



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



2021

ANNUAL REPORT



អង្គការប្រកបដោយសេចក្តីស្រឡាញ់
ONE WINDOW SERVICE UNIT



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25 YEARS
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Corporate Information

NagaCorp Ltd. (“NagaCorp” or the “Company”, together with its subsidiaries, the “Group”) is the largest hotel, gaming and leisure operator in Cambodia. The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (SEHK: 3918) since 2006. NagaCorp was the first company with operations in Cambodia to become a publicly listed entity and the first gaming-related company traded on the Stock Exchange. Our flagship, NagaWorld, is Phnom Penh’s only integrated hotel and entertainment complex and we enjoy a 70-year casino licence that will run until 2065, as well as an exclusive rights to operate casinos within a 200-km radius of Phnom Penh (except the Cambodia-Vietnam border area, Bokor, Kirirom Mountains and Sihanoukville) that expires in 2045.

BOARD OF DIRECTORS

Executive Directors

Tan Sri Dr Chen Lip Keong (*Chief Executive Officer*)

Philip Lee Wai Tuck (*Executive Deputy Chairman*)

Chen Yiy Fon

Non-executive Director

Timothy Patrick McNally (*Chairman*)

Independent Non-executive Directors

Lim Mun Kee

Michael Lai Kai Jin

Leong Choong Wah

AUDIT COMMITTEE

Lim Mun Kee (*Chairman*)

Michael Lai Kai Jin

Leong Choong Wah

REMUNERATION COMMITTEE

Michael Lai Kai Jin (*Chairman*)

Tan Sri Dr Chen Lip Keong

Lim Mun Kee

Leong Choong Wah

NOMINATION COMMITTEE

Michael Lai Kai Jin (*Chairman*)

Tan Sri Dr Chen Lip Keong

Lim Mun Kee

Leong Choong Wah

AML OVERSIGHT COMMITTEE

Timothy Patrick McNally (*Chairman*)

Tan Sri Dr Chen Lip Keong

Chen Yiy Fon

Michael Lai Kai Jin

COMPANY SECRETARY

Lam Yi Lin

AUTHORISED REPRESENTATIVES

Philip Lee Wai Tuck

Lam Yi Lin

INDEPENDENT AUDITOR

BDO Limited (*Registered Public Interest Entity Auditors*)

SOLICITORS

Ashurst Hong Kong (*as to Hong Kong Laws*)

PRINCIPAL BANKERS

CIMB Bank PLC (*Phnom Penh Branch*)

Investor Relations

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.

2021 Annual Report

This annual report, in both English and Chinese, is available in printed form and on the website of Hong Kong Exchanges and Clearing Limited ("HKEx") at www.hkexnews.hk and on the website of the Company at 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, 120101
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

Hong Kong 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

Head of Investor Relations

Gerard Chai, *Managing Director*

Investor Relations (North America and Europe)

Kevin Nyland, *Vice President*

Company Website

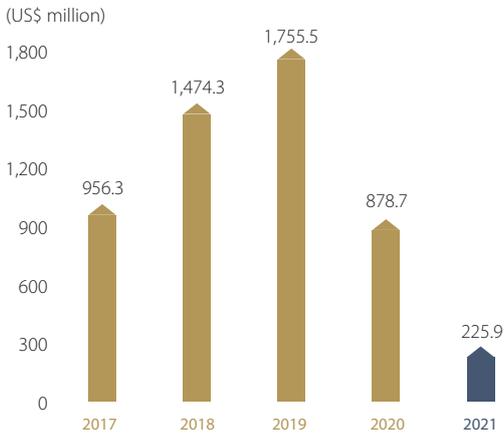
www.nagacorp.com

Share Information

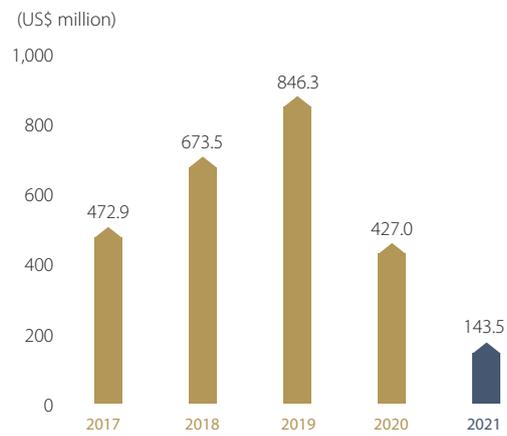
Board lot: 2,000 Shares
Issued Shares as at 31 December 2021:
4,341,008,041 Shares

Financial Highlights

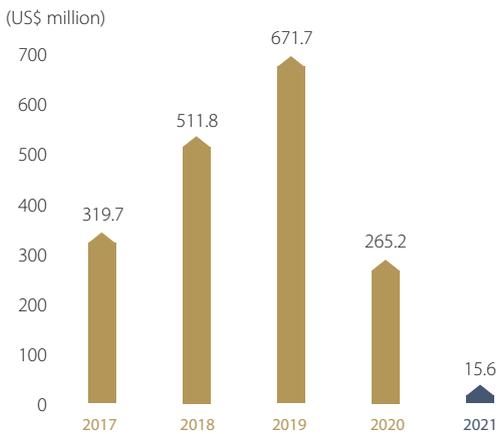
Revenue



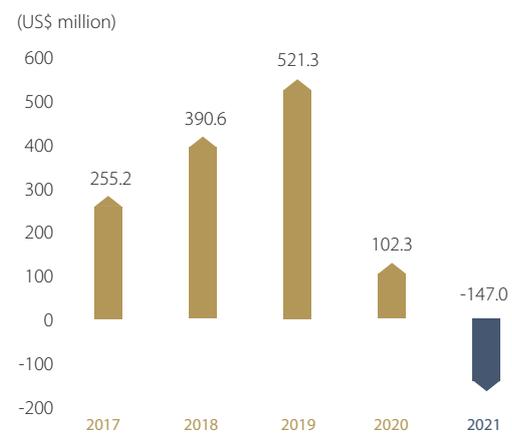
Gross Profit



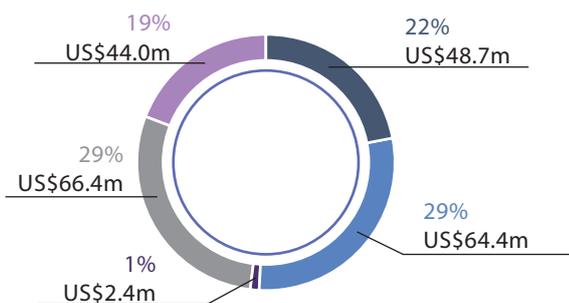
EBITDA



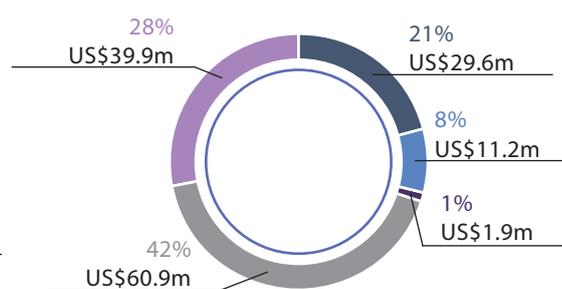
Net Profit



Revenue (US\$225.9 million)

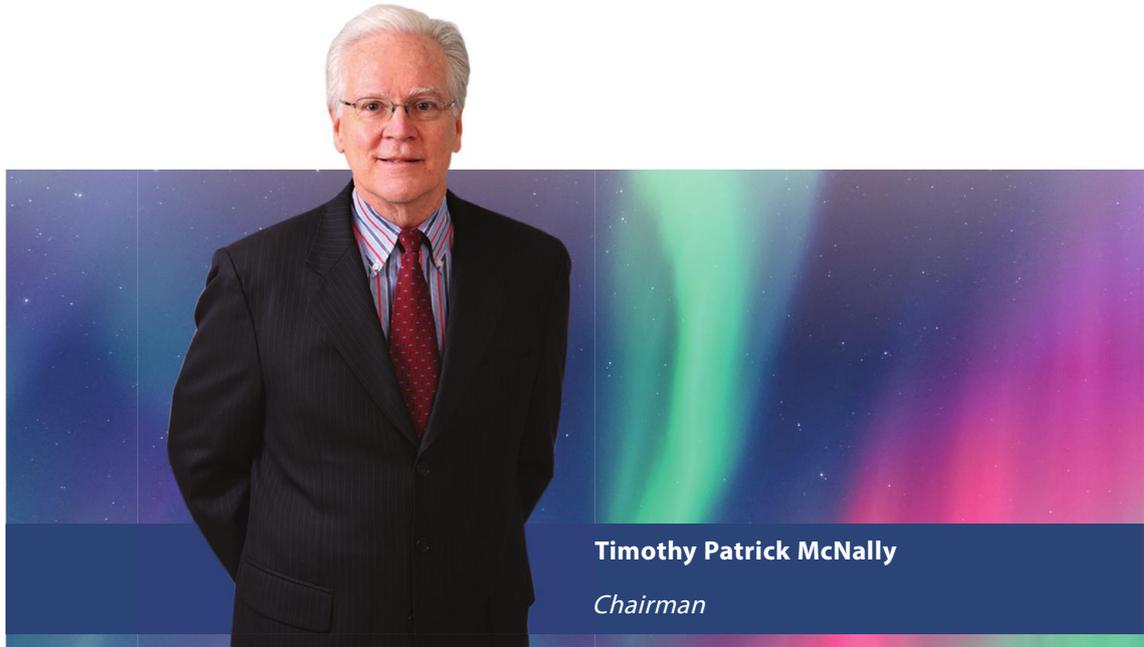


Gross Profit (US\$143.5 million)



- Mass Market:
Public Floor Tables
- Mass Market:
EGM
- Premium Mass
Market
- Referral VIP
Market
- Non-Gaming

Chairman's Statement



Timothy Patrick McNally

Chairman

Dear Shareholders,

We are pleased to report that despite NagaCorp having approximately only six months of operations during the year ended 31 December 2021 (the "Year"), the Group remains positive EBITDA with an Adjusted EBITDA of US\$22.4 million during the Year. We achieved this despite the temporary closure of our casino operations from early March to mid-September and a significantly reduced level of tourists to Cambodia in 2021. We were able to operate with minimal interruption to the business in the first two months of the Year, and since our reopening in September we have built momentum in our business, giving us a sustained level of business volume recovery. The positive Adjusted EBITDA during the Year was generally attributable to the following:

Business Migration

Despite COVID-19, the bilateral friendship between China and Cambodia has continued, resulting in increasing Chinese arrivals for business and investment purposes, further reinforcing business migration into the

country. During the pandemic, NagaWorld has been a beneficiary of this continued business migration from China and other Asian countries, capitalizing on the influx of foreign capital and increased expatriates into Cambodia.

International Arrivals and Direct Flights into Cambodia during the Pandemic Period

Cambodia's borders remained constrained to international visitors during most of the Year. In mid-October, Cambodia started to ease travel restrictions and on 15 November 2021, the government lifted its quarantine requirements for all fully vaccinated inbound business and tourist travelers. We believe this will help attract foreign investors and tourism to the country. The positive impact of international arrivals remains in sight as the economy continues its recovery amid the easing of COVID-19 related restrictions. For the Year, the country recorded total international arrivals of 196,495, of which 23.3% was from China. Of this total, 91,138 visitors were international business-related travelers, with

Chairman's Statement

49.3% of this travel originating from China. This compares notably with pre-COVID-19 international arrivals in 2019, which saw 6.6 million visitors to Cambodia (*Source: Ministry of Tourism*). The 2021 visitation numbers reflect a significant change in the business environment of Cambodia, but we anticipate continued improvement and recovery in the tourist sector in 2022-23.

Cambodia Ranked Top in Asia for Vaccinations

Cambodia is one of the best performing countries globally for COVID-19 vaccination and statistically, the country is moving towards herd immunity. According to *Our World in Data*, 85.9% of Cambodians have received at least two vaccine doses as of 27 January 2022, placing the country in the top ranks of wide vaccination globally.

The national COVID-19 vaccination campaign is the key to unlocking a speedy economic recovery with the proper allocation and effective use of resources by the Cambodian government in controlling the spread of COVID-19.

Cambodia Economic Outlook Post-COVID-19

Although the outbreak of COVID-19 has reduced global economic activity, Moody's Investors Service ("Moody's") maintained a B2 stable outlook rating on Cambodia. This was due to ongoing export diversification supporting economic recovery, and risks to growth and financial stability being mitigated by a modest debt burden and strong debt affordability (*Source: Moody's Report, 20 August 2021*). According to Fitch Ratings, Cambodia's economic growth is gradually recovering and is projected to grow at 2.5% in 2021 and 4.7% in 2022. This growth is expected due to gradual recovery in domestic

demand and the entry of the Cambodia-China Free Trade Agreement ("CCFTA") into the Regional Comprehensive Economic Partnership ("RCEP") in early 2022 which will improve external demand for Cambodian goods (*Source: Khmer Times, 22 November 2021*).

Foreign Direct Investment ("FDI") remained steady in the first half of 2021. According to data released by the National Bank of Cambodia, the country attracted US\$39.0 billion in FDI in 2021. Of the total FDI, China was Cambodia's largest source of foreign investment, with an investment of US\$17.3 billion, accounting for 44.2% of total FDI (*Source: Jian Hua Daily, 27 November 2021*).

Environmental, Social and Governance (ESG) During a Pandemic

NagaWorld Kind Hearts (the Company's corporate social responsibility "CSR" arm) is a company initiative with long term contribution towards the betterment of communities throughout Cambodia. This CSR arm has conducted more than 550 programmes to date focusing on Education Enhancement, Community Engagement, Sports Development and the promotion of sound Environmental practices. During the Year, NagaWorld Kind Hearts conducted a substantial foodbank operation, benefiting approximately 4,500 families in key areas around Phnom Penh directly impacted by the effects of COVID-19.

With these food donations, together with contributions of world-class medical equipment and supplies, NagaCorp's donation to worthy causes in Cambodia during the Year totaled US\$21.123 million.

NagaWorld Kind Hearts' comprehensive ESG initiatives were recognized this year in the prestigious Stevie® Awards for the third consecutive year. These awards are

an endorsement of the Group's impressive continuous efforts towards improving the social, environmental and economic aspects of Cambodia as well as the lives of its people.

At the corporate level, the Company has been recognized as an Honoured Company in the Small & Mid-Cap category by the renowned financial publication *Institutional Investor* for outstanding leadership, including "Best CEO" and "Best CFO" in the Gaming & Lodging sector. This recognition is part of *Institutional Investor's* 2021 All-Asia Executive Team annual rankings which are regarded globally as the financial industry's benchmark for excellence.

Resilient, Solid Strategy for Growth

During the Year, Mass Market business volume and gross gaming revenue ("GGR") declined mainly because of the closure of business operations beginning 2 March 2021 through 14 September 2021 due to the COVID-19 global pandemic. Nevertheless, this was partially mitigated by the local expatriate community and to some extent, visitors from East Asia (mainly from China, South Korea and Taiwan). Despite a significant decline of tourist arrivals in 2021 due to the COVID-19 outbreak globally, the Mass Market floor remained stable, and in particular, the premium mass/high limit business contributed notably to this stability. The Company experienced a steady growth trend in Mass Market business volume in 4Q2021, as a result of the business re-opening on 15 September 2021.

In 2021, the NagaWorld Rewards loyalty programme continued to be effective in knowing and understanding our local customers. The programme targeted market promotions and offered unique product initiatives aimed at increasing the frequency of visitation and gaming spend of local expatriates.

During the Year, Referral VIP business volume and GGR declined primarily because of the restrictive cross-border travel policies in the Asian region. However, it is noteworthy that in 1Q2021, prior to the voluntary temporary suspension of business operations, the Referral VIP business recorded stable volume, mainly generated from a reasonably sized number of expatriates currently residing and conducting business in Cambodia.

During the Year, non-gaming revenue declined because of tightening travel policies in Cambodia and the absence of tourism throughout the region. This lack of visitation in response to the pandemic led to lower hotel occupancy rates and footfall during the Year.

The Group continues to focus on the execution of its existing development projects. The development of Naga 3 is moving forward as planned and making good progress. It is expected that the combined complex of NagaWorld (Naga 1, Naga 2 and Naga 3) will have approximately 5,000 hotel rooms, 1,300 gaming tables and 4,500 electronic gaming machines ("EGM"). It is also anticipated that Naga 3 will include many non-gaming attractions to draw a more diversified tourist audience. About 93% of Naga 3's gross floor area will feature non-gaming offerings and this is consistent with the Group's long-term strategy of offering comprehensive lifestyle products and services. Given the uniqueness of a casino monopoly in the heart of a capital city, the combined complex of NagaWorld is expected to position the Group as one of the largest riverine integrated resorts and entertainment centres in the Asia Pacific region.

Chairman's Statement

Looking forward, it is expected that 2022 will remain challenging due to the economic uncertainties and fluidity of COVID-19. However, as Cambodia and neighbouring countries ease restrictions and with the global economic recovery in sight, NagaWorld is expected to continue drawing tourists from South East Asia and East Asia, especially with incoming business migration inflows to Cambodia. Although the Group will continue to confront challenges due to COVID-19, we believe that the long term prospects and outlook of the Company are favourable, with the return of tourism and continued investment in the local Cambodian economy.

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 also set out in this annual report.

Our Appreciation

The board of directors of the Company (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, 7 February 2022

Management Discussion and Analysis

MARKET OVERVIEW

According to the Asian Development Bank (“ADB”), despite a reduction to 1.9% growth forecast for 2021 amid the prolonged COVID-19 outbreak, Cambodia’s economic outlook is expected to experience a rebound to 5.5% in 2022, in view of a successful vaccination campaign which put the economy on track for stronger growth (*Source: Asian Development Outlook Update, September 2021*). Similarly, the International Monetary Fund (“IMF”) projected Cambodia’s real gross domestic product (“GDP”) growth at 1.9% in 2021 and 5.7% in 2022, with an inflation rate of 2.5% and 3.2%, respectively, in light of the extensive support by the Royal Government of Cambodia (the “RGC”) and a recovery in external demand (*Source: IMF – World Economic Outlook Database, October 2021*). The World Bank forecast analysis indicated that Cambodia’s economic growth was projected to grow at 2.2% in 2021, and gradually recover to 4.5% in 2022 and 5.5% in 2023, led by the recovery in manufacturing exports and expansion of agricultural commodity exports underpinning the economic recovery (*Source: Cambodia Economic Update, World Bank, December 2021*).

Despite the voluntary temporary suspension of business operations and having approximately only six months of operations during the Year, the Group maintained a positive EBITDA with an Adjusted EBITDA of US\$22.4 million during the Year. The Group continued its recovery of gaming business volume since the reopening of the hotel, Mass Market, EGM and Referral VIP businesses at NagaWorld on 15 September 2021 through 31 December 2021, in compliance with the guidelines set out by the Cambodian Ministry of Health (“MOH”). The commendable result was generally attributable to the following:

Business Migration and Sustainability of Business

The US-China trade tension has caused business migration to the Mekong region as it encouraged Chinese factories to relocate to lower cost countries such as Cambodia. The local expatriate community is building up as a result of business migration and caused an increase in foreign visitation to Cambodia for investment purposes, which has created more job opportunities in the country. The Group serves a wide and geographically diverse premium mass and mass-market customer base, mainly from South East Asia, East Asia and a captive local affluent expatriate community living in Cambodia, which patronizes NagaWorld in search of its luxurious offerings and entertainment. Hence, the Company is able to capitalize on and benefit from the wave of business migration in the face of a challenging COVID-19 endemic period.

Despite COVID-19, the bilateral friendship between China and Cambodia maintained great momentum which resulted in a growing presence of the number of Chinese travelers to Cambodia for business and investment purposes, alongside the influx of business migrants to Cambodia.

Management Discussion and Analysis

International Arrivals and Direct Flights into Cambodia during the Pandemic Period

Cambodia's borders remained open to international visitors during the Year. In mid-October 2021, Cambodia started to ease its quarantine requirement and gradually adopted quarantine free travel for all fully vaccinated inbound travelers (*Source: Khmer Times, 16 October 2021 & 15 November 2021*). For the Year, the country recorded total international arrivals of 196,495. Among the top 10 markets, Thailand was the highest (41.7%), followed by China (23.3%), Vietnam (11.3%), Indonesia (4.3%), U.S.A (3.3%), Korea (3.1%), Taiwan (2.0%), France (1.9%), Malaysia (1.5%) and Japan (1.0%). These top 10 markets accounted for 93.3% of total arrivals. International business-related travel to Cambodia was 91,138 visitors in 2021, with 49.3% of this travel originating from China (*Source: Ministry of Tourism ("MOT")*).

As of 27 January 2022, weekly international direct flights to Phnom Penh, Cambodia stood at 58, including 15 from Thailand, 11 from Vietnam, 10 from Singapore, 9 from Seoul, 7 direct flights from Greater China cities such as Shanghai, Guangzhou, Chengdu, and Taipei, as well as 5 from Malaysia, and 1 from the Philippines (*Source: Cambodia Airports, airlines websites*). Monthly international business-related arrivals for the month of November 2021 was 8,386 visitors, representing an increase of 202% from the lowest point of 2,776 visitors recorded in April 2020 (*Source: MOT*).

