertible into Shares, or options, warrants or similar rights to subscribe for Shares or such convertible securities of the Company and to make or grant offers, agreements and/or options (including bonds, warrants and debentures convertible into Shares) which may require the exercise of such powers, be and is hereby generally and unconditionally approved;
 - (ii) the approval in paragraph (A)(i) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements and/or options which may require the exercise of such powers after the end of the Relevant Period;



Notice of Annual General Meeting

- (iii) the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors during the Relevant Period pursuant to paragraph (A)(i) above, otherwise than pursuant to (1) a Rights Issue (as hereinafter defined) or (2) the grant or exercise of any option under the option scheme of the Company or any other option, scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire Shares; or (3) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company (the "Articles of Association") in force from time to time; or (4) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any existing convertible notes issued by the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into Shares, shall not exceed 20% of the total number of issued Shares as at the date of passing this resolution and the said approval shall be limited accordingly; and
- (iv) for the purpose of this resolution:
 - (a) "Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:
 - (1) the conclusion of the next annual general meeting of the Company;
 - (2) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the Articles of Association to be held; or
 - (3) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and
 - (b) "Rights Issue" means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares whose names appear on the register of members on a fixed record date in proportion to their holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or, having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the exercise or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, any recognised regulatory body or any stock exchange applicable to the Company)."



(B) **“That:**

- (i) subject to paragraph (B)(ii) below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase the issued shares of the Company (the “Shares”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the Shares may be listed and recognized for this purpose by the Securities and Futures Commission of Hong Kong (the “Commission”) and the Stock Exchange and, subject to and in accordance with all applicable laws, the Code on Share Buy-backs issued by the Commission and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange, be and is hereby generally and unconditionally approved;
- (ii) the aggregate number of the Shares, which the Company is authorised to repurchase pursuant to the approval in paragraph (B)(i) above shall not exceed 10% of the total number of issued Shares at the date of passing of this resolution, and the said approval shall be limited accordingly;
- (iii) subject to the passing of each of the paragraphs (B)(i) and (ii) of this resolution, any prior approvals of the kind referred to in paragraphs (B)(i) and (ii) of this resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and
- (iv) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the articles of association of the Company to be held; or
- (c) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company in general meeting.”



Notice of Annual General Meeting

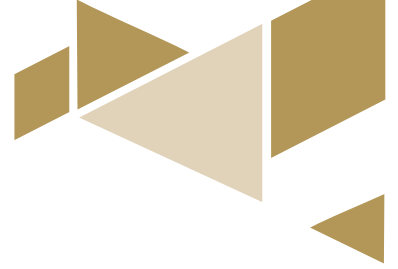
- (C) **“That** conditional upon the resolutions numbered 6(A) and 6(B) as set out in the notice convening this meeting being passed, the general mandate granted to the directors of the Company (the “Directors”) to exercise the powers of the Company to allot, issue and otherwise deal with additional shares of the Company (the “Shares”) and to make or grant offers, agreements and options which may require the exercise of such powers pursuant to the ordinary resolution numbered 6(A) above be and is hereby extended by the addition to the aggregate number of Shares which may be allotted by the Directors pursuant to such general mandate of the aggregate number of Shares repurchased by the Company under the authority granted pursuant to ordinary resolution numbered 6(B) as set out in the notice convening this meeting, provided that such amount shall not exceed 10% of the total number of issued Shares at the date of passing of this resolution.”

By Order of the Board of Directors
Timothy Patrick McNally
Chairman

Hong Kong, 16 March 2018

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:
Suite 2806, 28/F
Central Plaza
18 Harbour Road
Wanchai
Hong Kong



Notes:

- (i) Resolution numbered 6(C) will be proposed to the shareholders for approval provided that ordinary resolutions numbered 6(A) and 6(B) are first passed by the shareholders of the Company (the "Shareholders").
- (ii) A Shareholder entitled to attend and vote at the above meeting is entitled to appoint another person as proxy to attend and, on a poll, vote in accordance with the articles of association of the Company. A proxy need not be a Shareholder.
- (iii) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s); and for this purpose seniority shall be determined as the person so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.
- (iv) In order to be valid, a form of proxy must be deposited at the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) not later than 48 hours before the time appointed for the holding of the above meeting or any adjournment thereof. The completion and return of the form of proxy shall not preclude members of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.
- (v) The Company's register of members will be closed during the following period:
 - (a) from Monday, 23 April 2018 to Friday, 27 April 2018, both days inclusive, for the purpose of ascertaining the Shareholders' entitlement to attend and vote at the annual general meeting. In order to be eligible to attend and vote at the annual general meeting, all duly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited located at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 20 April 2018; and



Notice of Annual General Meeting

- (b) on Monday, 7 May 2018, for the purpose of ascertaining Shareholders' entitlement to the final dividend. In order to qualify for the final dividend, all duly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited located at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 4 May 2018. The Company's shares will be traded ex-entitlement from and including Thursday, 3 May 2018.

- (vi) In respect of the ordinary resolution numbered 6(A) above, the directors of the Company (the "Directors") state that they have no immediate plans to issue any new shares of the Company. Approval is being sought from the Shareholders as a general mandate for the purposes of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

- (vii) In respect of ordinary resolution numbered 6(B) above, the Directors state that they will exercise the powers conferred by the general mandate to repurchase shares of the Company in circumstances which they deem appropriate for the benefits of Shareholders. The Explanatory Statement containing the information necessary to enable Shareholders to make an informed decision on whether to vote for or against the resolution to approve the repurchase by the Company of its own shares, as required by the Listing Rules, is set out in Appendix II to the accompanied circular dated 16 March 2018.

As at the date of this notice, the Directors are:

Executive Directors

Tan Sri Dr Chen Lip Keong, Philip Lee Wai Tuck, Chen Yiy Fon and Chen Yepern

Non-executive Director

Timothy Patrick McNally

Independent Non-executive Directors

Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, Lim Mun Kee and Michael Lai Kai Jin