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**NAGACORP**

金界控股有限公司

**NAGACORP LTD.**

金界控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 3918)**

## **VOLUNTARY ANNOUNCEMENT LABOUR DISPUTE**

The board of directors (the “**Board**”) of NagaCorp Ltd. (“**NagaCorp**” or the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to make clarification in respect of certain minor and one-sided inaccurate media reports concerning the labour dispute leading to an illegal gathering of some 500-700 employees on 9 January 2020 in Hun Sen Garden situated in front of NagaWorld Complex. The dispute began on 16 September 2019 when a small group of the employees of the Group gathered illegally in the AEON Mall 1 in Phnom Penh.

This is a voluntary announcement made by the Company for the purposes of keeping the shareholders and potential investors of the Company informed of the latest business development of the Group.

**Shareholders and potential investors of the Company are advised to exercise caution and not to place undue reliance on such information when dealing in the securities of the Company.**

### **Background**

On 16 September 2019, a small group of the employees of the Group who are members of the Labor Rights Supported Union of Khmer Employees of NagaWorld (the “**NagaWorld Union**”) held a meeting at AEON Mall 1 in Phnom Penh with a view to inciting the employees of the Group not to work during the Pchum Ben Holidays which fell on 27, 28 and 29 September 2019.

On 20 September 2019, Ms. Chhim Sithar, who is the president of the NagaWorld Union (the “**NagaWorld Union President**”) was suspended as a result of alleged breach of the Group’s rules and regulations. On 25 September 2019, the NagaWorld Union submitted a written letter requesting the following four demands:

- 1) Reinstatement of the NagaWorld Union President who has been suspended with full pay pending investigation
  - a) The reasons for suspension of the NagaWorld Union President were stated clearly in the suspension letter dated 20 September 2019 and an additional notification was sent to the Ministry of Labour and Vocational Training of Cambodia (the “**Ministry of Labour**”) on 23 September 2019.
  - b) Despite such suspension, the NagaWorld Union President continued to work against the interests of the Group by inciting and intimidating other employees of the Group (both unionised and non-unionised) not to attend to work during the Pchum Ben Holidays and to violate the Group’s rules and regulations. This reflects that she has mala-fide intentions and does not work in the best interests of the Group. As a result, some of the employees did not return to work during the 2019’s Pchum Ben Holidays due to her actions.
  - c) Upon the advice of the Group’s Cambodian legal counsel, the Group obtained a court injunction on 27 September 2019, which ruled that the absence of work of some of the employees during the Pchum Ben Holidays without leave constituted as an illegal strike and that all employees which had been absent from work have since been ordered by the Court to return to their respective places of work in accordance with their duty rosters. The Court further emphasised that those who refused to return to work shall be dealt with by the full force of law.
  - d) For clarity, the NagaWorld Union President had from the first day of her suspension, continues to be paid fully with all the benefits retained even though she did not turn up for work pending investigation for alleged breach of the Group’s rules and regulations, including the Internal Work Rules of NagaWorld which were registered with the Ministry of Labour.
  - e) The NagaWorld Union President was suspended due to the fact that she is an employee who is in breach of Group’s rules and regulations, including those filed and subsequently acknowledged by Ministry of Labour on 31 January 2011, that she was suspended from work because of her personal misconduct and not because she is a union member or a shop steward or the NagaWorld Union President.
  - f) For clarity, the fact as mentioned in paragraph (e) above has been extensively arbitrated by the Arbitration Council. The Arbitration Council hearings ruled in favour of the Group after hearing the NagaWorld Union’s unfounded accusations against the Company and the Group’s submission way back in 2014.
  - g) In addition, besides other false accusations against the Group, during the meeting convened by the Ministry of Labour on 26 September 2019, the NagaWorld Union President continued to portray the Group in a negative image with false statements, stating the she had not received her salary for the month ended 30 September 2019 when in fact it was banked into her account on the same day.

The Group expects to continue to suspend Ms Chhim Sithar, but with full pay, pending further investigations and analysis of additional breaches of contract and actions committed by her in order to allow all relevant parties to evaluate the validity, relevance, consequences and seriousness of these breaches which take time to allow legal experts to evaluate and study. This is to ensure the Group's subsequent actions shall comply with the applicable laws in Cambodia with the objective that the next course of action is executed in a fair and just manner.

2) Working on national holidays on voluntary basis

- a) NagaWorld is a 24 hours service and hospitality company which generate more revenue during holidays. Right from the outset, when NagaWorld signs any employment contract with all employees, it makes it as a contractual obligation and it is compulsory for the employees to work on some public holidays and on roster/rotational shifts.
- b) In addition, those who work on holidays are paid 300% more than the non-holidays period and fringe benefits to employees.