In mid-October 2021, the Ministry of Foreign Affairs and International Cooperation decided to resume its tourist visa and visa exemption programme based on the improving COVID-19 situation in Cambodia (*Source: Khmer Times, 20 October 2021*). The RGC lifted its ban of direct flights from Indonesia, Malaysia and the Philippines as part of reopening the economy to a "new normal" effective 23 October 2021 (*Source: Khmer Times, 24 October 2021*). Since the relaxation of travel requirements for fully vaccinated visitors, the MOT has seen a gradual increase in the number of tourists entering Cambodia. According to Fitch Ratings, the prospects for operators of Asian airports are improving given the acceleration of COVID-19 immunisation campaigns and the relaxation of travel restrictions. Air traffic into the country is expected to continue its recovery in 2022 (*Source: Khmer Times, 25 November 2021*).

Rapid containment of COVID-19 in Cambodia is expected to continue facilitating resumption of the tourism sector. The relaxation of travel restrictions in October 2021 has underpinned a gradual recovery of the travel and tourism industry. Also, the lifting of quarantine requirements since 15 November 2021 for fully vaccinated travelers and visitors will help attract foreign investors and tourists to Cambodia (*Source: Phnom Penh Post, 15 November 2021*). The positive impact of international arrivals remains in sight as the economy continues its recovery amid easing of COVID-19 related restrictions.

Cambodia Ranked Top in Asia for Vaccinations

According to Our World in Data, Cambodia is one of the best performing countries for COVID-19 vaccination with 85.9% of Cambodians having received at least two doses as of 27 January 2022. A total of 10,198,392 people aged 18 and above (102.0% of the targeted 10 million population) in Cambodia had received at least one vaccine dose. Out of these individuals, 9,846,765 people (98.5% of the targeted 10 million population) had been fully vaccinated or already received a second vaccine dose (*Source: MOH*). In order to combat the COVID-19 pandemic effectively, the RGC began vaccinating children and youth. A total of 1,818,159 children and youth aged 12 to 17 (99.5% of the targeted 1,827,348 population) have received their first dose of COVID-19 vaccine since 1 August 2021 (*Source: MOH*).

Moreover, Cambodia successfully rolled out vaccination campaigns for children aged 6 to 11 on 17 September 2021 and children aged 5 on 1 November 2021 with 2,009,370 children (105.9% of the targeted 1,897,382 population) and 322,133 children (105.9% of the targeted 304,317 population) respectively receiving their first dose (*Source: MOH*). Plans are underway to vaccinate children aged 3 to 4 in the near future to achieve the RGC's plan

of fully vaccinating 91% of the population (*Source: Khmer Times, 17 September 2021*). Despite the limited global supply of COVID-19 vaccines, the RGC has been able to secure through bilateral procurement, a COVAX Facility and other vaccine related donations in order to meet its vaccination target. To date, Cambodia has received about 43.8 million doses of COVID-19 vaccines and the RGC continues to secure sufficient doses for the ongoing third and fourth booster dose campaign (*Source: Khmer Times, 31 January 2022*).

The national COVID-19 vaccination campaign is the key to unlocking a speedy economic recovery with the proper allocation and effective use of resources by the RGC in controlling the spread of COVID-19. As a result of the RGC's efforts in implementing administrative and health measures effectively to combat the COVID-19 pandemic, Cambodia is ready for a full-scale and sustainable reopening of socio-economic activities. In order to facilitate the reopening and resumption of the economy, the RGC launched the "Strategy for Rehabilitation and Promotion of Economic Growth for Living with COVID-19 under the New Normal" at the end of 2021, to rehabilitate national development with a focus on resilience, sustainability and inclusiveness (*Source: Phnom Penh Post, 19 October 2021*).

Management Discussion and Analysis

On 8 August 2021, the RGC started its third booster dose vaccination campaign for frontline workers located at the Cambodia-Thailand border, and on 11 October 2021 began the same vaccination campaign in Phnom Penh to strengthen the vaccine's effect against the new COVID-19 variants (Source: *Khmer Times*, 10 August & 31 October 2021). Furthermore, the third booster dose vaccination campaign for children and adolescents commenced on 3 January 2022 (Source: *Khmer Times*, 27 December 2021). So far, a total of 5,514,876 people (34.5% of the total 16 million population) have received their third booster dose (Source: *MOH*). The Phnom Penh Capital Administration has extended its third booster dose vaccination campaign indefinitely in order to reach as much of the population as possible (Source: *Khmer Times*, 15 November 2021). Also, the RGC began administering the fourth booster dose on 14 January 2022 to priority groups in the capital city of Phnom Penh in its fight against new variants of COVID-19 (Source: *Jian Hua Daily*, 15 January 2022). Meanwhile, a total of 413,089 people have received their fourth booster dose (Source: *MOH*).

The continued arrival of COVID-19 vaccines through purchases and donations will further accelerate the RGC's initiative to fully vaccinate all Cambodians (at least two doses), as well as the ongoing booster doses.

Cambodia Economic Outlook Post-COVID-19

Although the outbreak of COVID-19 has reduced global economic activities, the ASEAN+3 Macroeconomic Research Office ("AMRO") is of the opinion that Cambodia's economic growth is gradually recovering and gained momentum in 2021, which is projected to grow at 2.9%, after a successful vaccination campaign allowed the manufacturing industry to reopen and improvements in the supply chain helped increase exports (Source: *AMRO Regional Economic Outlook, January 2022*). Moody's maintained a B2 stable outlook rating on Cambodia, backed by ongoing export diversification supporting economic recovery, and risks to growth and financial stability being mitigated by a modest debt burden and strong debt affordability (Source: *Moody's Report, 20 August 2021*). According to Fitch Ratings, Cambodia's economic growth is gradually recovering and is projected to grow at 2.5% in 2021 and 4.7% in 2022, supported by a gradual recovery in domestic demand and the entry of the CCFTA into the RCEP in early 2022 which will improve external demand for Cambodian goods (Source: *Khmer Times*, 22 November 2021).

FDI remained resilient in the first half of 2021. According to data released by the National Bank of Cambodia, the country attracted US\$39.0 billion in FDI in the first half of 2021. China was Cambodia's largest source of the total FDI, with an investment of US\$17.3 billion, accounting for 44.2% of total FDI (Source: *Jian Hua Daily*, 27 November 2021). The CCFTA is crucial to maintaining trade accessibility and encouraging foreign investment in the country, and is also essential in getting the economy back on track by attracting new growth opportunities for Cambodia's key sectors. According to the DHL Global Connectedness Index 2020, which measures the development of trade, capital, information, and people flows, Cambodia ranked the 46th most globally connected country, a relatively high ranking for a lower-middle income country (Source: *Khmer Times*, 29 November 2021).

Cambodia's total trade volume rose by 28% during 2021 and was valued at US\$37.3 billion in the first 10 months of the year, compared with the same period last year. This was contributed by the increased demand in garments and non-garment products such as travel goods, bicycles, rice, machinery and electrical equipment, and agricultural products from international markets, particularly large economies and regions such as the US, the EU, China, Japan, South Korea, Thailand and Vietnam (Source: *the Ministry of Economy and Finance of Cambodia* ("MOEF")).

The RCEP is the world's largest agreement comprising 15 Asia Pacific countries with a combined GDP of US\$26.2 trillion or 30% of global GDP. The agreement is a driving force for regional and global economic growth, which is crucial to post-COVID-19 recovery, as well as a strategic accomplishment for the ASEAN Economic Community (Source: *Khmer Times*, 3 & 4 January 2022). The RCEP agreement is an unprecedented, modern, comprehensive, high-quality and reciprocal mega-regional trading arrangement that eventually will stimulate new private investments and provide greater market access to Cambodian products such as agricultural goods, processed agricultural products and industrial goods. RCEP will become the core foundation for trade and investment in Cambodia, further expanding the value chain and creating more employment and market opportunities for people and businesses in the country (Source: *Khmer Times*, 8 November 2021). Since the RCEP took effect on 1 January 2022, more than 90% of goods traded between member countries enjoyed zero tariff immediately or will see their tariffs gradually reduced to zero over the next 20 years (Source: *Khmer Times*, 3 & 4 January 2022).

Management Discussion and Analysis

With the success of the COVID-19 vaccination campaign, the pandemic in Cambodia has been brought under control, and the country fully reopened all of its economic sectors on 1 November 2021 based on four factors: (i) full vaccination of a large swath of the population; (ii) the availability of effective COVID-19 treatments and medicines; (iii) increased experience in dealing with and preventing the spread of COVID-19; and (iv) increased public understanding of COVID-19 and how to prevent infections (*Source: Phnom Penh Post, 1 November 2021*). According to the latest Cambodia Economic Update of the World Bank, Cambodia is now managing COVID-19 with a majority of the population having been vaccinated and the country reopened for business, while continuing to enforce protective health measures. World Bank is of the opinion that Cambodia's growth outlook is expected to continue to recover as COVID-19 related restrictions are lifted.

Environmental, Social and Governance (ESG) During a Pandemic

NagaWorld Kind Hearts (the Company's CSR arm) is a grassroots initiative with long term contribution towards the betterment of communities in Cambodia. This ESG arm of NagaWorld has conducted more than 550 programmes to date focusing on Education Enhancement, Community Engagement, Sports Development and Environment Care.

NagaWorld received two prestigious honours at the Social Caring Pledge Awards in 2021 in recognition of its extensive range of environmental, social, and governance initiatives benefitting marginalized communities in Cambodia. NagaWorld collected accolades in both the Outstanding Social Caring Organisation Award and the Social Caring Award for Green Excellence categories. The Outstanding Social Caring Organisation Award is given to companies that showcase consistent business results and social impact, while remaining aligned to the six social caring pledge principles of Environmental Protection, Anti-discrimination, No Forced Labour, Community, Anti-corruption, and Safety and Quality. The Social Caring Award for Green Excellence credits the integration of environmental performance into a sustainable development strategy and delivering proven business benefits.

NagaWorld Kind Hearts' comprehensive suite of ESG initiatives marked another achievement after being recognised in the Stevie® Awards for the third consecutive year. The 2021 awards given were a Gold Stevie® Award for Continuous Efforts in Fostering the Development in Cambodia; three Silver Stevie® Awards for Making the World a Better Place: It's a Lifelong Learning Journey, NagaWorld Kind Hearts' Sports Initiatives Spur a Nation's Development, and Taking a Stand: NagaWorld Against COVID-19; and a Bronze Stevie® Award for Moving Generations to Go Green. These awards are an endorsement of the Group's continuous efforts towards improving the social, environmental and economic aspects of Cambodia as well as the lives of its people.

During the Year, the Group has contributed US\$20 million to support the RGC's effort to contain the surge of COVID-19 cases in the community. In addition, NagaWorld Kind Hearts donated US\$100,000 in food supplies to Phnom Penh City Hall for communities struggling with the impact brought upon by the increasing number of COVID-19 cases when the capital went into lockdown on 15 April 2021. The total amount donated was sufficient to assist 3,500 families in the most affected areas.

By partnering with Naga Farm, which was established in recent years in the Ang Snuol district, with local community members as employees, NagaWorld Kind Hearts has continued its support of local communities most affected by COVID-19 by jointly donating food packages worth US\$23,000 to 1,000 needy families in Ang Snuol district, Kandal province. Working with the local authorities, Naga Farm and NagaWorld Kind Hearts have donated crucial food supplies where they were most needed.

During the pandemic, NagaWorld Kind Hearts has been making regular donations to public institutions to help keep Cambodian communities safe and combat the spread of COVID-19. This includes contributions of world-class medical equipment and testing kits as well as preventive supplies such as surgical masks, hand sanitizers and temperature checkers to the MOH, the Ministry of Education, Youth and Sport, the Ministry of Land Management, Urban Planning and Construction, the General Commissariat of National Police and Phnom Penh City Hall.

The Group has made annual contribution of US\$1 million to the Cambodian Red Cross, and contributed to the Water Wells Foundation of Cambodia to create new and hygiene water sources as part of sustainable rural development of Cambodia. These form part of the Group's contribution to public interests and charitable purposes in Cambodia.

At the corporate level, the Company has been recognized as an Honoured Company in the Small & Mid-Cap category by the renowned financial publication *Institutional Investor* for outstanding leadership, including "Best CEO" and "Best CFO" in the Gaming & Lodging sector. This recognition is part of *Institutional Investor's* 2021 All-Asia Executive Team annual rankings which are regarded globally as the financial industry's benchmark for excellence.

The Company is dedicated to enhancing long term value for all stakeholders and continuously strives for excellence by ensuring the sustainable growth of business.

Improved Liquidity and Cost Efficiency

As of 31 December 2021, the Group's cash and deposits were US\$125.1 million. The Group had sufficient liquidity and cash reserves to fund cash expenditures during the Year. On 15 June 2021, the Company completed the issuance of an additional US\$200 million 7.95% senior notes due 2024 (the "Additional 2024 Senior Notes") priced at a yield of 6.625%, to strengthen the Group's working capital. The Company fully repaid the outstanding principal amount of US\$300 million 9.375% senior notes due 2021 (the "2021 Senior Notes") together with the interest accrued to the maturity date of the 2021 Senior Notes due on 21 May 2021, with cash on hand. Following this full repayment of the 2021 Senior Notes, the Company now will not have any debt repayment obligation until July 2024.

Management Discussion and Analysis

The accumulated cash and deposits demonstrate the Group's continued ability to retain a stable cash position and raise external funding despite the unprecedented challenging period of the COVID-19 pandemic. Furthermore, given the COVID-19 impact in Cambodia, the Company launched a rationalization programme to improve cost efficiency and undertook a series of actions to minimize run-rate operating costs and cash expenditures, all of which formed part of the Company's COVID-19 strategy to help stabilize the Group's financial position over the long term.

BUSINESS REVIEW

Table 1: Performance Highlights

For the Year and comparative prior year:

	2021 US\$'000	2020 US\$'000
Mass Market: Public Floor Tables		
– Buy-ins	431,494	973,514
– Win rate	15.4%	17.9%
– Revenue	66,463	174,281
Mass Market: EGM		
– Bills-in	722,665	1,433,344
– Win rate	8.4%	8.6%
– Revenue	43,986	82,360
Premium Mass Market		
– Rollings	1,210,302	2,152,763
– Win rate	4.0%	3.7%
– Revenue	48,684	78,749
Referral VIP Market		
– Rollings	2,511,293	20,436,240
– Win rate	2.6%	2.6%
– Revenue	64,366	534,238
Gross Gaming Revenue	223,499	869,628

Mass Market (Public Floor Tables and EGM)

During the Year, Mass Market business volume and GGR declined mainly due to the voluntary temporary suspension of business operations since 2 March 2021 and the COVID-19 global pandemic. Nevertheless, this was partially mitigated by the reasonably sized expatriate community and to some extent, visitors from East Asia (mainly from China, South Korea and Taiwan) patronising NagaWorld in search of entertainment. Despite softer tourists' arrivals due to the COVID-19 outbreak globally, the footfall of the Mass Market floor was still relatively stable, in particular, the high limit gaming area. The Company observed a gradual sequential growth trend in Mass Market business volume in 4Q2021, since reopening business operations on 15 September 2021.

The NagaWorld Rewards loyalty programme continued to enable the Group to understand its customers' profile, creating targeted marketing promotions and rollout customer development initiatives to increase the frequency of visitation and gaming spend.

Premium Mass Market

During the Year, Premium Mass business volume and GGR declined mainly due to the voluntary temporary suspension of business operations since 2 March 2021 and the COVID-19 global pandemic. The Company observed a gradual sequential growth trend in Premium Mass business volume and revenue in 4Q2021, since reopening business operations on 15 September 2021.

Referral VIP Market

During the Year, Referral VIP business volume and GGR declined mainly due to the voluntary temporary suspension of business operations since 2 March 2021 and the restrictive cross-border travel policies in the Asian region. However, prior to the 20 February 2021 COVID-19 community outbreak and the voluntary temporary suspension of business operations, the Referral VIP business recorded stable volume in 1Q2021, mainly generated from a reasonably sized number of expatriates currently residing and conducting business in Cambodia.

Non-Gaming-Hotel, F&B and Entertainment

During the Year, non-gaming revenue declined mainly due to the voluntary temporary suspension of business operations since 2 March 2021 and the tightening of travel policies in Cambodia and other regional countries in response to the pandemic, which led to lower occupancy rate and footfall during the Year.

Management Discussion and Analysis

Revenue and Gross Profit Analysis

Table 2(a)

2021	Revenue		Gross Profit		Gross Profit Margin
	US\$m	%	US\$m	%	%
Mass Market	110.4	49	100.8	70	91
Premium Mass Market	48.7	22	29.6	21	61
Referral VIP Market	64.4	28	11.2	8	17
Non-Gaming	2.4	1	1.9	1	79
Total	225.9	100	143.5	100	64

Table 2(b)

2020	Revenue		Gross Profit		Gross Profit Margin
	US\$m	%	US\$m	%	%
Mass Market	256.6	29	253.0	59	99
Premium Mass Market	78.8	9	48.4	11	61
Referral VIP Market	534.2	61	118.1	28	22
Non-Gaming	9.1	1	7.5	2	82
Total	878.7	100	427.0	100	49

The Group recorded a gross profit of US\$143.5 million for the Year. The overall gross profit margin was 64% (2020: 49%) as a result of higher percentage contribution from the Mass Market and Premium Mass Market segments. Mass Market continued to maintain a high gross profit margin of 91% (2020: 99%).

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

Administrative and other operating expenses before impairment losses, depreciation and amortisation were US\$131.6 million during the Year, representing a decrease of US\$32.6 million or 19.8% year on year.

With improvements in operating efficiencies and rigorous financial discipline, the Group has been able to keep its operating costs reasonably low. In addition, the Company has implemented a series of cost saving measures in response to the voluntary temporary suspension of business operations since 2 March 2021.

Finance Costs

During the Year, the Group incurred finance costs, after interest capitalisation, of US\$37.1 million (2020: US\$33.2 million) for the interest expenses and transaction costs relating to the senior notes issued (detailed in note 25 to the consolidated financial statements).

Net Loss

Net loss attributable to the shareholders of the Company (the "Shareholders"), or net loss, was US\$147.0 million for the Year. Net loss margin for the Year was 65.1% (2020: net profit margin 11.6%) as a result of the voluntary temporary suspension of business operations because of COVID-19 concerns since 2 March 2021.

Basic loss per share was US cents 3.39 (HK cents 26.27) for the Year and basic earnings per share was US cents 2.36 (HK cents 18.29) for the year 2020.

FINANCIAL REVIEW

Pledge of Assets

In December 2014, in accordance with the terms of the Investment Agreement (as defined hereinafter in note 19 to the consolidated financial statements) in respect of development of an integrated resort in Vladivostok, Russia, the Company's subsidiary remitted approximately US\$8.9 million from its Hong Kong bank account to a Russian bank account of the Company's Russian subsidiary Primorsky Entertainment Resorts City LLC. This amount was deposited in the same Russian bank as fixed deposits, which are pledged against which the Promissory Notes (as defined hereinafter in note 19 to the consolidated financial statements) were subsequently issued to provide collateral for the issuance of a bank guarantee from the same bank required under the Investment Agreement.

Contingent Liabilities

As described in note 11(ii) to the consolidated financial statements, the additional obligation payment (if any), other than those paid during prior years, are subject to the future development in this matter.

Exchange Rate Risk

The Group's income is earned principally in US\$. The Group's expenditure is paid principally in US\$ and to a lesser extent in Cambodian Riel and Russian Rubles ("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

No shares were issued by the Company during the Year.

Liquidity, Financial Resources and Gearing

All figures quoted in this section are as at 31 December 2021, unless stated otherwise.

The Group had total cash and bank balances, restricted bank balance and fixed deposits of US\$125.1 million (31 December 2020: US\$452.0 million). The cash and bank balances, restricted bank balance and fixed deposits were mainly denominated in US\$.

The Group had net current assets of US\$42.3 million (31 December 2020: US\$107.0 million). The Group had net assets of US\$1.6 billion (31 December 2020: US\$1.7 billion).

The Group had outstanding senior notes with carrying amount of US\$543.0 million (31 December 2020: US\$635.6 million).

The Group's gearing ratio calculated as total debts less cash and bank balances, restricted bank balance and fixed deposits divided by equity was 25.3% (31 December 2020: 11.1%).

Capital and Reserves

As at 31 December 2021, the capital and reserves attributable to owners of the Company was US\$1.6 billion (31 December 2020: US\$1.7 billion).

Management Discussion and Analysis

Employees

As at 31 December 2021, the Group employed a total work force of 6,181 (31 December 2020: 8,371), stationed in Cambodia, China, Hong Kong, Macau, Malaysia, Singapore, Thailand, the United States and Russia. The remuneration and staff costs for the Year were US\$69.5 million (2020: US\$105.3 million).

Given the COVID-19 impact in Cambodia, the Company has taken proactive measures to manage the situation. The Company launched an employee rationalization programme to improve cost and operational efficiency. The Company believes that these changes will help with the quick return to business normality and help deliver continued financial stability over the long term. It is important for the Group to maintain operational and financial flexibility to ensure that it remains focused and efficient during this period. To reduce the impact of these necessary changes on our employees, the Company has provided a mutual separation option to affected employees with enhanced termination compensation over and above payments required by the applicable Cambodian Laws to assist their transition into other career or business interests.

The employee rationalisation exercise has been completed as at the date of this annual report.

Employee Benefits

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. The Company has adopted a share option scheme and a share award scheme as incentive to its directors and other eligible participants. The Group also provides and arranges on-the-job training for the employees.

Trade Receivables and Credit Policy

The Group continues to monitor changes in trade receivables. Net trade receivables decreased from US\$72.9 million to US\$39.6 million during the Year.

During the Year, the Group prudently made provision for impairment loss of US\$2.0 million (2020: US\$2.3 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 or Disposals of Subsidiaries

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

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 Naga 3

The Naga 3 conceptual design work has been fully completed. The subsequent design development work was handled by a team of experienced consultants consisting of Steelman Partners (a global leader in gaming and entertainment design), Jacobs Engineering Services Sdn. Bhd. (Civil and structural consultant, one of the world's largest engineering firms), DRTAN LM Architect (Architect-of-Record), KWA Consult Sdn. Bhd. (Mechanical and electrical consultant), ELP Quantity Surveyors Sdn. Bhd. (Quality surveyor consultant).

The following are brief progress updates:

- a) **Soil Improvement Work** – Soil improvement work of 4m wide by 292m long along the western boundary has been fully completed by way of more than 1,000 deep soil mixing columns and almost 4,000 tons of cement being injected into the ground to strengthen the existing soil; the main objective of the soil improvement work is to minimize settlement risk to the row of existing shops during the diaphragm wall and bored pile construction. Both large deep soil machines and the associated cement silos have been fully demobbed from the construction site, freeing up space for the operation of 2 diaphragm wall machines and the steel cage fabrication yard.
- b) **Diaphragm Walls** – The diaphragm walls have been fully completed at end-January 2022 as planned, diaphragm wall machinery and associated support facilities shall be demobbed from construction site, freeing up space for bored piling operation and basement construction.
- c) **Bored Piles** – Overall bored piling work is approximately 50% completion, two of the most critical areas within Tower 1 and Tower 3 nearing completion, allowing basement construction work to commence in December 2021. Three numbers of bi-directional load test have been completed with satisfactory results. Presently there are eight boring rigs constructing the bored piles on site and 2 teams constructing the basement works.
- d) **Wind Tunnel Study** – The wind tunnel testing for the wind induced structural study has been completed with satisfactory results. The second part of wind tunnel testing for the façade cladding, human comfort and pedestrian wind comfort study will be carried out in 1Q2022.
- e) **Pandemic and Vaccination** – Construction progress was slightly impacted by the sudden Phnom Penh lockdown, curfew and inter provincial/district travel restrictions. With the disruption of cement/concrete/steel supply and shipping logistics delays, additional measures have been added to catch-up on lost time. The construction site is enforcing very strict measures to prevent COVID-19 infection. All construction workers

Management Discussion and Analysis

and management staff have been fully vaccinated, included booster vaccine; only fully vaccinated construction workers, sub-contractors, suppliers, etc. are allowed to work and enter the construction site.

- f) **Design Development Work** – Design development work is ongoing and the contract documentation for main building work package is on schedule to be completed by 1Q2022. The target commencement of main building work package shall be first half of 2023, after the foundation, basements and ground floor have been completed and progressively handed over to main building work contractor.

Update on the Investment Project in Vladivostok

The construction of Hotel Tower Block structure was completed. The contractor is constructing the roof slab of the Casino Podium, while the construction of the Ballroom has reached Level 1.

The Group believes that the investment project in Vladivostok will drive revenue and earnings growth in the long term.

Prospects

The RGC has taken steps to mitigate the economic and social impact of the pandemic. A high vaccination rate and loosening of restrictions will boost spending and investor confidence, while increased FDI should offer further support to the recovery of the Cambodian economy. In November 2021, China's premier leader reaffirmed the bilateral

bond between Cambodia and China by continuing to provide COVID-19 vaccines and medical assistance for an indefinite period of time, and to assist Cambodia with building a vaccine manufacturing factory (*Source: Khmer Times, 6 December 2021*). Despite the COVID-19 pandemic, Cambodia-China relations remain committed to strengthening comprehensive cooperation in development strategies (*Source: Phnom Penh Post, 16 November 2021*).

The bilateral trade volume between China and Cambodia saw a significant rise despite the global outbreak of COVID-19, reaching US\$11.1 billion in 2021, an increase of approximately 37.3% year-on-year, hitting the target of US\$10 billion (*Source: Khmer Times, 31 January 2022*). The two countries had previously committed to raising bilateral trade to US\$10 billion threshold by 2023 from US\$8.1 billion in 2020 (*Source: Khmer Times, 6 December 2021*). The CCFTA and the RCEP, which aim to increase trade goods by reducing and eliminating tariffs and non-tariff barriers, and will eventually open more markets for Cambodia's products, mainly agricultural products, to China. Also, the newly introduced Law on Investment and Cambodia-Republic of Korea Free Trade Agreement is expected to help attract FDI inflows to the country in the coming years (*Source: Phnom Penh Post, 16 November 2021*).

The implementation of RCEP will become a solid building block in advancing further trade liberalization, with the potential of attracting intraregional investment, FDI and global value chain activities, which could enhance investment opportunities in the long term. According to the Cambodian Ministry of Commerce, the CCFTA is a new milestone in the development of bilateral economic and trade relations of both countries, which is expected to become a driving force for Cambodia's economic recovery.

The National Bank of Cambodia has forecast that the Cambodian economy will continue to grow at a rate of 5.0% in 2022 (*Source: Khmer Times, 3 January 2022*). In addition, the IMF has projected that Cambodia will be the second-fastest growing economy in Southeast-Asia in five years with an expanded GDP of 6.6% (*Source: IMF – World Economic Outlook Database October 2021*). Also, the Chinese-invested Phnom Penh-Sihanoukville Expressway is 80% complete as of January 2022, despite the COVID-19 pandemic, according to the Cambodia Ministry of Public Works and Transport. The expressway is one of the Cambodia-China cooperation projects under the framework of the Belt and Road Initiative and is the most important strategic route in Cambodia, which is projected to lead to substantial economic growth (*Source: Khmer Times, 2 February 2022*).

The Group continues to focus on the execution of its existing development projects. The development of Naga 3 is in progress. It is expected that the combined complex of NagaWorld (Naga 1, Naga 2 and Naga 3) will have approximately 5,000 hotel rooms, 1,300 gaming tables and 4,500 EGM and many other non-gaming attractions. About 93% of Naga 3's gross floor area will feature non-gaming offerings, which is in line with the Group's long-term strategy of offering comprehensive lifestyle products and services. Naga 3's long term strategy is the continuation of Naga 2's success. The Company is committed

to developing and completing the Naga 3 Project to stimulate and enhance Cambodia's tourism industry. Given the uniqueness of a casino monopoly in the heart of a capital city, the combined complex of NagaWorld is expected to position the Group as one of the most sizable riverine integrated resorts and entertainment centres in the Asia Pacific region.

Global economic conditions are expected to continue recovering with the progressive rollout of vaccination programmes and booster shots. With the reopening of the Cambodian economy, domestic economic activity, including retail and wholesale, transportation, and domestic tourism is expected to increase steadily, while the international tourism, hotel and restaurant sector may recover more gradually. According to Fitch Ratings, the tourism sector is expected to rebound faster than business travel in the Asia Pacific region in 2022 in view of the improvement on the business operating environment. The ramping up of vaccines and availability of booster shots are likely paving the way of a return to normalcy in most Asian countries (*Source: Khmer Times, 25 November 2021*).

Looking forward, 2022 will remain challenging amid the fluidity of the COVID-19 situation and economic uncertainties. Nevertheless, with the easing of restrictions and the global economic recovery in sight, NagaWorld is expected to continue drawing tourists from South East Asia and East Asia, especially with incoming business migration inflows to Cambodia. The Company expects to continue its current growth recovery in a COVID-19 endemic world, and believes that the long-term business prospects and outlook of the Group will remain stable.

Directors' Profile

Timothy Patrick McNally

Non-executive Director and Chairman

Timothy Patrick McNally, aged 74, joined the Company in February 2005 as chairman of the Board. He also serves as the chairman of the AML Oversight Committee of the Board. From April 1999 until October 2005, Mr. McNally was the executive director of Security and Corporate Legal Services for the Hong Kong Jockey Club and 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

Executive Director, Founder, Controlling Shareholder and Chief Executive Officer

Tan Sri Dr Chen Lip Keong, aged 74, was appointed as an executive director of the Company in April 2003. Dr Chen is the founder, controlling shareholder, chief executive officer, and a member of the Remuneration Committee, the Nomination Committee and the AML Oversight Committee of the Board. Dr Chen is also a director of several wholly-owned subsidiaries of the Company, and a director of LIPKCO Group Limited which is a substantial shareholder of the Company. Mr. Chen Yiy Fon, an executive director of the Company, is a son of Dr Chen.

Dr Chen has many years of entrepreneurial, business and managerial experiences and owns over 6,000 acres of prime mixed development land in Malaysia. Dr Chen is currently the controlling shareholder of FACB Industries Incorporated Berhad ("FACBI") which is listed on the Bursa Malaysia Securities Berhad ("Bursa").

Philip Lee Wai Tuck

Executive Director and Executive Deputy Chairman

Philip Lee Wai Tuck, aged 59, is a Certified Public Accountant in Malaysia and Australia. Mr. Lee has experience in various industries before joining the Group in 2009 and was appointed as an executive director of the Company in May 2010. He has previously worked in or held directorships in various companies listed on the Bursa. 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 Board and a director of various wholly-owned subsidiaries of the Company.

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

Chen Yiy Fon

Executive Director

Chen Yiy Fon, aged 40, 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 Board. 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 LIPKCO Group Limited which is a substantial shareholder of the Company.

Mr. Chen is also the chief executive officer and executive director of Karambunai Corp Bhd ("KCB") and Petaling Tin Berhad ("PTB"). He also serves as an executive director of FACBI. All these three companies are controlled by Tan Sri Dr Chen Lip Keong ("Dr Chen"), the controlling shareholder in each of the companies. Except for PTB and KCB which have been privatized and the listing of their shares on the Bursa has been withdrawn with effect from 16 August 2018 and 21 November 2019 respectively, FACBI is currently listed on the Bursa.

Mr. Chen is a son of Dr Chen.

Directors' Profile

Lim Mun Kee

Independent Non-executive Director

Lim Mun Kee, aged 54, has been appointed as an independent non-executive director of the Company in September 2007. Mr. Lim is the chairman of the Audit Committee, and a member of the Remuneration Committee and the Nomination Committee of the Board.

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 30 years of valuable experiences gained through his working career in various fields including auditing, financial, corporate exercise and management level.

Mr. Lim is also an independent non-executive director of FACBI and KNM Group Berhad ("KNMG"). Mr. Lim was an independent non-executive director of PTB from 1 August 2007 to 18 September 2018 and re-joined as an independent non-executive director on 27 September 2019. Subsequently, Mr. Lim has resigned as an independent non-executive director of PTB and KCB on 31 July 2021.

Except for PTB and KCB which have been privatized and the listing of their shares on the Bursa has been withdrawn with effect from 16 August 2018 and 21 November 2019 respectively, FACBI and KNMG are currently listed on the Bursa. All of FACBI, KCB and PTB are controlled by Dr Chen, the controlling shareholder in each of the companies.

Michael Lai Kai Jin

Independent Non-executive Director

Michael Lai Kai Jin, aged 52, was a non-executive director of the Company from 31 May 2010 to 5 April 2011 and was re-designated as independent non-executive director of the Company on 6 April 2011. He is also the chairman of the Remuneration Committee and the Nomination Committee and a member of the Audit Committee and the AML Oversight Committee of the Board. Mr. Lai graduated from the National University of Singapore with a L.L.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 was formerly 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.

Leong Choong Wah

Independent Non-executive Director

Leong Choong Wah, aged 53, was appointed as an independent non-executive director of the Company on 10 September 2018. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Board.

Mr. Leong has more than 30 years of working experience in a wide range of industries such as technology, property development, plantation and manufacturing, including cross border working experience in Indonesia and China encompassing operations, accounting, financial management and corporate finance and planning in both public listed and private companies.

Mr. Leong started his career with Price Waterhouse in 1989 and is presently the chief financial officer of Inmage Group, a leading global creative ecosystem and technology group since May 2019. Prior to joining Inmage Group, Mr. Leong was the group executive director of HCK Capital Group Berhad ("HCK"), a property development company listed on the Bursa from May 2015 to April 2019. He also served as an executive director on the board of HCK from October 2015 to April 2019. He also had working experience as a senior business controller of Agrindo, an Indonesian palm oil plantation group based in Jakarta, Indonesia from February 2013 to December 2014. Mr. Leong's other notable past working experience includes serving as the chief executive officer of PTB from 2008 to 2010, chief financial officer of FACBI from 2000 to 2008 and holding senior positions in several other companies listed on the Bursa.

Mr. Leong is currently a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and CPA Australia, respectively.

Sustainability Report

At NagaCorp, we believe that we have an important role to play as a corporate citizen that is fully involved in the community where we do business. Our continual evaluation and improvement process ensures that achieving sustainable growth goes beyond generating profits, and it must include a positive impact on our environment and our community. Since the inception of the business in 1995, we have been committed to creating long-term value in a sustainable way for all our stakeholders.

The Board provides oversight of our sustainability strategy and risks, including our approach to managing these risks. The President Committee, supported by our Corporate Social Responsibility department and relevant business units, is responsible for developing and implementing our sustainability strategy objectives.

The Board is ultimately responsible for our Sustainability & CSR strategies and reporting, as well as determining and evaluating related risks to ensure appropriate controls are in place for all our material topics. The Company regularly performs internal risk assessment and highlights material topics that investors and other stakeholders may find relevant as they make investment decisions. As part of this assessment, we gather valuable insights from stakeholders that help us understand various industry perspectives, perform peer benchmarking exercises, and adhere to best practices on sustainability reporting. We receive these insights through channels such as guest feedback, our NagaWorld Rewards programme, local suppliers' partnerships, charitable sponsorships, employee training development, and meetings with investors. We use multiple, widely recognized reporting platforms, including the HKEX ESG Reporting Guide, and SASB industry standards for reporting. This process give the Company a framework for materiality and shapes the Sustainability Report content. The Board continually evaluates risks for the Company, as well as opportunities, as it manages priorities and expectations. Specific by-laws of the

Company ensure impartiality and objective viewpoints: separate role of chairman and CEO; and all directors meet collectively at executive sessions.

Under our President Committee, we have established key operational groups focused on our goals for Zero Waste and Sustainable Sourcing. Representatives from across business units are engaged daily to develop roadmaps to achieve our goals and initiatives.

Reflecting the Company's commitment to integrate sustainability into its operations, NagaCorp's Sustainability and CSR programmes are led by both the CSR leadership team and the President Committee. These leaders, supported by working groups, are responsible for assessing stakeholder concerns and for each material topic, establishing corporate governance, setting goals and policies, and prioritizing initiatives. The CSR leadership provides updates to the Board quarterly and the initiatives are then provided with resources, implemented and monitored across the organization by the appropriate operations teams.

Our Stakeholders

We engage with our key stakeholders, including employees, customers, business partners, government and regulators, shareholders and investors, and communities, to understand their primary concerns and address them accordingly.

Reporting Scope

This report covering the Year is prepared according to 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”). In the following sections, we explain our ESG philosophy to ingrain CSR into the Group’s long term projects to support Cambodia’s development. The topics discussed in this report are determined to be material to the Group and are important to our key stakeholders. This report is in compliance

with the “comply or explain” provisions and mandatory disclosure requirements set out in the ESG Reporting Guide of the Stock Exchange during the Year. A list of the required disclosures and how we meet the requirements can be found at the end of this report.

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.

Summary of Initiatives in Managing COVID-19

Since the first case of COVID-19 infection was detected in Sihanoukville on 27 January 2020, the RGC has put in place various measures, such as contact tracing, quarantining, screening of arrivals, social distancing and mask wearing, to contain the disease. According to Our World in Data, Cambodia is one of the best performing countries for COVID-19 vaccination with 85.9% of Cambodians receiving at least two doses as of 27 January 2022. Still, at NagaWorld we remain vigilant. With the health, safety and well-being of our employees and guests being our top priority, we have initiated a wide range of precautionary and preventive measures since the end of January 2020. More details related to the COVID-19 measures can be found in each section of this report.



Employees

- *Comprehensive communication programmes, including awareness materials, preventive measures and mandatory training.*
- *Provide timely information and support through online/mobile channels.*
- *Provide personal protection such as masks and gloves and install face recognition and thermal scanner at employee entrances.*
- *Implement temporary medical leave and quarantine procedures.*
- *Ongoing weekly testing of all employees to ensure a safe working environment for our employees. To date the Company has conducted in excess of 83,000 tests on its employees and service providers with total cost about US\$350,000.*
- *Support a total of 885 employees with food parcel delivery during lockdown periods.*
- *Provide parcels containing food and other essential items for a total of 702 employees that were required to quarantine in government facilities.*

Sustainability Report



Customers

- Provide more than 3.8 million free masks and 23,600 litres of hand sanitizers.
- Implement social distancing in gaming areas and reduce seating in outlets.
- Install thermal camera and body disinfectant spray units at guest entrances and travel history checks on all guests.
- Regular sanitization and disinfection of surfaces in public areas.
- Testing of all customers at reopening to ensure we can provide a safe entertainment environment for all our guests. More than 17,000 tests were conducted on guests in the initial reopening period after which this practice was stopped, with total cost about US\$73,000.

Business Partners

- Provide COVID-19 awareness materials and instructions.
- Provide PPE procurement information.
- Allow more flexibility in terms of delivery date.



Community

- Almost 500 NagaWorld employees contributed over 3,350 volunteer hours during 27 activities organized in 2021.
- Since 2014 to date, NagaWorld Kind Hearts has conducted over 570 activities involved over 4,500 employees who volunteered more than 27,900 hours of their time and energy towards the betterment of communities – benefited over 444,000 Cambodians in total.
- Charitable donations made by the Group to worthy causes in Cambodia during the Year totaled US\$21.123 million.
 - The Company donated a total of US\$20 million to the RGC’s initiatives in combating against COVID-19 in particular to assist in the timely procurement of vaccines.
 - A total of US\$1 million has been donated to the Cambodian Red Cross.
 - A total of US\$123,000 has been donated to the community for CSR related activities.
 - Donated US\$100,000 worth of food supplies to Phnom Penh City Hall, for communities struggling with COVID-19 impact which benefited 3,500 families.
 - NagaWorld Kind Hearts together with Naga Farm, jointly donated food package worth US\$23,000 to 1,000 families in need in Ang Snuol district, Kandal province.

This report focuses on the following five areas:

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Nurturing Our People



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Sustainability Report

Protecting Our Environment

We have always sought to operate in a responsible, transparent and sustainable way. While delivering the highest quality of services and products to our customers, we aim to minimise risk and our impact on the environment.

At the Global Climate Ambition Summit held in December 2020, Cambodian Prime Minister Samdech Techo Hun Sen reaffirmed Cambodia's commitment to tackle climate change, with a plan set out to reduce Green House Gas ("GHG") emission by 18% or 38.9 million tonnes and increase renewable energy in the energy mix to 25% by 2030 (*Source: Khmer Times, 13 December 2020*). As a responsible corporate citizen, we pledge our support to the Royal Government and contribute to meeting these ambitious goals.

As part of our sustainability efforts, we continued focusing on reducing the amount of paper-based transactions and moving towards online automation during the Year. This included the continued use of four online systems launched in 2020 – e-submission for procurement tenders, performance management, e-learning, and communication, as well as the migration of more administrative

tasks online. These initiatives improve operational efficiency while reducing our environmental impact by reducing paper usage. Details of these initiatives can be found in the employee and supply chain management sections of this report.

Since 2016, NagaWorld, our flagship property in Phnom Penh, Cambodia, has been certified by the ASEAN Tourism Forum and recognised as an ASEAN Green Hotel. The ASEAN Green Hotel Standard is an initiative dedicated to promoting sustainable tourism in ASEAN by adopting environmental-friendly and energy conservation practices.

NagaCorp complies with all relevant Cambodian laws and regulations in regards to environmental protection and natural resource management.

Education and Awareness

At NagaWorld, we believe in protecting our environment and valuing the importance of waste pollution prevention, biodiversity, resource preservation and reforestation. In recent years, the rising population and rapid urbanisation have put significant pressure on Cambodia’s civil infrastructure and environmental management systems. Being a responsible member of the Cambodian community, we continue to play an active role, working alongside the government, non-governmental organisations (“NGOs”), and others in the Cambodian business community to promote green initiatives and raise environmental awareness. We believe knowledge leads to positive change. We share with the government, business

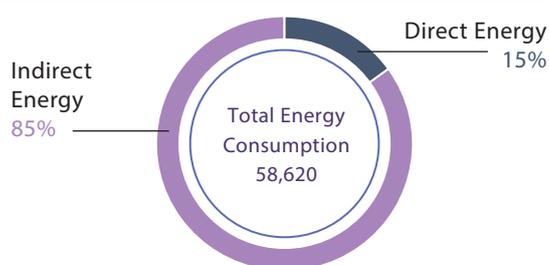
partners, and wider community best practices and information about sustainable options through workshops. We also organise activities to support local communities’ effort in maintaining a green living environment.