In compliance with the relevant Cambodia laws, the employees of the Group shall abide and legally bound by employment contracts already executed especially it is recognized by relevant provision of the Cambodian Labour Law.

3) Termination of a foreign casino operation manager

- a) The Group adheres to fair and transparent procedures to deal with workplace problems or complaints. The casino operation manager is not in breach of any rules and regulations of the Group and hence the Group has no reason and no cause to dismiss him.
- b) The behaviors of the casino operation manager are accountable to the Group and not accountable to the NagaWorld Union which has acted out of its legal limits. As much as NagaWorld Union has rights to sue him in his personal capacity, the same shall apply to his freedom of action to sue any individual or groups for libel, damages and defamation whatever the casino operation manager in his personal capacity deems fit.

4) Demand for increase in monthly salary of certain group of employees

The NagaWorld Union demanded to adjust the minimum wage to US\$300 (for hotel employee) and US\$500 (casino employees).

The Group pays high wages and fringe benefits to its employees. The Group believes that the salary is one of the best and if not the highest in Cambodia. The lowest monthly take home pay (which include service charge, tips and allowance) for entry-level hotel and casino employees are US\$270 and US\$385, respectively. For example, besides giving cash bonus and other fringe benefits, we have recently implemented a language incentive program, unlimited meals, and NagaMart which enables all employees enjoy savings on household goods.

On 26 September 2019, the Ministry of Labour requested a meeting between the Group and the NagaWorld Union for reconciliation, but the NagaWorld Union denied such request. On 7 October 2019, a reconciliation meeting was held at the Ministry of Labour. The disputes are not reconciled and resolved. On 18 October 2019, second reconciliation meeting was held at the Ministry of Labour, but the NagaWorld Union walked out of the meeting, and disputes remain not reconciled and resolved. This shows that there is no willingness from the NagaWorld Union to have amicable discussion with NagaWorld to resolve these matters in accordance with the applicable legal proceedings. As a result, in accordance with the Cambodian Labour Law, the Ministry of Labour refers the disputes to the Arbitration Council as per the Cambodia Labour Law and related legal procedures.

In resolving these demands raised by the NagaWorld Union, the Group has followed relevant legal proceedings in good faith by attending all the meetings during reconciliation by the Ministry of Labour.

On 7 November 2019, the Group and the NagaWorld Union attended the Arbitration Council Hearing to consider the three collective disputes. But the NagaWorld Union refused to proceed, unless the reinstatement of the NagaWorld Union President was considered as part of collective disputes, which request was denied by the Cambodian Arbitration Council. Except for the suspension of the NagaWorld Union President which was ruled by the Ministry of Labour as an individual dispute which was not referred to the Cambodian Arbitration Council for resolutions, the remaining three collective issues raised by the NagaWorld Union were resolved and closed pursuant to the Arbitration Award dated 15 November 2019.

On 8 January 2020, upon legal advice obtained from HML Law Group & Consultants, the Group obtained a court injunction from the Phnom Penh Municipal Court, which ruled that the planned employees' strike on 9 January 2020 shall be considered as an illegal strike and the employees who participate in the illegal strike will be considered as committing a grave offence.

The Group observed that approximately 500-700 employees participated in an illegal gathering outside the NagaWorld Complex on 9 January 2020. On the same date, the Phnom Penh Court of First Instance issued a ruling order to investigate the strike and to take the necessary legal action against the employees who were involved in the illegal strike for violation of the court injunction.

The Group has a strong workforce of approximately 8,200 employees at NagaWorld Complex. Furthermore, the Group has recently hired about 1,000 trainees as part of the new Executive Trainee Program to provide additional labour capital to the operation of the Group. All business operations of the Group remain normal and the Board expects that the above matter has had no negative impact on the business operations of the Group.

This is a voluntary announcement made by the Group for the purposes of keeping the shareholders and potential investors of the Group informed of the latest business development of the Group.

The Company will keep the shareholders of the Company and potential investors informed of any material developments in connection with the above matter as and when appropriate in accordance with the requirements under the Listing Rules.

**SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY ARE ADVISED TO EXERCISE CAUTION IN DEALING IN THE SECURITIES OF THE COMPANY.**

By Order of the Board  
**NagaCorp Ltd.**  
**Lam Yi Lin**  
*Company Secretary*

Hong Kong, 10 January 2020

As at the date of this announcement, the directors of the Company are:

*Executive Directors*

Tan Sri Dr Chen Lip Keong, Philip Lee Wai Tuck and Chen Yiy Fon

*Non-executive Director*

Timothy Patrick McNally

*Independent Non-executive Directors*

Lim Mun Kee, Michael Lai Kai Jin and Leong Choong Wah

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