Use of Resources

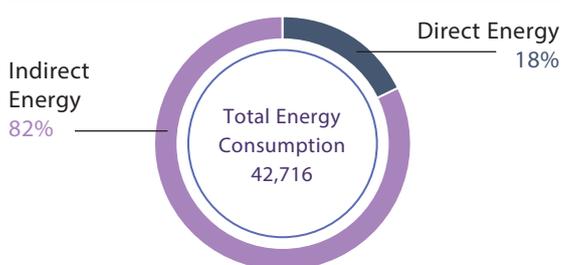
Energy Usage

Our primary source of energy is electricity. NagaWorld sources electricity primarily from the Phnom Penh city grid managed by the Electricite Du Cambodge (“EDC”). EDC generates electricity from a mix of hydropower, coal, fossil fuels and biomass. We also use diesel for operating back-up electric generators and hot water boilers in Naga 1, and liquid petroleum gas (“LPG”) in our kitchens.

NagaWorld Energy Consumption 2020
(’000 Mwh)



NagaWorld Energy Consumption 2021
(’000 Mwh)



Energy Consumption and Intensity (Scope 1 and Scope 2)	2018	2019	2020	2021
Energy consumption (’000 kWh)	80,559	97,334	58,620	42,716
Energy intensity (kWh/m ² of gross floor area)	334	384	231	168

- Notes: (1) Figures in the above charts and table do not include fuel consumed by vehicles owned by the Group.
- (2) Temporary suspension of casino operations between 2 April and 7 July 2020 following RGC’s instructions.
- (3) Voluntary temporary suspension of business operations between 2 March and 14 September 2021.

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Due to the rapid expansion and population growth in recent years, the city of Phnom Penh has experienced electricity shortage periodically, especially during the summer months and public holiday seasons. During which, back-up electric generators are utilised in order to maintain our around the clock operations.

Both overall energy consumption and intensity in 2021 were 27% lower compared with the prior year. The significant reduction was due to reduced business activities during 2021 vs 2020 (due to increased closure period during 2021), reduced overall occupied rooms during 2021 vs 2020, energy saving initiatives done by maintenance team during business and closure periods.

Since 2018, we have introduced 15 initiatives to save energy and reduce costs, including replacing most of the halogen bulbs in Naga 1 with more efficient LED lights and installing air handling units to monitor and optimise the air-conditioning operating hours. Thirteen of the 15 initiatives have been implemented and the remaining two are ongoing. These initiatives are expected to reduce our annual energy consumption by 8% once fully implemented. In addition, during 2019 and 2020, 489 hotel rooms in Naga 1 were refurbished and equipped with energy saving lighting and a more efficient water boiler system.

Water Usage

The Phnom Penh Water Supply Authority supplies water to NagaWorld according to the World Health Organization and national drinking water standards. We had no issue in sourcing water fit for this purpose during the Year. NagaWorld complies 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 responsibly and have developed strategies to reduce our water consumption by improving mechanical systems and processes, with water consumption monitored and benchmarked monthly. Effective preventive maintenance, such as regularly cleaning the ventilation filters and condenser tubes, and optimising the operation and scheduling of the chiller systems and air conditioning units further reduces our water consumption.

We utilize a significant amount of water everyday through maintenance of our properties and from guest use. Failure to use water responsibly, manage wastewater treatment and reuse water would not meet the expectations of our stakeholders and our own social and environmental objectives.

Actions:

- Tracking of KPIs in relation to water use and wastewater minimization.
- Water conservation features incorporated into building design and facilities.
- Training provided to employees on water management for cleaning.

The Company's goal is to reduce its water consumption by 10% within 3 years based on the reference year 2013, under normal operating circumstances without construction project.

Water consumption in 2021 was 41% lower than the prior year, primarily due to the temporary closure and reduced business volumes since the reopening. As a result, water intensity, i.e. water usage per square metre of gross floor area, was also reduced.

Water Consumption and Intensity	2018	2019	2020	2021
Water consumption (m ³)	694,614	699,571	459,002	271,670
Water intensity (m ³ /m ² of gross floor area)	2.8	2.8	1.8	1.1

Notes: (1) Temporary suspension of casino operations between 2 April and 7 July 2020 following RGC's instructions.

(2) Voluntary temporary suspension of business operations between 2 March and 14 September 2021.

Wastewater is treated in conformance with the British Royal Commission Standard of Quality before being released into the sewers. The remaining solid waste is taken away by tankers for responsible disposal.

We are also educating our customers and our employees on the importance of saving water by providing water saving signs and information in each hotel room and toilets in public areas and offices about how they may contribute.

Emissions

We seek to minimise our environmental footprint by reducing direct and indirect emissions without compromising customer satisfaction and operational efficiency. We are working with a third party to measure the emission/efficiency of our diesel boiler, diesel generators and chillers as those are the most power consuming elements within our consumption. We believe that this initiative will reduce cost if properly implemented.

We have adopted the ISO 14064-1 guideline for measuring and reporting our GHG emissions. The principal component of our GHG emissions is carbon dioxide ("CO₂"), with a small quantity of other gases, such as hydrocarbons, carbon monoxide ("CO"), nitrogen oxides ("NO_x"), and sulphur oxides ("SO_x").

NagaWorld is working to reduce its GHG emissions and its ecological footprint. To do so, the Company's goal is to reduce its energy consumption by 10% within 3 years based on the reference year 2013, under normal operating circumstances without construction projects.

Direct or Scope 1 emissions are emissions from sources within our control and activities related to our immediate operations. Energy consumption, such as the LPG used in the kitchens and fuels consumed by our owned vehicles and airplanes, are the primary source of direct GHG emissions for NagaWorld. We continue to look for ways to reduce direct emissions by lowering energy consumption and improving energy efficiency in our properties, as well as fuel efficiency for our car fleet. Direct emissions in 2021 were slightly lower compared with the prior year. The reduction reflected the reduced business volumes in 2021.

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Energy Consumption and Emissions	Energy Consumption ('000 kWh)	CO ₂ emissions (kg)	NO _x emissions (kg)	SO _x emissions (kg)	PM emissions (kg)
2021					
Hot water boiler and backup generators – diesel	5,235	1,244,078	17,720	3,089	1,278
Kitchen – LPG	2,521	559,216	34	-	-
Vehicle – diesel, petrol, kerosene	-	1,671,452	4,123	534	71
Total – Scope 1	7,756	3,474,747	21,877	3,623	1,349
Purchased electricity – Scope 2	34,960	17,665,429	-	-	-
Total – Scope 1 & 2	42,716	21,140,176	21,877	3,623	1,349
2020					
Hot water boiler and backup generators – diesel	3,293	782,613	2,656	2,192	219
Kitchen – LPG	5,568	1,235,277	76	-	-
Vehicle – diesel, petrol, kerosene	-	1,482,086	23	7,196	43
Total – Scope 1	8,862	3,499,977	2,755	9,389	263
Purchased electricity – Scope 2	49,759	25,143,078	-	-	-
Total – Scope 1 & 2	58,620	28,643,055	2,755	9,389	263

Indirect emissions, or Scope 2 and Scope 3 emissions, are those produced outside of our immediate operations as the consequence of our activities. These include GHG emissions generated from purchased electricity (Scope 2) and those generated from guests travel, sourced goods and materials, and waste (Scope 3).

Emissions and Intensity (Scope 1 and Scope 2)	2018	2019	2020	2021
Emissions (kg)	36,728,657	37,691,441	27,166,112	19,490,845
Emissions intensity (kg/m ² of gross floor area)	145	149	107	77

- Notes: (1) Figures in the above table do not include fuel consumed by vehicles owned by the Group.
- (2) Temporary suspension of casino operations between 2 April and 7 July 2020 following RGC's instructions.
- (3) Voluntary temporary suspension of business operations between 2 March and 14 September 2021.

To reduce indirect emissions, we continue with our energy saving initiatives introduced in 2018 to improve efficiency and further reduce energy consumption, which is the primary source of our GHG emissions. Indirect CO₂, or Scope 2, emission in 2021 was 30% lower compared with the prior year, reflecting the lower level of consumption as a result of the temporary closure, as well as energy saving measures, such as switching off the outer wall digital displays and closing off some of the floors in Naga 1 and Naga 2 after the reopening. Overall, we emitted 26% fewer GHG (Scope 1 and Scope 2) last year than in 2020.

Although we are unable to track the GHG emissions related to our activities within the supply chain due to the lack of reliable data, we continue to try to reduce our environmental impact, such as by sourcing local products and materials whenever possible and ensuring they adhere to our environmental policy. Naga Farm, which was launched with a vision towards a sustainable and renewable agricultural facility, helps to absorb greenhouse gases – a way to reduce our net GHG emissions. See page 59 for more information about our supply chain management.

Air Quality

We strive to provide a safe and comfortable environment for our employees and customers, including clean air and a reasonable temperature. According to the American Society of Heating, Refrigerating and Air-Conditioning Engineers (“ASHRAE”) standards, regular air quality monitoring is

carried out. This includes a monthly indoor air quality test based on a range of key indicators including temperature, relative humidity, CO₂, carbon monoxide etc. All readings during the reporting period were within permitted levels.

During 2021, our primary focus was ensuring the air handling systems worked effectively to reduce the risk of the air-bound coronavirus spreading should there be infections in the property. As part of the precautionary measures, we performed a microbiological test of air quality through the Institut Pasteur du Cambodge (“IPC”) research lab during the Year. We also conducted deep clean operations on all Air Handling Units (“AHU”) to make sure all air filters were cleaned and sanitised regularly.

To improve the air quality of NagaWorld Complex, we plan to install an indoor air quality filtration system that can remove pollutants such as PM2.5 and gases such as NO_x and SO_x in the buildings, as well as air quality monitors in our hotel rooms.

In order to ensure comfort, to minimize various health and safety risks and to ensure the proper use of the Heating, Ventilation, and Air Conditioning (“HVAC”) systems, Inside Air Quality (“IAQ”) must be measured, reported and analyzed. The indicators selected to measure the IAQ are:

- Temperature: 23°C to 26°C, measured at 1.5 meter. The acceptable range is ± 2°C per hour, and ± 3°C between 0.1 meter and 1.7 meter high.
- Relative Humidity: must be kept between 20% and 60% (ideally 30%).

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- CO₂: under 700 ppm + external CO₂ level.
- CO: under 9 ppm (8 hours exposure); 40 ppm (1 hour exposure).
- Luminosity: between 150 and 750 lux for working station, between 150 and 500 lux for other areas.
- Sound: Under 85 Decibels

Cambodian Ministry of Environment (“MOE”) has formulated policies, laws and environmental legal regulations to ensure environmental quality, for instance: Law on Environmental Protection and Natural Resources Management, Sub-Decree on Air Pollution Control and Noise Disturbance, Technical Guideline on Air Pollution Control from Industries, Technical Guideline on Noise Disturbance and Vibration Monitoring from Explosive Activities, and Circular on Measure to Prevent and Reduce the Ambient Air Pollution. The MOE launched the Clean Air Plan to combat the climate crisis and moves towards its carbon neutrality goal by 2050 (*Source: Khmer Times, 25 January 2022*). It aims at identifying activities to reduce GHG emissions in Cambodia. The Company is in line with the national plan to reduce pollution and improve air quality. NagaWorld is in compliance with the Cambodian rules and regulations in relation to air pollution. In 2021, there were no confirmed non-compliance issue in relation to environmental protection laws or regulations that had a significant impact on the Company. NagaWorld performs regular reviews of all policies and indicators concerning air quality to ensure compliance with applicable laws and environmental legal regulations.

Waste Management

Our environmental policy encourages the use of goods that have a low environmental and social impact, and seeks to instill product life cycle thinking into our decision making process. We embrace the “5R” strategic approach in our waste management: Refuse, Reduce, Reuse/Replace, Recycle and Remind. The aim is to minimise resource use and maximise reuse, recycling, and recovery in business operations.

As a service business, we do not produce material amounts of hazardous waste, nor any waste relating to product packaging. Most of our waste produced in NagaWorld is from our hotel and F&B operations. We segregate the waste into recyclable, organic and non-recyclable, and work with local companies to ensure they are handled appropriately.

- Recyclable waste – shredding playing cards from our casinos, carton boxes and plastic bottles are taken by a contractor for recycling.
- Organic waste – restaurant and kitchen organic waste is taken and used as animal feed in local farms. All used cooking oil is taken by a contractor for recycling/reuse.

Waste Production	2018	2019	2020	2021
Waste recycled (tonnes)	304	309	86	49
Organic waste (tonnes)	274	273	148	302
Non-recyclable waste (tonnes)	5,936	5,936	2,945	N/A
Total waste produced (tonnes)	6,514	6,518	3,179	351

Note: In November 2019, the RGC terminated the licence of Cintri (Cambodia) Ltd, which was the exclusive provider of waste collection and disposal in Phnom Penh. The Phnom Penh Municipal Administration has been appointed as a temporary caretaker of waste collection until a new service provider is found. This has resulted in a lack of reliable waste data. The 2019 to 2021 figures were based on our internal best estimates.

We continue to look for ways to recycle while producing less waste. The level of waste produced remained flat between 2018 and 2019 despite business volumes increasing by 25-33%. During 2020 and 2021, the waste levels were significantly reduced due to lower business volumes following about three and six months' closure, respectively, of the casino operations and limited international visitors. Total waste produced was significantly less than previous years due to the effects of COVID-19. The Company did not report data for the intensity and emission targets of waste management. Mechanisms for obtaining that data are being put in place. Our hotel and F&B outlets operated throughout the Year but with a reduced capacity.

The initiatives launched in previous years continue. For example, we withdrew single-use plastic straws and takeaway plastic cutlery and containers in December 2018, replacing them with 100% biodegradable and recyclable alternatives in all our F&B outlets. As such, we anticipate eliminating around four million plastic straws every year.

Sustainability Report

Nurturing Our People

We recognize that for the Company to remain competitive and support its ambitious growth plans requires a sustainable and capable workforce. Retaining and developing our people, looking after their wellbeing, and ensuring we have an engaged workforce, remain vital parts of our business strategy. During the challenging COVID-endemic period, the Company was left with little choice but to implement an employee rationalization programme to improve cost and operational efficiency. The majority of employees impacted by the rationalization programme accepted the Company's mutual separation plan ("MSP") with enhanced compensation in addition to payments required by the applicable Cambodian Labour Law. The exercise was completed in the Year and the continued employment of the remaining employees have been secured and will support the long-term stability of our business.

Talent Acquisition (Starting with Us)

The ability to attract and retain talent is crucial to our business strategy. We are committed to ensuring equal opportunities to all qualified individuals, irrespective of gender, age, marital status, ethnicity, sexual orientation or religion. As part of our Starting with Us initiative, we commit to giving new employees a warm welcome and make them feel part of the Naga Family from day one. Support initiatives are in place to help employees settle into their journey with us.

NagaWorld complies with all relevant laws and regulations on employment set out in the Cambodian Labour and Employment Law. The law requires the Company to be responsible for providing a comprehensive legal framework for employment contract executed in Cambodia, governing an employment relation between the Company and employees regardless of gender, age, ethnicity, sex and religion. The law also provides a protection for Trade Unions and Shop Stewards and prohibits all forms of discrimination in an employment.

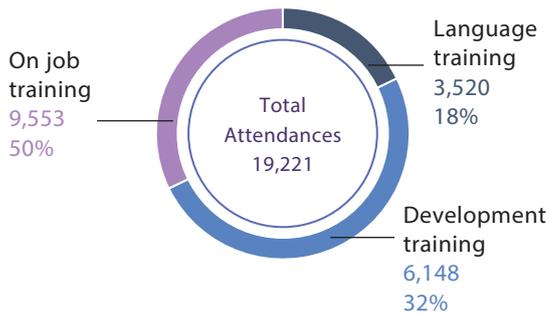
Despite the limited need to hire and employ people during the Year, the Company has managed to continue with its Executive Trainee Programme ("ETP") which aims to provide young people, particularly those who come from underprivileged backgrounds, with an opportunity to develop and achieve their potential. In anticipation of future hiring needs the Company is in the process of enhancing its NagaCareers page and is developing a digital onboarding platform.

Talent Development (Growing with Us)

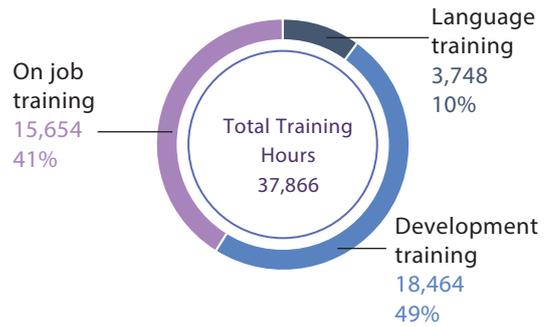
In 2021, the Group recorded 19,221 (2020: 60,405) training interventions for a total of 37,866 (2020: 159,974) training hours. On average each employee received 6 (2020: 19) hours of training during the Year (with total headcount of 6,181).

We continue our commitment to developing local talent through a succession plan that focuses on "local first", promoting local employees to management positions where and when possible. As of 31 December 2021, local employees represented 39% of all managerial positions at NagaWorld (31 December 2020: 41%).

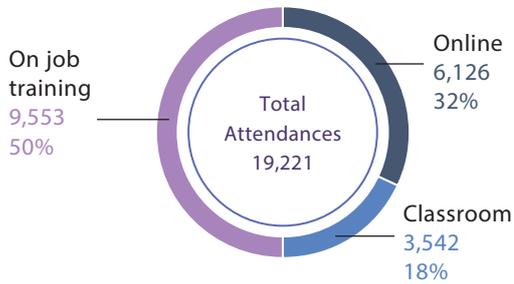
Number of Attendances



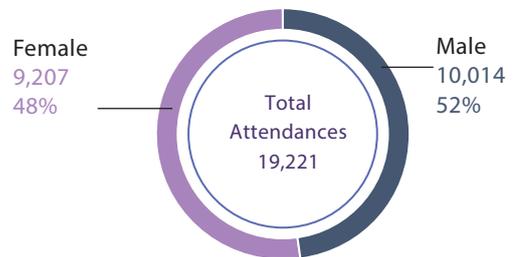
Number of Training Hours



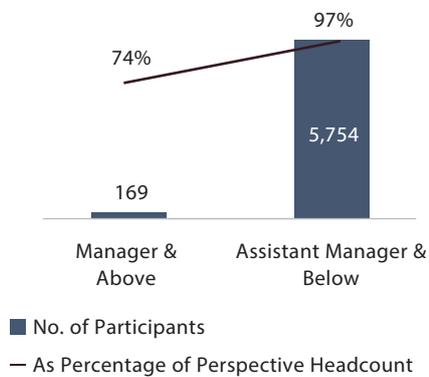
Number of Attendances by Delivery Method



Attendances by Gender

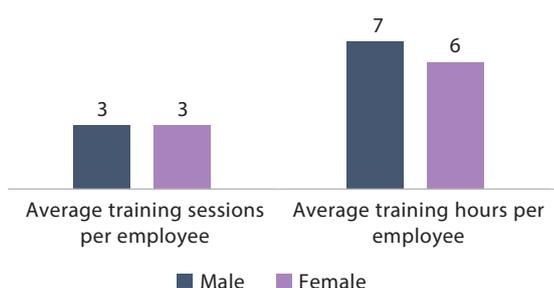


Attendees by Management Level

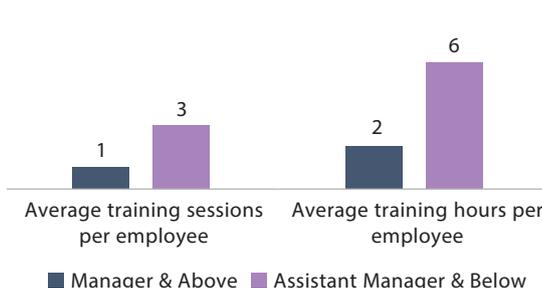


Sustainability Report

Average Training Sessions and Hours by Gender



Average Training Sessions and Hours by Management Level

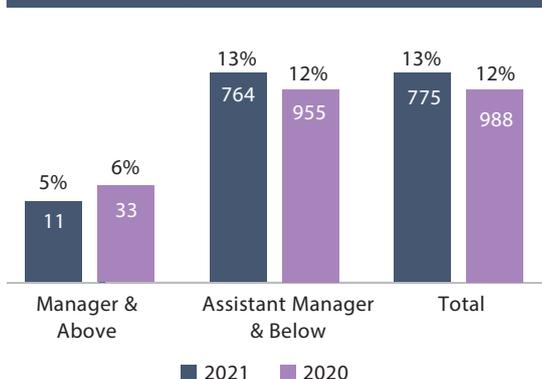


As of 31 December 2021, the Group had 775 employees turnover (2020: 988). The Group's attrition ratio was 13% (2020: 12%). During the Year, the Company launched an employee rationalization programme to improve cost and operational efficiency during the challenging COVID-endemic period. The employee turnover in 2021 excluded employees impacted by the rationalization programme and accepted the Company's MSP with enhanced compensation in addition to payments required by the applicable Cambodian Labour Law. The exercise was completed in the Year.

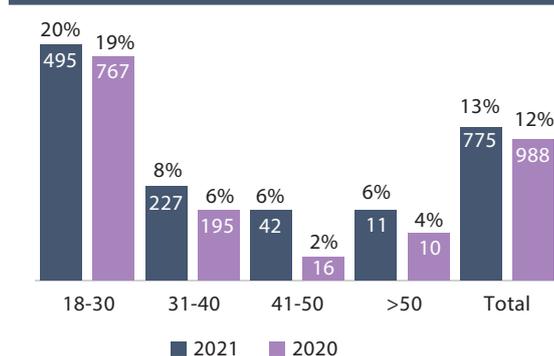
Employee Turnover by Gender



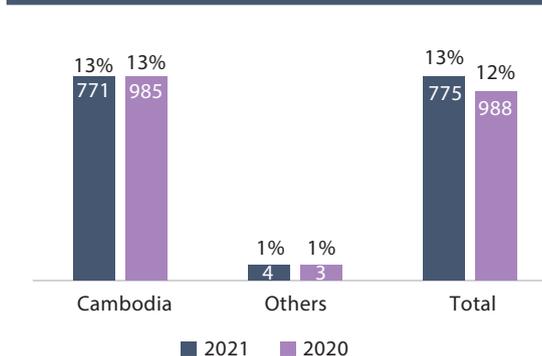
Employee Turnover by Management Level



Employee Turnover by Age Group



Employee Turnover by Geographical Region



Talent Engagement (Staying with Us)
Equality and Diversity

As of 31 December 2021, the Group had 131 (2020: 734) new joiners and 2,321 leavers (2020: 988).

We pride ourselves on providing a safe, fair and healthy work environment with equal opportunities for all our employees. Our employees are treated fairly and equally irrespective of their gender, social status, sexual orientation, religion or belief, marital status, age, colour, nationality, disability or trade union affiliation.

As of 31 December 2021, the Group had a total of 6,181 employees (2020: 8,371), representing 37 nationalities. We prioritise the development of our Cambodian workforce, recruiting locals where possible, with 93% (2020: 94%) of our workforce in 2021 being Cambodian.

Whilst aiming to create a diverse and inclusive workplace, we ensure that the recruitment of entry-level candidates is done based on attitude and best fit for the role. Internal promotions are conducted on a performance-based approach. In 2021, the number of female managers stood at 71, representing 31% of total management (2020: 39%). Promoting our female management talent remains a focus for the Group.

Gender Diversity as of 31 December 2021	Female	Female %	Male	Male %	Total
Manager & Above	71	31%	157	69%	228
Assistant Manager & Below	3,209	54%	2,744	46%	5,953
Overall	3,280	53%	2,901	47%	6,181

Employees by Nationality



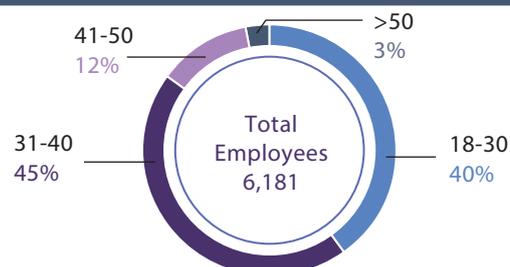
Employees by Seniority



Employees by Gender



Employees by Age Group



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To provide better care and safety to employees during this health pandemic, the Company had outsourced a portion of its In-House medical clinic to International SOS during the Year.

Given the relatively high medical costs in Cambodia, the 2 on-site medical clinics provide an essential service to employees and that are highly appreciated. In 2021, 3,021 employees (2020: 5,950 employees) used the clinic, culminating in a total number of 6,592 visits (2020: 32,832 visits) to the facility in this year alone.

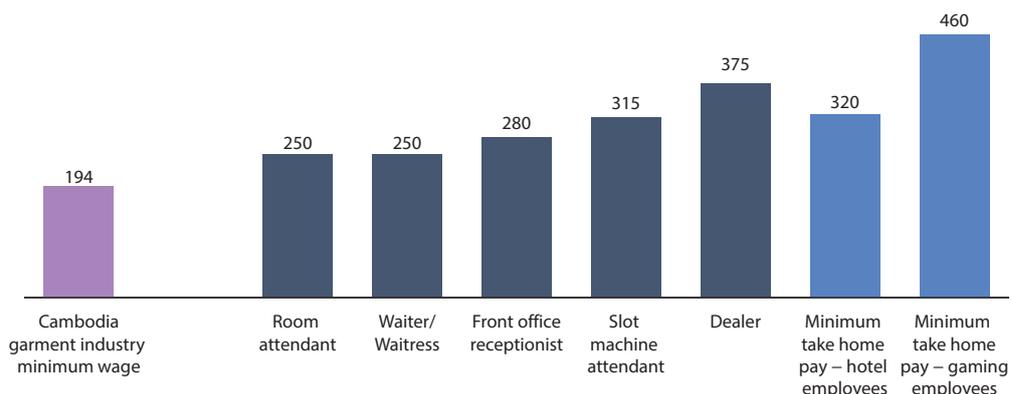
As part of the Company’s Employee Assistance programme, employees are entitled to financial support as well as compassionate leave and in 2021, a total of 180 employees benefited from the scheme.

Employees are entitled to 14 days sick leave per year, which is well in excess of the minimum government requirement. Other paid leave entitlements that are provided includes, maternity, paternity and marriage leave.

Compensation and Benefits

Due to the business and economic environment no annual salary increases and promotion were granted in 2021. To help our employees financially through the periods where our business was suspended we continued to provide salary payments of 40% despite employees not being required to work.

Monthly Starting Wage Comparison (US\$)

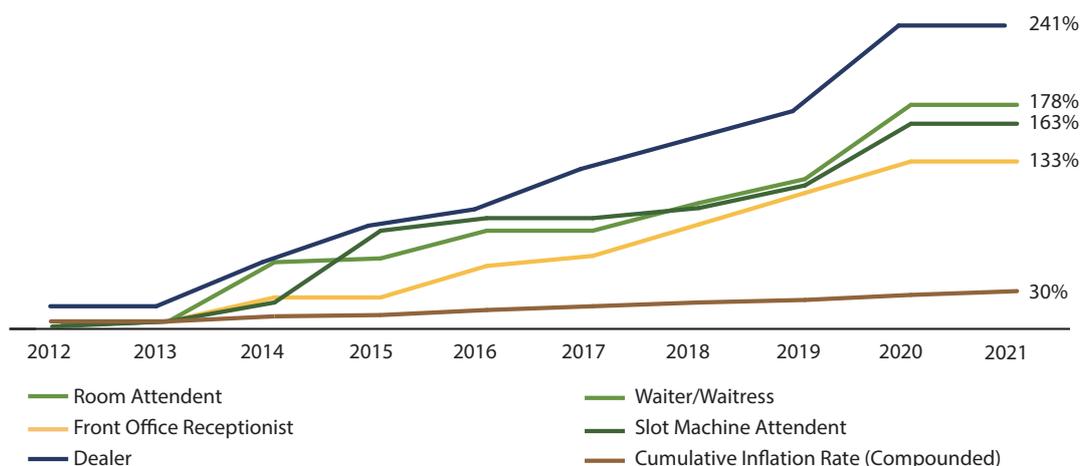


Note: No national minimum wage is specified in Cambodia. However, each year the RGC sets a minimum monthly salary for the garment industry workers. The monthly minimum wage for factory workers was US\$192 for 2021, US\$190 for 2020 and US\$182 for 2019. In September 2021, a minimum wage of US\$194 was set for 2022.

The chart above shows a comparison of monthly starting wages that would be received by garment factory workers in Cambodia and the entry-level employees in NagaWorld. Including service charge, tips and allowances, the average monthly take-home pay for the Group's entry-level hotel and casino employees remain to be US\$320 and US\$460, respectively.

Our salary offer remains one of the best in Cambodia. Furthermore, our employees are required to work 12.5% fewer hours per week than employees at other comparably sized consumer service or lodging companies in Cambodia. We also offer generous benefits designed to improve the quality of life for our employees. These include:

Cumulative Minimum Wage Increment by Job Roles vs. Inflation Growth Rate, 2012 to 2021 (trailing 10 years)



Source: Inflation rate by IMF, World Economic Outlook Database, October 2021

The Company strives to consistently provide above market salaries and benefits with the Company's current minimum wage being in excess of the government minimum wage for the garment sector by almost 30%. Annual salary increases at minimum pay scales are targeted at above inflation as is evident from the chart above.

- Incremental 1.5 days of paid annual leave for every month of service rendered. Annual leave increases based on length of service;
- Fourteen days sick leave per year, which is well in excess of the minimum government requirement;
- Other paid leave entitlements including sick leave, maternity, paternity leave and marriage leave;
- Free medical care through 2 dedicated in-house clinics;

Sustainability Report

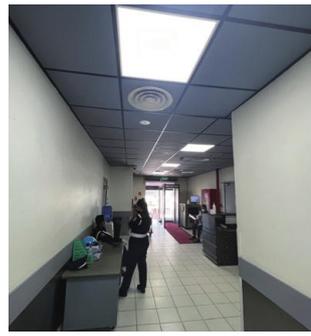
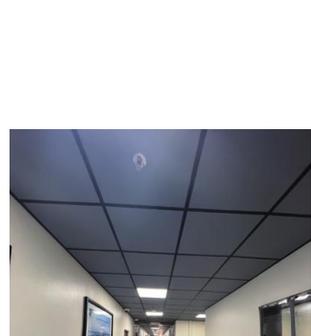
- Free laundry and dry cleaning services for work attire;
- Accident and Life Insurance;
- 300% pay for working on public holidays, well above the statutory requirement of 200%;
- A monthly language incentive up to US\$100.

Employees can also continue to enjoy the benefits of our own in-house retail shops Nagamart and unlimited free meal allowance. These two initiatives were implemented to support our employees and help lower their living expenses. Nagamart, a not-for-profit supermarket where employees can purchase daily staple and household goods at cost, saw all our employees benefit from this subsidised service during the Year.

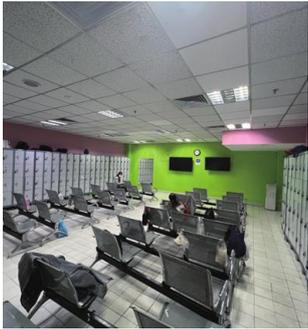
To provide not only for a safe and healthy workplace but an environment that empowers employees, NagaWorld has implemented various upgrades and maintenance work on several employee areas. As most employees take motorcycles to work, NagaWorld has identified and prepared designated space

that would enable the staff to park their motorcycles safely and near to the property. The employee entrance was also enhanced by installing with new awnings and roof covers to provide shelter to employees, especially during heavy rains. The area was also re-surfaced to ensure that there is adequate drainage for rain water.

With the objective of making the staff entrance more welcoming, the alleyway after the security check at Naga 1 was upgraded with new lighting, floors, walls, paintings and ceiling panels that could hold heavy wire trays ensuring safety for all. To further improve the level of cleanliness and hygiene amongst employees staff bathrooms underwent major changes – new lightings, wash basins, urinals, additional cubicles, new walls and ceilings. Rest areas were also repaired and refitted to ensure that staff has better quality space during their breaks. An outdoor smoking area was constructed on Level 3 in Naga 1 which also turned out to be an added rest area for staff. A turnstile system was fitted in all employee canteens to retrieve data of usage to facilitate tracking for cost efficiency and effectiveness. Nagamart has also extended its operating hours to ensure ease of access for employees to affordable options to purchase basic necessities. Nagamart is looking into expanding its product offering in 2022.

Item	Details	Photos
<p>Naga 1 Entrance Upgrade •</p> <p>Cost: US\$38,000</p>	<ul style="list-style-type: none"> • Enhanced the employee entrance area by installing new awnings and roof cover to provide shelter to employees waiting for transportation especially during rainy season • Installed new ceiling panels to increase structural integrity to hold heavy overhead cable trays ensuring safety and preventing accidents • Replaced old wall and floor tiles • Skimmed-coated and painted walls • Installed and replaced LED lights to improve brightness • Installed new framed paintings to liven-up the entrance area • Re-designed security reception area 	   

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Item	Details	Photos
<p>Naga 1 Employee Toilet Renovation and Upgrade</p> <p>Cost: US\$20,000</p>	<ul style="list-style-type: none"> • Replaced old ceiling panels and improved lighting • Replaced toilet bowls in both male and female toilets • Changed flooring and wash basins • Added more toilet cubicles in both male and female toilets • Replaced all the urinals in male toilets 	
<p>Staff Rest Areas</p> <p>Cost: US\$800</p>	<ul style="list-style-type: none"> • Repainted walls and repaired ceiling and floor panels • General cleaning and refit 	
<p>Naga 1 Staff Smoking Area</p> <p>Cost: US\$5,300</p>	<ul style="list-style-type: none"> • Constructed outdoor smoking area for staff Naga 1-Level 3 	

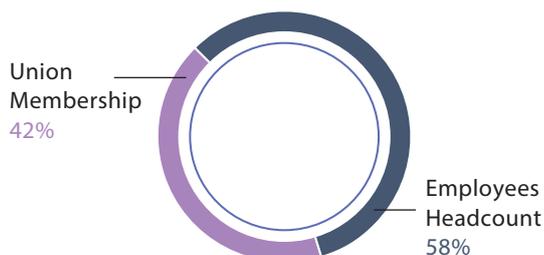
Item	Details	Photos
<p>Employee Motor Parking</p> <p>Cost: US\$30,000/month</p>	<ul style="list-style-type: none"> • Provided staff free parking; Naga 1 – 600 motorcycles (3,500 sqm) • Naga 2 – 700 motorcycles (2,250 sqm) • Regular maintenance and up keep is being done 	
<p>Naga 1 & Naga 2 Canteen Turnstile System</p> <p>Cost: US\$34,162</p>	<ul style="list-style-type: none"> • Installed 18 turnstile units to retrieve data of usage to facilitate tracking for cost efficiency and effectiveness 	
<p>Nagamart</p>	<ul style="list-style-type: none"> • Expanded on an employee minimart where staff can purchase basic daily items at cost price 	

A number of consultation meetings were held with the The Labour Rights Supported Union of Khmer Employees of NagaWorld and Shop Stewards during the initial parts of the Year to consult and explain the Company’s rationalisation plan.

Once the rationalization plan was completed the company had organized an external facilitator to host a workshop between Shop Stewards and management to launch a Working Together into 2022 project. A number of focus areas were identified during these workshops and will form the basis for a Strategic plan in 2022 focused on improving working relationship. Current union membership is as follows:

Sustainability Report

Employees Headcount vs Union Membership



New Shop Stewards elections are planned for the new year and meetings with the Union and Shop Stewards continue regarding matters such as general business updates, COVID-19 updates, proposed amendments to the Group’s internal rules and other relevant matters raised by the Shop Stewards.

Legislative labour requirements in Cambodia are aligned with international standards, including matters such as the prohibition of child and forced labour, employees’ rights to organise unions and engage in collective bargaining, non-discrimination and civil and political rights. NagaCorp complies with all relevant laws and regulations set out in the Cambodian Labour and Employment Law. The Company developed a training programme that helps increase awareness about child labour among our suppliers, and ensure they adhere to our No Child Labour policy. This is monitored regularly through factory visits and training programmes with our suppliers. To the Company’s best knowledge, no case of child and/or forced labour was found in the Company’s premises and its supply chain in 2021.

Protecting Our Employees During COVID-19

Although the COVID-19 situation has been managed relatively well in Cambodia, we remain committed to ensuring the well-being and safety of our employees as well as those of our guests. In addition to the mandatory social distancing measures, we have also established and enhanced a series of protocols and preventive measures to protect our employees against COVID-19 infection since January 2020. They include, amongst others, the following:

- Installed face recognition and thermal scanner at the employee entrances;
- Implemented temporarily restricted travel procedures and employee travel history tracing;
- Implemented additional dining areas for employees in the ballroom and theater areas to enable social distancing measures;
- Implemented temporary medical quarantine procedures and provided accommodation for employees affected by the quarantine;
- Removed finger scanner time machines that could present a transmission risk;
- Provided paid leave for employees that had to quarantine after exposure to COVID-19 infection incidents;
- Established emergency protocols and increased personal protection equipment for in-house doctors; and
- Formed direct communication with COVID-19 designated hospitals.

Support for Employees During the COVID-19 Pandemic

In May 2021, authorities announced that certain areas in Phnom Penh were designated “Red Zones” where movements and activities were limited to curb the further spread of COVID-19 cases. With services and daily activities being halted in these areas the Company identified a need to reach out to our employees and provide assistance where it was needed most. A total of 885 employees benefited from the aid packages that the Company provided during this period under its NagaWorld Employee Food Aid Programme (NEFAP). As an additional measure a project called Food or Necessity Aid (FONA) was put in place to further support employees that tested COVID-19 positive and had to quarantine in government facilities. More than US\$88,000 worth of food aid packages has been distributed to 702 employees.

NEFAP Recipient by Division



FONA Recipient by Division



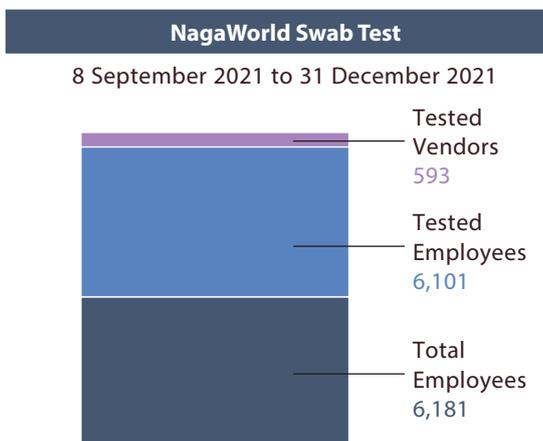
Sustainability Report

In support of the Cambodian government’s measure to assist workers employed in the tourism sector which is severely affected by the COVID-19 pandemic, NagaWorld conducted a 3-day exercise to register qualified employees for the government’s financial aid programme. In total, 3,043 eligible employees in the hotel division received this assistance.

In addition, the Company continued with its Employee Assistance programme and provided support for employees whose homes were lost in fire and employees that were involved in accidents.

NagaWorld COVID-19 Testing

NagaWorld employees and outsource vendors entering NagaWorld premises on a regular basis are required to fulfill 3 requirements – pass a COVID-19 Assessment, show proof of completed vaccination and do a weekly COVID-19 antigen test. Tests are held at the Company’s Training Academy and an average of 6,000 test are conducted on a weekly basis. Since reopening, the Company has conducted in excess of 83,000 tests on its employees and service providers.



An enhanced set of health and safety protocols designed to provide a safe and clean environment for all hotel guests and employees were in place since the onset of COVID-19 pandemic.

Apart from standard COVID-19 practices e.g. face coverings and practicing social distancing in public spaces, frequent hand sanitization

and disinfectant sprays at work stations, the Company implemented a safe entry check-in pass for all employees at staff's entrances.

A system called E-PASS was officially launched in mid-September 2021. Employees are required to fulfill 3 criteria before being allowed entry into the properties.

At least 2 doses of COVID-19 vaccination



Complete COVID-19 Training Assessment in Learning Management System ("LMS")



A negative results in weekly COVID-19 Swab Test



The E-PASS indicates 3 colours:



Fulfilled all 3 criteria; Allow entry into properties



Do not meet any of the 3 criteria; Entry disallowed



Not vaccinated (due to maternity or for medical reasons); Entry allowed under special circumstances

លិខិតអនុញ្ញាតអេឡិចត្រូនិច
E-PASS

This is to certify that
Name: **Ly Sovancharatana**
Employee No.: **16654**
Position: **Language Teacher**
Department: **Group Human Resources**

បានបំពេញតាមគម្រោងការដូចខាងក្រោម:
Has accomplished the following requirements:

- ✓ បានចាក់វ៉ាក់សាំងបង្ការជំងឺកូវីដ-១៩ COVID-19 Vaccination
- ✓ បានសិក្សានិងប្រលងវគ្គ ការបង្ការជំងឺកូវីដ-១៩ COVID-19 Training and Assessment
- ✓ បានធ្វើតេស្តរហ័សកូវីដ-១៩ ដែលមានសុពលភាពដល់ COVID-19 Swab Test valid until **31/01/2022**

លិខិតអនុញ្ញាតអេឡិចត្រូនិច
E-PASS

This is to certify that
Name: **MOEUN NEANG**
Employee No.: **HK0188**
Position: **Club 888**
Department: **Club 888**

បានបំពេញតាមគម្រោងការដូចខាងក្រោម:
Has accomplished the following requirements:

- ✓ បានចាក់វ៉ាក់សាំងបង្ការជំងឺកូវីដ-១៩ COVID-19 Vaccination
- ✓ បានសិក្សានិងប្រលងវគ្គ ការបង្ការជំងឺកូវីដ-១៩ COVID-19 Training and Assessment
- X ធ្វើតេស្តរហ័សនៅផ្ទះ ហើយលេចជាវិជ្ជមានស្រាប់តែអនុញ្ញាតនៅផ្ទះ HOME QUARANTINE and book the next swab test on **09/02/2022**

លិខិតអនុញ្ញាតអេឡិចត្រូនិច
E-PASS

This is to certify that
Name: **Doem Theara**
Employee No.: **16440**
Position: **Commis 1**
Department: **Food & Beverage**

បានបំពេញតាមគម្រោងការដូចខាងក្រោម:
Has accomplished the following requirements:

- ✓ បានចាក់វ៉ាក់សាំងបង្ការជំងឺកូវីដ-១៩ COVID-19 Vaccination
- ✓ បានសិក្សានិងប្រលងវគ្គ ការបង្ការជំងឺកូវីដ-១៩ COVID-19 Training and Assessment
- ✓ បានធ្វើតេស្តរហ័សកូវីដ-១៩ ដែលមានសុពលភាពដល់ COVID-19 Swab Test valid until **03/02/2022**

Sustainability Report

Clinic Management

Outsourcing the Company's in-house medical clinic to International SOS provided much needed expertise to provide better care and safety to employees during this health pandemic. One of the benefits of this approach is that International SOS stays up to date with the latest COVID-19 developments that can be communicated immediately as they are ever changing. It ensures that the Company can adopt its COVID-19 related policies and practices timely and in-line with best practice. In addition it ensures that the Company stays up to date with all international and regional protocols and this has been communicated to management in order to help establish a robust COVID-19 screening and management plan that is likely the best practiced plan from any company in Cambodia. NagaWorld has adopted some practices such as training of new hires to safely perform COVID-19 screening and also for in house clinic staff.

The clinic continues to do a lot of quality assessment, including implementing structures and procedures to improve services and the quality of our medical staff. One of the biggest benefits of International SOS is the support network that is available to any patient. NagaWorld can utilize the up to date and Extensive Treatment Protocols for patients but also escalate any case of concern to the call center in Bangkok for immediate and expert assistance from medical professionals and specialists. This is available 24 hours a day and it is a very efficient and fast process where expert medical opinions can be obtained in minutes. In everyday clinic care, the level of care has been improved and this will be an ongoing process. Certain procedures that previously needed to be referred off site at substantial cost can now be managed by our in house clinic with much reduced cost, but also less time lost at work for employees. This service will be expanded, obtaining an even larger cost benefit.

Vaccination Status

96% of NagaWorld employees have completed their vaccinations with those not having been vaccinated due to pregnancy or medical condition.

Fostering a Responsible Culture

Health and Safety

We are committed to providing a healthy, hazard-free and safe environment for our employees, guests, visitors, suppliers and contractors. To achieve this, we have implemented a systematic approach to identify and assess health and safety risks and to allocate appropriate resources to manage those risks. We maintain an effective communication system on OSHA and continuously monitor and review our performance. NagaWorld complies with all relevant laws and regulations on health and safety set out in the Cambodian Labour and Employment Law. The law requires the Company to be responsible for providing adequate means of protection for employees, ensuring occupational safety and hygiene, and improving working conditions. In addition, the Company is also responsible for work accidents or occupational diseases. When an employee gets injured or sick:

1. The employee reports him/herself to the in-house clinic;
2. The in-house clinic will report to the OSHA department;
3. The OSHA department will interview the employee/witnesses;
4. The OSHA department will review the area where the incident took place;
5. The OSHA department will create the report including photos;
6. The related department is responsible for the implementation of actions/communication with the other employees within the department affected; and
7. The OSHA department will monitor by daily walk downs the implementation of actions.

The Law on Social Security provides a system of protection regarding work related accidents for workers under the scope of the labour law. In order to avoid work related accidents, daily walk downs by OSHA department and interventions will be made. The interventions will be communicated to the departments, registered within a database and distributed to the relative departments on a weekly basis. The Company only provides tools which are purchased in conformance with the required standards (ANSI/ISEA or CE mark). Employees use the correct type of personal protective equipment in conformance with the correct international standards.

The review of our OSHA policies and operating procedures is ongoing, which helps to keep us in line with International Labour Organisation standards. An OSHA committee, consisting of representatives from key departments, meets regularly. Awareness training is provided to all employees, and safety standards of daily operations are monitored and maintained. Each manager is accountable for achieving their OSHA objectives. We continued to promote and improve workplace safety during the Year. For example, we continued promoting our Safety Awareness Campaign, which was launched in February 2020, to promote general safety, such as workplace, fire, road and food safety.

Sustainability Report

Work-related lost time injury (“LTI”) and the LTI frequency rate (“LTIFR”), a proxy measurement for safety performance, remained low in 2021. Our LTIFR of 0.14 was well below the 4.0 for the gaming sector and 6.1 for the F&B service industry, the only available benchmarks published by the Australian government statutory body Safe Work Australia. Work-related lost time injury is defined as an injury or illness caused, contributed or significantly aggravated by events or exposures in the work environment. At NagaWorld, such injuries occur more often in the kitchens, such as burns, cuts, or slips.

No work-related fatality has been recorded in NagaCorp and its subsidiaries in the past five years.

Lost Time Injury	2018	2019	2020	2021
Man-hours ('000)	111,005	104,944	68,947	20,963
Number of injuries (work-related)	45	16	12	3
LTIFR	0.41	0.15	0.17	0.14
Lost days due to work-related injuries	Not available	140	58	36
Work-related fatality	0	0	0	0

Notes:

- (1) Total man-hours were lower due voluntary temporary suspension of business operations between 2 March and 14 September 2021.
- (2) LTIFR = number of LTI x 1,000,000/total man-hours.
- (3) “Lost days from work-related injuries” was a new measure starting in 2019. There was no comparable data for 2018.

Ensuring our employees and guests' safety and well-being is paramount to us, especially during the pandemic when situations are constantly evolving. Since the end of January 2020, we have implemented several strict health and safety protocols, such as mandatory temperature checks and wearing masks upon entering NagaWorld and hourly sanitisation of escalator handrails and door handles. Additional preventive measures were implemented later, and social distancing has been enforced and observed since the resumption of casino operations in September 2021. Some of these preventive measures are listed below. In addition, we have also temporarily closed our swimming pool, and reduced seating capacity in all F&B outlets.

- Installed thermal camera and disinfectant spray units at entrances;
- Designated quarantine rooms;
- Regular sanitisation of company vehicles, tabletops, gaming machines and surfaces in public and office areas;
- Additional sanitisation of air handling units and fan coil units;
- Installed disinfectant aerosol sprays in guests areas and employee canteens;

- Scheduled fumigation of guest and employee areas;
- Installed social distancing signage and queue line.

Product Responsibility

Being a service business, NagaWorld does not produce any physical products other than the food and beverages prepared for our F&B outlets. Policies and standards are in place to ensure these products and our services meet quality standards. NagaWorld complies with all relevant laws and regulations relating to OSHA, advertising, labelling and privacy matters. We seek to improve our standards continuously. There are no local laws and regulations relating to product responsibility that have a significant impact on the Company.

In August 2020, we established a Guest Service Policy to reflect our shared values of providing the highest possible service standards. A mandatory online training programme was rolled out across the Group.

Food Safety

We take food safety seriously and abide by relevant local and international standards and regulations.

Sustainability Report

We aim to serve food prepared to the highest standards, using only the best quality products and ingredients. We believe NagaWorld is one of the leading hotels in Cambodia in food safety and hygiene. To ensure best practices, we have developed a common set of operating standards and procedures implemented in all our kitchens and F&B outlets. We also provide employees with all the necessary information, training, and tools to do their job effectively and with good hygiene practices. Monthly inspections and sampling are carried out in bars, F&B outlets (including staff canteens), kitchens and housekeeping areas.

The Ministry of Health of Cambodia conducts regular audits of F&B outlets. During the Year, all restaurants in the NagaWorld Complex were certified with an “A” rating that signifies the highest level of hygiene and cleanliness.

Since April 2019, we have been in the process of implementing Hygiene ISO22000 Standards, which is expected to complete by early 2022.

Fire Safety

The safety of our guests and employees is paramount. NagaWorld has an in-house fire safety department (“FSD”) managed by a team of experienced firefighters and fire safety professionals specialising in different fields of emergency response and management.

With 39 firefighters and 14 officers, the team operates 24 hours a day, seven days a week to ensure round the clock emergency assistance and support. Since 2012, all members of the FSD have been completing and passing the NFPA (National Fire Protection Association) 1001 International Standard Training – a firefighter professional qualification. All our firefighters are also trained and certified by the Cambodian Red Cross in First-Aid and International SOS in administering first aid and automated external defibrillator.

As part of the CSR programme, we partner with the Ministry of Education, Youth and Sports to deliver fire safety classes to raise fire safety awareness amongst school children and local communities. In 2021, 352 teachers/staff and nearly 7,500 school children benefited from the fire safety classes. We also donated 15 fire extinguishers to 4 secondary schools and the Department of Education, Youth and Sport (DoEYS) at Kampong Speu province during the programme.



Customer Engagement

We strive to provide top quality experience and services to all our customers during their stay. We value customer feedback which gives valuable information to our continuous improvement.

We engage with our customers through various channels, such as website, social media and rewards programme. In addition to conventional face to face engagement, customers are also encouraged to connect with us on social media, e.g. Facebook, Instagram and Weibo, and through messaging apps, e.g. WeChat and Telegram. These digital platforms provide a direct channel for us to engage with our customers, dealing with issues and gathering feedback instantly. During the Year, we received a total of 147 feedback comments of both positive and negative reviews through various online review platforms, e.g. Trip Advisor, Ctrip, Agoda, Google, Booking.com, JP Travel, and Expedia. Moving forward, the Company will review all platforms on an ongoing basis and will continue to respond to both positive and negative reviews with an individual reply comment. We are considering asking guests to scan a WeChat QR code to get the latest information anytime on NagaWorld, such as product offerings, promotion offers and clarifications. The NagaWorld Rewards programme has also helped us understand our customers' needs and preferences better, leading to higher customer satisfaction.

Privacy and Data Protection

We collect personal information from our hotel guests and members of the loyalty programme. This information is managed and securely stored in a central location and used for marketing and promotion purposes only.

All of this is done with customers' consent. A multi-level control system is in place to ensure safe and secure transfer and storage of our customers' data electronically. Standard operating procedures are followed in regards to handling sensitive information such as personal data, which is implemented and monitored on a departmental level.

Supply Chain Management

2021 was a year of extraordinary challenge for businesses, customers and suppliers as the world implemented restricted movement control and the closures due to COVID-19. Border and business operations closures caused a very dynamic and volatile supply and demand situation on pricing and availability.

But during NagaWorld's voluntary closure in March 2021, our supply chain was well balanced to ensure business continuity in supporting guests as well as all service maintenance. All of our procurement strategies were optimized with value added products, services and cost efficiency for all levels. This ensured that all cost measurements were being implemented smoothly with limited resources.

The continuation of COVID-19 preventive measures has focused on all business partners' full vaccination (vaccination card or proof must be available for verification) before being allowed to enter the NagaWorld premises. During this challenging period the safety and well-being of fellow colleagues, stakeholders, business partners and the local community remained our top priority.

Our fundamentals of local supply chain co-operation remained at a high level with 86% of our business coming from 300 local, active suppliers in 2021, while the remaining 14% were mainly from Asian business partners.

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We also maintained a very supportive and responsive local supply chain during our major NagaWorld CSR drive during the Year. All engaged suppliers were able to supply and deliver at reasonable costs. All pre-scheduled deliveries were fulfilled systematically even while Cambodia was in full lockdown with borders closed. We anticipate that our local and overseas supply chain will gradually recover with a highly efficient vaccination programme implemented in Cambodia.

Maintaining Effective Governance

Corporate governance is the collective responsibility of the Board. The directors of the Company (the “Directors”) firmly believe good corporate governance is paramount to creating shareholder value and ensuring proper management of the Company in the interests of all stakeholders. NagaCorp’s corporate governance framework and practices are set out in this report. It details how the Company has applied the principles of its ethical standards, and conducting our business with integrity, honesty and transparency to maintain the trust and confidence of our customers, employees, business partners and other stakeholders.

NagaCorp operates within the belief that exceptional corporate governance and ethical processes provide an established framework to operate efficiently and provide world-class risk management. Throughout the year ended 31 December 2021, the Board considers the Company fully compliant with all the disclosure requirements and reporting principles as set out by the Listing Rules.

The Board is principally concerned with the overall leadership, strategy and development of the Company in order to promote its long-term success for the benefit of its Shareholders and other stakeholders. This is achieved within a framework of effective controls that enable risk to be assessed and managed. The Board sets the Company’s strategic objectives, implements its fiduciary responsibility to ensure optimal and sustainable resources, reviews management performance and ensures high ethical standards of behaviour are followed. The Board takes into account the likely consequences of any decision in the long-term impact of the Group’s operations on the community and the environment and maintaining NagaCorp’s reputation for high standards of business conduct.

The Board ensures the Company’s governance practices are fully compliant and reach the highest standards in every aspect of our business. The Company’s Board members bring an extensive breadth of commercial, financial and other skills to guide NagaCorp, oversee our sustainability strategy, reporting, risk assessment and implementation controls across all of our business endeavors.

NagaCorp prides itself on integrity and deep sense of ethical responsibility, which is set from the top and implemented throughout the Company. Failure to operate with transparency, integrity, ethical conduct and lawful behavior, would impact our business success, license to operate, and reputational damage.

For instance, at the corporate level, the Company has been recognized as an Honoured Company in the Small & Mid-Cap category by the renowned financial publication *Institutional Investor* for outstanding leadership, including “Best CEO” and “Best CFO” in the Gaming & Lodging sector. This recognition is part of *Institutional Investor’s* 2021 All-Asia Executive Team annual rankings which are regarded globally as the financial industry’s benchmark for excellence. This was an endorsement of our honest and transparent approach in communicating with shareholders and investors, which is underpinned by our devotion to adopting and complying with the best international standards and practices in corporate governance matters.

Along with our commitment to ethical operations of our business is our effort to promote responsible gaming. We understand our essential duty to ensure that all of our guests game responsibly. Within the Cambodia jurisdiction that we operate, we surpass mandatory regulatory requirements and always seek continuous improvement to ensure a safe and fair experience for our guests.

In today’s global awareness of sustainability-risks, our stakeholders increasingly expect NagaCorp to take a leadership role as Cambodia addresses global challenges. NagaCorp’s environmental sustainability strategy is designed to help minimize our environmental impact. It reflects our Founder and CEO’s vision for sustainability to lead the way in development and expansion, and property operations. Driven by the dedication and hard work of our team members, we continue our journey to a more sustainable future.

Never before has awareness been higher of the link between our own survival and the health of the planet. Global climate change is everywhere – severe climatic events, unstable weather patterns, over-used and diminished resources, and species extinction are the immediate climate-related issues facing NagaCorp and its operations. The Company is committed to monitoring and mitigating our impact on natural resources, and regenerating our natural systems. We believe in our ability to influence the collective action for change from within our own operation.

To address the evolving climate crisis, NagaCorp is working on all aspects of the climate equation. This requires leadership commitment, investment in renewables, sustainable design and materials, and energy efficient equipment and systems. By managing our impact at our property and across our operations, NagaCorp leads the way in our industry and in Cambodia to show that a sustainable future is within reach and the only option.

To accomplish these commitments, we engage external stakeholders who align with our strategy and goals, adopt industry best practices, promote awareness and engagement among colleagues, and measure and verify the sustainability and financial impact of our goals.

For instance, the ecological impact of our construction projects are a key consideration in site development. Careful planning that respects local ecology ensures that our projects offer the most memorable and enjoyable experiences for our guests while minimizing impact on local ecosystems.

Sustainability Report

Waste can take on many forms; NagaCorp is committed to a system based approach to understand and manage the full lifecycle of waste that we, our partners, and our guests use and reuse. From building construction, water, energy use, packaging, or food from our kitchens, we focus on uncovering opportunities for ecological responsibility.

Specifically, we source reduced impact products from responsible suppliers to reduce NagaCorp's footprint and impact on the environment. We manage the impact of our supply chain by championing best practices in material and waste management, and promote water conservation and adherence to local code requirements to further our environmental performance. We are also committed to maintaining our lead role in elimination of problematic plastic in Cambodia. We do this by proactively engaging with suppliers to avoid disposable packaging and adopt reusable and/or lower impact alternatives. For example, we withdrew single-use plastic straws and takeaway plastic cutlery and containers in December 2018, replacing them with 100% biodegradable and recyclable alternatives in all our F&B outlets. As such, we anticipate eliminating around four million plastic straws every year.

Naga Farm, which was launched with a vision towards a sustainable and renewable agricultural facility for supplying not only NagaWorld with its own food supply chain, but also to help local communities in need. The aquaculture farm primarily breeds, grows and harvests freshwater fish and snails in manmade lakes, as well as a variety of vegetables using an aquaponics method. The facility utilizes environmentally friendly aquaculture techniques such as an organic filtration system for water sustainability.

Managing our energy consumption and efficiency starts with effective systems that align our actions for continual improvement. Implementing energy efficient measures is foundational to how we design, build and operate our buildings and systems. Through improving operational efficiencies during 2021 and as a result of the pandemic restrictions to our business, we achieved a 27% reduction in our energy footprint across our operations. Specifically, the significant reduction was due to 1) the low level of direct energy consumption resulting from the LPG used in the kitchens during the Year; and 2) the lower level of consumption throughout the Year due to the temporary closure and reduced business volumes after the reopening.

Also, reducing water usage and reusing water are fundamental to our water policy. At Naga we have measures to reduce water consumption, ranging from water saving toilets in hotel guest rooms to rainwater recovery systems that store rainwater for onsite irrigation.

Further details on our energy consumption reduction initiatives, emission control actions, and water resource management are outlined in the appropriate sections of this report.

Stakeholder Engagement

Partnering with independent experts to undertake materiality assessment has been vital to our stakeholder engagement process, for not only having a transparent and unbiased approach, but to ensure that the analysis is guided by best practice standards.

The opinions of our stakeholders inspire us to continually improve our operations. When identifying our stakeholder groups, we consider whether we have a relationship with them that could be characterized by one of the following attributes: dependency, responsibility, influence or diverse perspectives. Our stakeholder groups and ongoing methods of engagement are presented below.

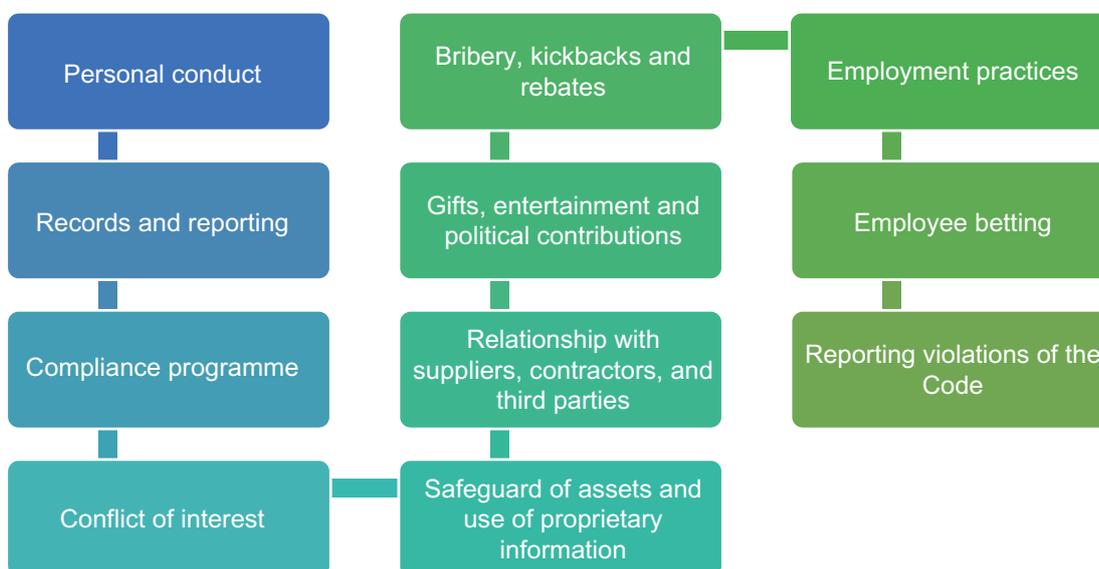
Sustainability Report

Board Members	Investors	Colleagues	Suppliers
Board Meetings	Briefings and Meetings General Meetings Property Tours Investor Presentations Roadshows Conferences	Workshops Training Various online platforms	Adherence to our Code of Business Conduct and Ethics

Code of Conduct

We have a clear set of standards and principles incorporated in the Company’s Code of Conduct (the “Code”). The Code governs how all employees must behave and guides daily interactions with fellow employees, customers, suppliers, government officials and business partners. It outlines NagaCorp’s expectations on employees with regard to conflicts of interests and encourages employees to report any malpractice and misconduct. The Code sets out our principles in the following 11 areas:

NagaCorp Code of Conduct



We have also devised and benchmarked our policies and procedures to ensure compliance with all relevant laws and regulations with respect to anti-corruption, anti-money laundering (“AML”), extortion, fraud and combatting terrorist financing. These policies are, in our view, industry-leading. All employees are required to comply with all policies and the Code.

Anti-corruption

NagaCorp has a zero-tolerance policy with regards to involvement in corruption or bribery activities of any kind. An anti-corruption handbook is made available to all employees.

The Code lays out the legal and ethical responsibilities of, and the expected behaviour of our employees. It explicitly prohibits employees from soliciting, accepting, or offering bribes or any other form of advantage. In keeping with best practice, NagaCorp has also developed and implemented an Anti-corruption Policy which reinforces the Code and provides additional guidance regarding compliance with laws and regulations related to bribery and corruption.

Both the Code and the Anti-corruption Policy play a critical role in defining our values and act as a framework for guiding our operations and business practices.

NagaCorp complies with the 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, Guidelines published by the Organization for Economic Cooperation and Development, the United Nations Convention Against Corruption and the principles supporting the Foreign Corrupt Practices Act.

Considering NagaCorp's primary business as a gaming operator, which entails particular sensitivity to the risks of unsuitable associations and the need to comply with legal and regulatory requirements, diligence is required to avoid impropriety, and even 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 business activities and identify individuals' and organisations' suitability to engage in joint business endeavours with NagaCorp.

NagaCorp employees are paramount in safeguarding a culture of integrity. We consistently engage all staff and directors on the standards expected through mandatory anti-corruption training that ensures they are informed and clear about their responsibilities surrounding the Anti-corruption Policy. In August 2020, we began rolling out our first online anti-corruption training programme through our e-learning system – LMS. As of 31 December 2021, 74% of our workforce had participated in the training.

During 2021, no legal case regarding corruption was brought against the Company or its employees.

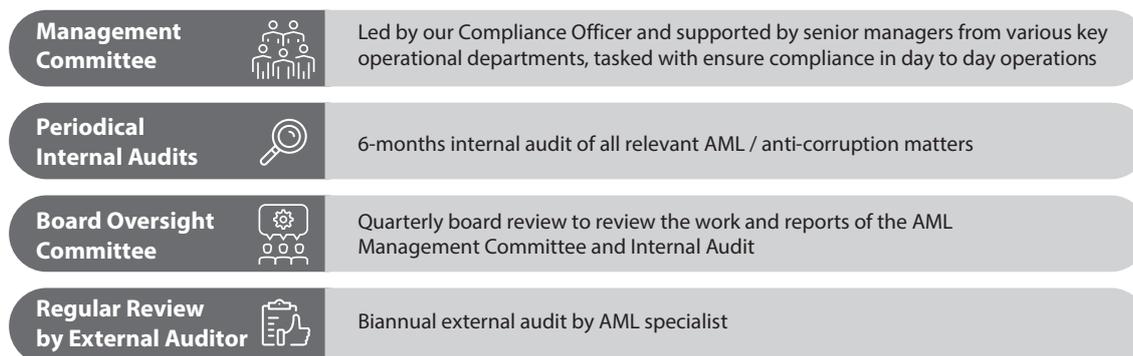
Anti-money Laundering

Internal controls on Anti-Money Laundering and fraud are firmly in place to ensure that the Company maintains a high standard for compliance and integrity on AML. NagaCorp's long term sustainability and success are dependent on its integrity and transparency in its daily gaming operations in relation to world best practices on AML.

The Board reviews and assesses the adequacy and effectiveness of the Group's internal control system on AML through the AML Oversight Committee and the reports made by an independent AML specialist firm. The AML Oversight Committee formulates AML development and implementation programmes' policies and strategies, ensures quality control, and oversees AML matters.

Sustainability Report

To ensure that we maintain a high standard for compliance and integrity on AML, we have established a programme designed to protect our reputation and mitigate AML risks. The programme is underpinned by 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 follows AML policies, with results of these audits reported to the Audit Committee and AML Oversight Committee.

Tier 3 – AML Oversight Committee established at the Board level, chaired by the 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 bi-annual 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.

We comply with the Financial Action Task Force (“FATF”) recommendations. We follow best practices and impose strict rules on AML controls in daily operations, with a dedicated CAMS (Certified Anti-Money Laundering Specialists) certified compliance team overseeing all AML related compliance practices and reporting. A threshold recording (“TR”) for cash transaction is filed for each transaction with an amount equal to or exceeding US\$3,000. Single or combined transactions equal to or over US\$10,000 within 24 hours and Suspicious Transaction Reports (“STRs”) are submitted online to the Cambodian Financial Intelligence Unit (“CAFIU”). We believe NagaCorp is the first casino Cambodian company that makes CTRs and STR filing electronically since the system was in place in July 2018.

All new employees are required to undertake AML training before they start. The training ranges from how to identify fraudulent banknotes and IDs to filling out TR and STR forms. From 2020, all front line employees must partake in refresher training once a year. In 2021, 2,602 employees underwent AML training with a total of 2,602 training hours. In addition to the training, we also provide an AML Procedure Manual, available in Khmer and English, to employees to deal with money laundering matters in daily operations.

An independent AML specialist firm conducts a bi-annual review of our AML controls and produces reports for the Board to assess the adequacy and effectiveness of the Company's internal control system. The review includes site visits, as well as research work and external consultation. The year's review found that the Group to be in full compliance with all national and international laws and regulations on AML. A copy of the independent review report can be found on pages 126 to 129 of this annual report.

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

Whistleblowing

NagaCorp provides multiple channels for its employees to raise concerns about any potential violation of the Code or wrongdoing. The Company does not permit retaliation of any kind against any employee who in good faith reports actual or suspected wrongdoing.

Employees, suppliers and other business partners can report potential allegations anonymously through internal channels, such as an immediate supervisor, or any Human Resources team member. Alleged issues may range from potential instances of collusion with suppliers or contractors to tip-offs regarding guests. Whistle blower reports are investigated by Human Resources in a timely manner.

Risk Management

NagaCorp is guided by an approach that turns risk management into a disciplined quest for new opportunities, improvements and innovative revenue streams.

Sound risk management and internal control systems are vital to the achievement of the Group's strategic objectives. NagaCorp has an established risk framework under which it identifies risks relevant to the Group's operations and activities and assesses risks in relation to their likelihood and potential impact. Under the framework, management is primarily responsible for designing, implementing, and maintaining risk management and internal control systems. The Board and the Audit Committee oversee the implementation and monitor the effectiveness of these systems and safeguard the Group's assets.

Our internal audit department conducts routine testing and an annual audit, during which the Audit Committee reviews the risk management and internal control system for the Year. The review includes, but is not limited to, financial, operational and compliance controls.

Sustainability Report

Our primary operations are located in Cambodia. To support the Board in assessing the country's investment risks, the Company has commissioned an annual independent review to evaluate the political, social, investment and macro-economic risks associated with Cambodia. In the most recent review conducted by Political and Economic Risk Consultancy, Ltd. ("PERC") in January 2022, Cambodia was given a socio-political risk rating of 5.01 (of rating of 10 the highest risk). This was a reduction from the prior year's rating of 5.17, and is on par with other Asian developing countries such as the Philippines (5.61), Thailand (4.98) and Indonesia (5.47). The full review can be found on pages 121 to 125 of this annual report.

The Company also engages an independent professional company, JB Advisory Services Limited, to review the internal controls of the Group with a focus on AML on a semiannual basis.

Supporting Our Community

Cambodia has undergone a transformation over the past two decades. Driven by garment exports and tourism, the Kingdom's economy has sustained an average 7% growth between 1998 and 2019, making it one of the world's fastest growing economies. NagaWorld was one of the first foreign-invested private companies in the Kingdom following decades of wars and depredation. We see ourselves as part of the fabric of the Cambodian community and believe we only thrive as the country prospers. In the past 25 years, NagaWorld has supported Cambodia's development, including promoting tourism alongside the Ministry of Tourism and sharing best practices with the government and business communities. Today, as one of Cambodia's largest private sector employers and economic contributors, NagaWorld plays an important role in the well-being of the people whose lives we touch upon and the community in which we operate.

"Since our inception in 1995, 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 programmes, NagaCorp's community, environmental, and national care 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 programmes."

**NagaCorp Founder and CEO,
Tan Sri Datuk Dr Chen Lip Keong**

NagaWorld Kind Hearts

NagaWorld Kind Hearts is an employee-based community of volunteers formed in 2014 with a collective goal of giving back to our society. Our initiatives and activities are grouped under four pillars: *Education Enhancement, Community Engagement, Sports Development, and Environmental Care*. Almost 500 NagaWorld employees contributed over 3,350 volunteer hours during 27 activities organized in 2021. Since 2014 to date, NagaWorld Kind Hearts has conducted over 570 activities involved over 4,500 employees who volunteered more than 27,900 hours of their time and energy towards the betterment of communities – benefited over 444,000 Cambodians in total. Charitable donations made by the Group to worthy causes in Cambodia during the Year totalled US\$21.123 million (2020: US\$3.24 million).

NagaWorld Kind Hearts' continuous efforts in supporting the economic and social development in the Kingdom continue to be recognised internationally, collecting multiple awards through various programmes in 2021.

Award	Awarded by	Category	NagaWorld Kind Hearts Programme
<p>Gold Stevie Award</p> 	The 18th International Business Awards®, USA	CSR Programme of the Year in Asia, Australia and New Zealand	The award recognises NagaWorld Kind Hearts' continuous efforts in fostering development in Cambodia through comprehensive and impactful CSR initiatives under Education Enhancement, Community Engagement, Sports Development and Environmental Care.
<p>Silver Stevie Award</p> 	The 18th International Business Awards®, USA	CSR Programme of the Year in Asia, Australia and New Zealand	The award recognises NagaWorld Kind Hearts' efforts in developing and maintaining literacy and numeracy skills, providing access to underprivileged communities, empowering future workforces, strengthening skills as the backbone of the nation, and helping the economy in the long term.
<p>Silver Stevie Award</p> 	The 18th International Business Awards®, USA	Health, Safety & Environment Programme of the Year in Asia, Australia and New Zealand	The award recognises NagaWorld Kind Hearts' sports development programme, including a series of sport-related initiatives such as D-License Football Coaching of Sports Teachers, Football Coaching Refresher Course, C-License Football Coaching of Sports Teachers, U-18 Football Mini Tournament and Scouting Of Talented Footballers – benefiting a total of 51,775 Cambodians.
<p>Silver Stevie Award</p> 	The 18th International Business Awards®, USA	Most Valuable Corporate Response	The award recognises NagaWorld Kind Hearts' continuous commitment in supporting the Royal Government of Cambodia to help keep our communities safe and to combat the spread of COVID-19.
<p>Bronze Stevie Award</p> 	The 18th International Business Awards®, USA	CSR Programme of the Year in Asia, Australia and New Zealand	The award recognises NagaWorld Kind Hearts' "Moving Towards A Green Generation" programme – a series of environmental sustainability initiatives which aims to raise awareness amongst Cambodians as to the importance of environmental conservation and protection, negative impacts of single-use plastic and proper waste management.

Sustainability Report

Award	Awarded by	Category	NagaWorld Kind Hearts Programme
Platinum Global CSR Award 	The 12th and 13th Annual Global CSR Summit and Awards 2021, Singapore	Best Country CSR Excellence Awards – Best in Cambodia	The award recognises NagaWorld Kind Hearts’ continuous efforts in fostering the development of Cambodia through comprehensive and impactful CSR initiatives which were carried out during 2019 and 2020.
Silver Global CSR Award 	The 12th and 13th Annual Global CSR Summit and Awards 2021, Singapore	Excellence In Provision Of Literacy & Education Award	The award recognizes NagaWorld Kind Hearts’ efforts in reaching out to underprivileged communities through a series of educational programmes.
The Social Caring Pledge Awards 2021 	The Social Enterprise Research Academy (“SERA”), Hong Kong	Outstanding Social Caring Organisation Award	The award recognises NagaWorld Kind Hearts’ obligations and overall CSR initiatives under Education Enhancement, Community Engagement, Sports Development and Environmental Care.
The Social Caring Pledge Awards 2021 	The Social Enterprise Research Academy (“SERA”), Hong Kong	Social Caring Awards for Green Excellence	The award recognises NagaWorld Kind Hearts’ “Moving Towards A Green Generation” programme – a series of environmental sustainability initiatives which aims to raise awareness amongst Cambodians as to the importance of environmental conservation and protection, negative impacts of single-use plastic and proper waste management.
Platinum PR Awards 	PRNEWS, USA	Campaign of the Year – Sports	The award recognizes NagaWorld Kind Hearts’ efforts in the nurturing of sports and supporting youth centric initiatives in Cambodia via a series of programmes through collaboration with relevant Government officials and non-profit organisations.

The International Business Awards (IBA) - The Stevie® Awards, also known as the Oscars of the business world, was created in 2002 to honour and generate public recognition on the achievements and positive contributions of organisations and working professionals worldwide.

The International Business Awards are the world's premier business awards programme. All individuals and organizations worldwide – public and private, for-profit and non-profit, large and small – are eligible to submit nominations. The 2021 IBAs received more than 3,700 entries from organizations in 63 nations and territories.

Extract from the 18th International Business Awards® (Stevie Award) Judges' comments:

- Fantastic programme! Other countries can learn from them!
- Its a programme with a clear focus and with many parallel initiatives, thats shows a great capacity for coordination and integration of the team. Achievement of extraordinary goals. Excellent promotions campaign through different channels.
- An impressive array of social and environmental initiatives sure to have long-term positive impacts on society.
- A really broad impactful CSR project that clearly has life-changing impact on those it reaches with large numbers of people benefiting. Something to be really proud of. I would loved to have seen even more about how you were reaching and recruiting disadvantaged communities in your main programmes through PR & communications tactics/events and reaching out to them to promote social mobility. Great programme!

2021 was a challenging year for everyone in Cambodia. To show our support, we carried on with the majority of our CSR programmes despite the various preventive COVID-19 measures constraints. A summary of the progress we made during the Year is below.

Education Enhancement

Why We Care

Education is the passport to the future

Our Aim

To provide educational opportunities for underprivileged students and communities, and to further enhance the knowledge and skills of our next generation in Cambodia.

We believe that investing in education is investing in the future of a nation. A population with full quality education and good health will raise a country's productivity, as well as improve social mobility. However, for the two million people still living below the national poverty line these things are hard to come by. We support underprivileged children and youth in Cambodia through material and financial aid, in addition to the time and resources donated by our employees. During the Year, 12 NagaWorld employees contributed 48 volunteer hours each in 17 activities across 12 provinces providing education materials as well as sharing knowledge with over 31,074 children.

Sustainability Report

School Outreach Programme: Stationery Set Distribution

To support schools in rural areas, we continually collaborate with the Ministry of Education, Youth and Sport and launched the school outreach programme in 2014. The programme has now completed its sixth year, benefiting 125,239 children from over 100 primary schools. Under a renewed collaboration agreement with the Ministry of Education, Youth and Sport, the programme has been expanded to include Pursat Province, making it the 12th municipality/province that has benefited. That is half of the Kingdom's administrative divisions. This programme provided study materials to over 24,000 underprivileged children.

All students received writing books and pens, and outstanding students received much needed school bags. These contributions have proven to be very useful, especially for students whose parents may ill afford these necessary items for the children to continue their studies.

NagaWorld volunteers participated and contributed their time and sharing of their work and life experiences with the children, as well as educating them about the importance of waste management and personal hygiene through 'Green Education at at School'. By engaging with the children, our volunteers also had opportunities to work as a team and build up their confidence levels in public speaking.



Mr. Kong Bunthy, Principal of Bat Doeung Primary School, Kampong Speu province

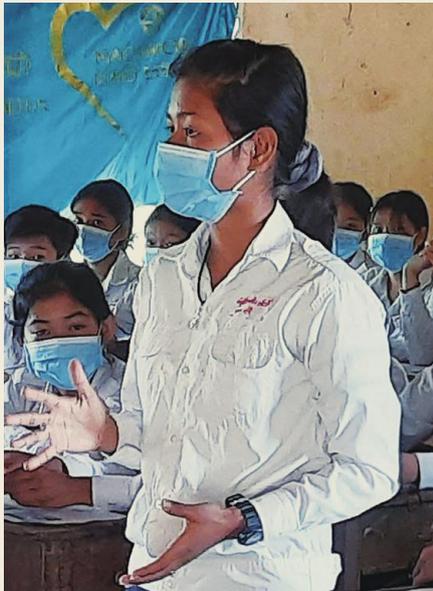
"This is such a meaningful programme – wholly beneficial to our community through provision of study materials to our students. This programme has also spread love and given hope to the underprivileged children whose families are unable to financially support their studies. I have received positive feedback from the parents of these children, and some have said that NagaWorld has subtracted the financial difficulty from their families and also motivated their children to study harder.

On behalf of the teachers and students at Bat Doeung Primary School, I would like to sincerely thank the Ministry of Education, Youth and Sport and NagaWorld Kind Hearts for this thoughtful initiative. Hopefully, this programme can be expanded to more provinces to enhance the education sector in Cambodia." (Source: CSR Newsletter 8th edition)

School Outreach Programme: Fire Safety Awareness

To raise fire safety awareness amongst school children and local communities, we have partnered with the Ministry of Education, Youth and Sport – to deliver fire safety classes and donate fire extinguishers to selected secondary and high schools.

In 2020, the programme was expanded from Phnom Penh and Kandal Provinces to encompass Takeo, Kampong Speu, and Kampong Cham provinces. In 2021, nearly 7,500 students benefited by learning much needed fire safety knowledge.



Nita, Student at Banteay Daek Secondary School, Kandal province

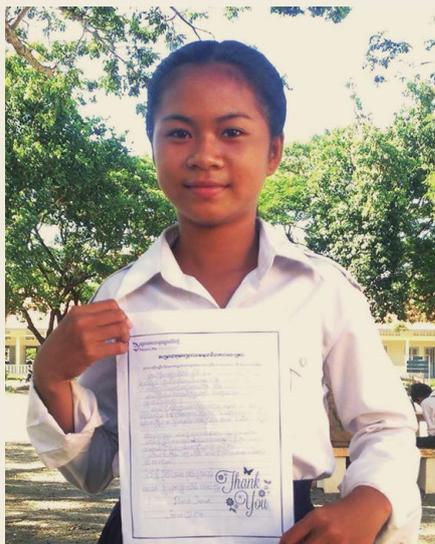
"The thought of fires burning down houses is so scary, but thanks to NagaWorld, I've learnt a lot about the causes of fires as well as how to prevent them. I also had the chance to practice the proper way to use a fire extinguisher. I'm glad that I can share these important life-saving tips with my family and friends, too." (Source: CSR Newsletter 8th edition)

Children@Risk Programme

We continue our collaboration with Cambodia Outreach, a NGO, on the Children@Risk Programme, supporting ten Cambodian children through their studying. The programme aims to bring hope and opportunities to underprivileged children and orphans by supporting them and their families until they graduate from high school. Upon completion of the third year, this programme saw 10 students complete their high school. This programme involved provisions for daily expenditures, meals, educational materials, uniforms and living needs.

Since early 2019, we have been providing children with financial aid to cover their expenditures, including food, study materials and daily living needs. The children, who were previously lagging in school, have all achieved good grades. It was particularly commendable in 2021 as their study was interrupted by the school closures due to the pandemic.

Sustainability Report



Sreymean, student at Kampong Speu province

“With the COVID-19 pandemic, it’s been quite challenging for students like me to study this year. I’ve had to self-study at home through digital learning and TV broadcasts following schedules from the government. What has made things considerably easier for me has been the continuous support from NagaWorld. By covering my daily expenses, they have helped me focus on my studies and complete my classwork.” (Source: CSR Newsletter 10th edition)



Chanthy, Student at Prey Veng province

“I was born into a poor family with four siblings in a small village in Prey Veng province. Since my parents are farmers, they earn only \$3 to \$5 per day, which is tough to support the whole family and all our studies. I almost gave up on my ambition of becoming a Nurse as study expenses are beyond what my parents can afford. I finally saw the light at the end of the tunnel when I was selected to benefit from the Children@Risk programme. Words cannot describe my appreciation for this opportunity, and I’m truly motivated to study harder to achieve better results. In the first quarter of the new academic year, I achieved 2nd place out of 55 which has

greatly impressed my family and teachers. I would like to express my sincerest thanks to NagaWorld for their generous contributions.” (Source: CSR Newsletter 8th edition)

Digital Literacy Rural Upliftment

The Digital Literacy Rural Upliftment programme is aimed at developing and implementing an effective digital literacy framework to bolster citizens' digital literacy, which will provide them the ability to access, manage, understand, integrate, communicate, evaluate and create information safely and appropriately through digital technologies for their future careers. Our IT volunteers provide short IT Training Courses to 4 orphanages and NGOs in support of marginalised students, and donating desktop computers which will enable them to continue their studies and improve their computer skills.

Community Engagement

Why We Care

To serve is to love

Our Aim

To engage and integrate with underprivileged communities, focusing on well-being and sustainability and inspiring children to follow their dreams and passions.

We work closely with local and international NGOs on several programmes to help those in need, with a particular focus on underprivileged children and youth. From 2020 to date, we have doubled our efforts in supporting local communities during our battle against COVID-19. During the Year, NagaWorld Kind Hearts carried out 4 activities under the Community Engagement pillar, which involved 113 volunteers from different departments, who spent a total of 1,775 hours to do their part for the community during the COVID-19 pandemic. Around 13,155 people have benefited under these activities.

Pro-Active Approaches Against COVID-19

During the city-wide lockdown in Phnom Penh, several high-risk areas were identified as Red Zones (residents in the red zones were prohibited from leaving their homes except for medical emergencies) and all open-air markets were closed to help contain the surge of cases. With these regulations in place, many families in the Red Zones were concerned with maintaining their food supplies.

In April 2021, NagaWorld Kind Hearts donated US\$100,000 in food to Phnom Penh City Hall. The food supplies are for communities struggling with the impact of COVID-19 cases. Each food package per family consists of a 25kg bag of rice, 30 packets of instant noodles, 10 cans of sardines, 6 bottles of fish sauce, and 6 bottles of soy sauce. The total amount donated was sufficient to feed around 3,500 families in the most affected areas.

Sustainability Report

Furthermore, NagaWorld Kind Hearts, together with Naga Farm (which was established in Ang Snuol district), has jointly donated food packages worth US\$23,000 to Ang Snuol district hall, Kandal province. The food packages comprised of 25,000kg of rice, 30,000 packets of instant noodles, 10,000 cans of sardines, 6,000 bottles of fish sauce and 6,000 bottles of soy sauce, with the hope that these food supplies will help alleviate the burden of 1,000 families during the lockdown period.



During the pandemic, NagaWorld Kind Hearts has been making regular donations to public institutions to help keep Cambodian communities safe and combat the spread of COVID-19. This includes contributions of world-class medical equipment and testing kits as well as preventive supplies such as surgical masks, hand sanitizers and temperature checkers to the MOH, the Ministry of Education, Youth and Sport, the Ministry of Land Management, Urban Planning and Construction, the General Commissariat of National Police and Phnom Penh City Hall.

In addition, the Company donated a total of US\$20 million to the RGC's initiatives in combating against COVID-19 in particular to assist in the timely procurement of vaccines.



*Phnom Penh Governor His Excellency
Khuong Sreng*

“On behalf of Phnom Penh City Hall, Government officials, army personnel and the residents of Phnom Penh, we would like to express our sincere appreciation to Tan Sri Dr Chen Lip Keong, founder and CEO of NagaWorld, for contributing a total of 87,500kg of rice, 35,000 cans of sardines in tomato sauce, 21,000 bottles of fish sauce, 21,000 bottles of soy sauce and 105,000 packs of instant noodles for Phnom Penh City Hall so it can be distributed to the families most affected by COVID-19. This swift action of charity has significantly contributed to the

Phnom Penh Administration and the Royal Government of Cambodia, through an appeal of Samdech Akka Moha Sena Padei Techo Hun Sen, Prime Minister of the Kingdom of Cambodia, to help curb the spread of COVID-19 in Phnom Penh as well as Cambodia as a whole. NagaWorld has shown sympathy and kind-heartedness in helping the country during this COVID-19 crisis.” (Source: Khmer Times, 29 April 2021)



Relationship with Cambodian Red Cross

The Cambodian Red Cross is the largest NGO in Cambodia and is officially recognised by the Cambodian Government as the primary auxiliary for humanitarian services throughout the country. Apart from contributing to nation building, NagaWorld has been a long-standing contributor to the Cambodian Red Cross – giving back to the community and working toward building Cambodia’s social welfare. During the Year, a total of US\$1 million has been donated to Cambodian Red Cross.

Sustainability Report

Pre-Loved Gifts and Saving the Environment

NagaWorld Kind Hearts continues its culture of giving back through donations of pre-loved items with the assistance of our Front Office and Housekeeping departments. We do this by collecting all used appliances, household goods, and clothes that are presentable and have been cleaned – and donating them to community. This initiative helped to divert reusable items from clogging landfills, and to shift our mind-set towards a new form of sustainable gift giving. Furthermore, to create an awareness amongst children on the importance of recycling, upcycling/repurposing and reducing waste, together with Housekeeping department, we launched Bed Linens Upcycling programme. Under this programme, used bed sheets and pillow cases have been turned into 100 tote bags (served as an alternative to plastic bag/school bags) for children from Cambodia Organization for Living and Temporary Care.



Bears of Hope

NagaWorld Kind Hearts launched 'Bears of Hope' with Cambodia Knits, a social enterprise, and an Australian charitable wildlife protection association, Free The Bears. This programme provided assistance to around 200 women/single mothers from marginalised communities who were struggling to support their families during the COVID-19 pandemic. This programme created free and fair employment opportunities for these women to end their state of poverty and to generate an alternative income to support their families, as well as promote sustainable, craft-based livelihood in the country.

As a further gesture, these knitted bears of hope are available at our NagaWorld Souvenir Store where US\$1 from every bear sold will be donated to wildlife conservation and animal welfare at Free The Bears Cambodia. This donation will help provide shelter, food and daily care to over 120 rescued bears in the Phnom Tamao Wildlife Rescue Centre at the Takeo Province.





My name is Khon Kim Eng. I have been working for Cambodia Knits for 2 years. I love to crochet and knit as these skills help me make some money and I love to make the Moon Bear and Sun Bear.

As I have become a mother, I work hard to raise my son. I also have an elderly father and mother who are under my care.

At the beginning, I used to think that I was very lonely and isolated. So, I thought I needed to find work and look after the children at the same time, that's how a struggle life is ! Motivated by friends and workmates as well, I now work in office-knitter and I knit and crochet the teddy bears to earn a living which makes me feel much better. It is to especially support my family.

All in all, I would like to thank my workplace for providing me the opportunities of a steady job that I am able to work. I also want to thank the buyers and supporters who support the knitted "Sun Bear and Moon Bear" which helps me keep my job with a monthly salary to support my family.

(Source: Approved by Cambodia Knits Founder for 14th edition of CSR Newsletter (in progress))

Sustainability Report

Sports Development

Why We Care

Unlocking potential through continuous efforts

Our Aim

To develop sports programmes for communities, encourage participation in physical activities, foster teamwork and leadership skills, and promote an active and healthy lifestyle.

NagaCorp believes that participation in sports develops character, fosters teamwork and leadership, and revitalises the young and the disadvantaged in a sustainable way. NagaCorp continues to support Cambodian sports through a partnership with the National Olympic Committee of Cambodia (“NOCC”) and continuing support of both grassroots and international events. We collaborate with the Football Federation of Cambodia (“FFC”), Ministry of Education, Youth and Sport (“MoEYS”) and the Union of Youth Federation of Cambodia (“UYFC”) in supporting youth centric initiatives. Over 90 employees have participated in 3 activities under Sports Development in 2021 via 1,115 volunteer hours benefiting more than 9,550 people.

Empowering Sports

NagaWorld is the longest corporate supporter of Cambodian athletes, having been the first company to sign a sponsorship agreement to support the Cambodian contingent for the 2011 SEA Games in Indonesia, the 2012 Olympic Games in London and the 2016 Olympic Games in Rio de Janeiro.

In 2019 we extended the partnership agreement with the NOCC for another four years to honour Cambodian athletes’ success at major international sporting events, including the ASEAN Para Games in 2021, the postponed 2020 Summer Olympics and Paralympics in Tokyo, the 2022 Asian Games in Hangzhou and the 2022 Summer Youth Olympics in Dakar. NagaWorld once again provided the off field sports apparels for the Cambodian athletes at the Tokyo Olympics 2020.

NagaWorld Football Club

Football is the most popular sport in Cambodia. NagaWorld Football Club (“NagaWorld FC”) is one of the founding clubs of the Cambodia Premier League which started in 2005, and one of the best-known clubs in the country.

In the 2021 season, NagaWorld FC finished 4th in the Metfone Cambodia Premier League, one of the two main football tournament in Cambodia. To promote women's football, the Football Federation of Cambodia ("FFC") launched the inaugural Cambodia Women League in September 2020. NagaWorld FC women's team was one of the ten teams participating the competition. NagaWorld Football Club's women team was declared jointed winners of the league when the final was called off due to COVID-19 restriction. The women's team won 9 games, scored 82 goals and let in only 6 goals in the league.

NagaWorld FC hired a new Technical Director, Jose Borges, to improve on the club and academy structure. Jose has more than 24 years of coaching experience in Brazil, China, Thailand and Myanmar. Other new hires include a full time sports physiotherapist to ensure players are able to get treatment within the club, and also a fitness coach to incorporate sports science in training to improve the fitness and condition of players. The team also moved into a new club house which will house the coaching, medical, fitness, media and administration teams.

NagaWorld Football Club was among 6 local clubs that were given the Asia Football Confederation ("AFC") Club License. This license will allow the team to be able to participate in International Tournaments organized by AFC. To get the license, clubs need to fulfill all five criteria set by the confederation – sporting, infrastructure, personnel and administrative, legal, and financial.



Sustainability Report

Football Development Programme in Kampong Speu



Football Federation of Cambodia (FFC), Instructor, Mr. Ohara Kazunori said, "C-Licence is the important level of football coaching which the football club needs. One just needs to fill up the application form from the FFC in order to send the candidate to train in this C-Licence Football Coaching. My appreciation to NagaWorld for organizing this Football Coaching Course, because football is very active in Cambodia but there is a lack of professional coaches – in language, skills and technique. Some of them are doing their own style. That's why we need to share information, coach and train together to develop Cambodian football." (Source: CSR Newsletter 11th edition)

Sports is a key pillar in NagaWorld Kind Hearts' programmes. As such, NagaWorld Kind Hearts and NagaWorld FC continue to use football to reach out to Cambodia communities to encourage a healthier nation through sports. NagaWorld has been running the Football Development Programme since November 2018. In line with the Cambodian government's plan to promote sports, the programme aims to equip sports teachers in secondary and high schools with professional coaching techniques which they can employ to improve students' football skills. To date, 120 secondary and high school sports teachers in the Kampong Speu Province have been trained and obtained a 'D' coaching licence issued by the FFC. They have been providing football techniques training to their students since. Since 2018, around 49,000 students have benefited under this programme. The programme is supported by the Ministry of Education, Youth and Sport, the Union of Youth Federations of Cambodia and the provincial government of Kampong Speu.

After successfully completing the two-year programme in 2020, we conducted a football coach refresher course with 20 selected sports teachers, upgrading their knowledge and skills to the next level of football coaching, i.e. professional 'C' License coaching. The course, delivered by the FFC, consists of three practical components: conducting a training session, shaping a team, and the individual programme.

We also organise regular youth tournaments to identify promising young talents for the national team. Of the 10 student candidates scouted from the U18 tournament organised by NagaWorld in 2019, one has been selected by the NagaWorld Football Club to play in the professional league.

NagaWorld donated US\$2 million to the construction of the new Kampong Speu Provincial Stadium in November 2019, with work on the stadium having started in early 2021. It is expected to be completed by April 2022, where it will host all of NagaWorld FC's home games.



Source: Kampong Speu Stadium Project Team

Sustainability Report



Moth Vichaka, student from Kampong Speu High School

"I've loved football since I was very young, and I attended many friendly matches in support of my school team. I was extremely happy when my coach obtained a D-Licence Coaching Certificate through NagaWorld's programme for sports teachers in Kampong Speu. He used the valuable lessons he learned to help improve the training sessions with my school team, including introducing some interesting, new techniques and challenges to develop our skills. I learned the ability to develop and adapt my skills in order to deliver better results. I was also made aware of the realities on the field and what important

qualities a football player should possess. I hope NagaWorld Kind Hearts continues its programme every year to create these chances for other youth. My dream is that one day, I will be a professional player in the top Cambodian league. I feel I am well on my way to this now.

Together with my team, we were very excited to hear that NagaWorld was organizing a U18 Football Mini Tournament. Even though there were many competing teams, we won the Championship, proof that we were trained well !

Our team is so thankful to NagaWorld for helping take us to such a high level. I was even selected to train with NagaWorld FC, which was totally unexpected ! They sent me to a 2-week training camp with professional football club BG Pathum United FC in Thailand. It was a dream come true ! "

(Source: CSR Newsletter 8th edition)

NagaWorld Kind Hearts' Virtual Challenge

Virtual Challenge is a newly-initiated online programme from NagaWorld Kind Hearts, which aims to promote a healthy lifestyle among NagaWorld employees and their family members. Not only does the programme encourage participants to stay fit through exercise, it also feeds into a home gardening initiative for underprivileged communities. Every healthy activity registered by employees will be converted into a specific quantity of vegetable seeds to be distributed free to families struggling to cope with the economic impact of COVID-19.

The provision of common vegetable seeds including water spinach, lettuce and other green leaves will allow families to grow their own produce for personal consumption and market sale, which will help them get through these times of hardship. As the result, 92 employees ran and cycled for a total of 3,671.89 kilometres, and exercised 1,114.66 hours – all of which, helped earn a total of 157.01 kilogrammes of vegetable seeds to distribute to the underprivileged communities at Kandal Province.

Environmental Care

Why We Care

Start today. Save tomorrow. Towards a sustainable future

Our Aim

To spread awareness and provide education to citizens on the importance of environmental conservation and protection.

In 2021, 282 volunteers have done their bit by contributing 417 of their personal time by joining 3 environmental-related activities – bringing a positive impact to 135 people.

Digital Waste Cleanup

In the digital world, similar to the environment, there is a huge amount of trash. Unused applications and files, including duplicate photos and videos and old emails, are all considered digital waste. This waste creates digital pollution, which can consume electricity by clogging up backups on servers that provide us with cloud service.

Sustainability Report

To jointly support the Royal Government of Cambodia's commitment to tackling climate change, NagaWorld Kind Hearts has organised the "Digital Waste Cleanup" programme, encouraging employees to reduce global CO₂ emissions by deleting unnecessary files and apps on their computers and mobile devices. Not only does this extend the battery lives of our gadgets, but we can feel more efficient and in control of our own lives. Together with 135 volunteers, we deleted 1,356.36 gigabytes of cloud data which helped reduce approximately 71.74 kilogrammes of CO₂ emissions per year.

No Plastic Straws, Please ! Campaign

As part of our continuing effort to reducing plastic consumption and making the environment cleaner and greener, we have implemented a wide-ranging 'No Plastic Straws, Please !' Campaign which involves removing single-use plastic straws from our operations in December 2018 and replacing takeaway plastic cutlery and containers with recyclable alternatives. To date, around 9 million plastic straws have been eliminated (2021: 4.58 million).

Our continuous efforts in raising awareness of environmental damage from single-use plastic have also paid off. Our environmental sustainability workshop hosted by NagaWorld Kind Hearts in collaboration with NGO Plastic Free Cambodia in August 2019 received good feedback. Attendees to the workshop, including NagaWorld employees and the principals from 28 high schools in Phnom Penh, have been sharing what they've learned back in their schools and within their communities, further spreading plastic waste awareness.

Earth Hour

NagaWorld joined Earth Hour, the world's largest grassroots movement – to draw public attention to the most important issue facing our planet. It goes far beyond the symbolic gesture of the commitment to preserving our planet, it has become a catalyst for positive environmental impact, driving major legislative changes by harnessing the power of the people and collective action. The turning off of non-essential lighting and other electrical appliances at the Resort and at our employees' homes helped save a total of 316.16 kW of electricity.

HKEX ESG Reporting Guide Index

A. Environmental

Name	Description	Page, reference and additional comment	GRI reference
A1. Emissions			
General disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Pages 33-35, 37-38 We aim to meet international standards and adopt best practices regarding environmental protection and natural resource management where possible. In situations where such matters are not in our control, such as the lack of a recycling facility in the country, we work with our partners to find appropriate solutions.	103-2 (c-i), 305, 306, 307-1
KPI A1.1	The types of emissions and respective emissions data.	Pages 35-37	305-1, 305-2, 305-4, 305-6, 305-7
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions (in tonnes) and where appropriate, intensity.	Page 36 Energy consumption and emissions table.	305-1, 305-2, 305-4, 305-6, 305-7
KPI A1.3	Total hazardous waste produced (in tonnes) and where appropriate, intensity.	Page 38 As a service business, we do not produce a material amount of hazardous waste, nor any waste relating to product packaging.	306-2(a)
KPI A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity.	Page 39	306-2(b), 306-3

Sustainability Report

Name	Description	Page, reference and additional comment	GRI reference
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Pages 36-37 Our primary source of emissions is energy. Reducing energy consumption helps to lower emissions. Fifteen energy saving initiatives were introduced in 2018. Thirteen of which have been implemented and the remaining two are ongoing.	103-2, 305-5
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction target(s) set and steps taken to achieve them.	Pages 38-39 As the amount of waste produced depends on business volume, which is affected by external factors, it is difficult to set internal targets on waste reduction. However, we have in place several measures to reduce waste e.g. the withdrawal of single-use plastic straws and replacement plastic takeaway cutlery and containers with 100% biodegradable and recyclable alternatives.	103-2, 306-2, 306-4
A2. Use of Resources			
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Pages 32-33	103-2(c-i), 301, 302 303
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity.	Pages 33-34	302-1, 302-2

Name	Description	Page, reference and additional comment	GRI reference
KPI A2.2	Water consumption in total and intensity.	Page 35	303-1, 303-3, 303-4, 305-5
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Page 34	103-2, 302-4, 302-5
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Page 34	103-2, 303-3, 303-4, 303-5
KPI A2.5	Total packaging material used for finished products (in tonnes), and if applicable, with reference to per unit produced.	Not applicable to NagaCorp as a service business.	301-1

A3. Environment & Natural Resources

General disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Page 32	103-2(c-i), 301, 302, 303, 304, 305, 306
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	There is no activities of significant impact on the environment and natural resources in 2021.	103-1, 103-2, 303-1, 303-2, 304-2, 306-3(c), 306-5

Sustainability Report

Name	Description	Page, reference and additional comment	GRI reference
A4. Climate Change			
General disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	<p>Page 61</p> <p>To address the evolving climate crisis, NagaCorp is working on all aspects of the climate equation. This requires leadership commitment, investment in renewables, sustainable design and materials, and energy efficient equipment and systems. By managing our impact at our property and across our operations, NagaCorp leads the way in our industry and in Cambodia to show that a sustainable future is within reach and the only option.</p>	201-2
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	<p>Page 61</p> <p>Global climate change is everywhere – severe climatic events, unstable weather patterns, over-used and diminished resources, and species extinction are the immediate climate-related issues facing NagaCorp and its operations. NagaCorp engages external stakeholders who align with our strategy and goals, adopt industry best practices, promote awareness and engagement among colleagues, and measure and verify the sustainability and financial impact of our goals.</p>	201-2

B. Social

Name	Description	Page, reference and additional comment	GRI reference
B1. Employment			
General disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest period, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Pages 43-49	103-2(c-i), 202, 401, 405, 406, 419-1
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Page 43 See charts.	102-8, 405-1(b)
KPI B1.2	Employee turnover rate by gender, age, group and geographical region.	Page 42 See charts.	401-1
B2. Health and Safety			
General disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Pages 55-57	103-2(c-i), 403, 419-1
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Page 56	403-9

Sustainability Report

Name	Description	Page, reference and additional comment	GRI reference
KPI B2.2	Lost days due to work injury.	Page 56 See table. We started record data on lost days due to work-related injuries since 2019, hence there was no comparable data in 2018.	403-9
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Pages 55-57	103-2, 103-3(a-i), 403-1
B3. Development & Training			
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Pages 40-41	103-2(c-i), 404-2(a)
KPI B3.1	The percentage of employees trained by gender and employee category.	Page 41 See charts.	404-1
KPI B3.2	The average training hours completed per employee by gender and employee category.	Page 41 See charts.	404-1
B4. Labour Standards			
General disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Page 50	103-2(c-i), 408, 409, 419-1

Name	Description	Page, reference and additional comment	GRI reference
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	<p>Page 50</p> <p>NagaCorp complies with all relevant labour laws and regulations requirements in Cambodia, which are aligned with international standards, including matters such as prohibition of child and forced labour. We also work tirelessly to ensure all our suppliers and partners are fully compliant with Cambodian Labour Law. We developed an training programme that helps increase awareness about child labour among our suppliers, and ensure they adhere to our No Child Labour policy. This is monitored regularly through factory visits and training programmes with our suppliers. To the Company's best knowledge, no case of child and/or labour was found in the Company's premises and its supply chain in 2021.</p>	103-2, 408, 409

Sustainability Report

Name	Description	Page, reference and additional comment	GRI reference
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	To the Company's best knowledge, no case of child and/or forced labour was found in the Company's premises and its supply chain in 2021.	103-2, 408, 409
B5. Supply Chain Management			
General disclosure	Policies on managing environmental and social risks of the supply chain.	Page 59	103-2(c-i), 204, 308, 414
KPI B5.1	Number of suppliers by geographical region.	Page 59	102-9
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Pages 59-60 All our suppliers must meet the requirements of NagaWorld's standards to identify environmental and social risks. This is monitored on a regular basis through factory visits and engagement programmes. We also continue to work with our suppliers and partners to ensure that products and raw materials are from sustainable sources to identify the environmental risks. For example, all paper in our hotel rooms are certified by Forest Stewardship Council (FSC) and Programme for Endorsement of Forest Certification (PEFC). For social risk, please refer to the comments in ESG B4.	103-2, 308-1, 308-2, 414-1, 414-2

Name	Description	Page, reference and additional comment	GRI reference
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Page 59 The continuation of COVID-19 preventive measures has focused on all business partners' full vaccination (vaccination card or proof must be available for verification) before being allowed to enter the NagaWorld premises. During this challenging period the safety and well-being of fellow colleagues, stakeholders, business partners and the local community remained our top priority.	103-1, 103-2 (c-i)
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Page 59 NagaCorp supply chain was well balanced to ensure business continuity in supporting guests as well as all service maintenance. All of our procurement strategies were optimized with value added products, services and cost efficiency for all levels. This ensured that all cost measurements were being implemented smoothly with limited resources.	N/A

Sustainability Report

Name	Description	Page, reference and additional comment	GRI reference
B6. Product Responsibility			
General disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Pages 57-59 Policies and compliance information are provided in each of the relevant sections.	103-2(c-i), 416-2, 417-2, 417-3, 418-1, 419-1
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable to NagaCorp as a service business.	N/A
KPI B6.2	Number of products and services related complaints received and how they are dealt with.	Page 59	102-43, 102-44, 103-2(c-vi), 418-1
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Not applicable to NagaCorp as a service business.	N/A

Name	Description	Page, reference and additional comment	GRI reference
KPI B6.4	Description of quality assurance process and recall procedures.	Not applicable to NagaCorp as a service business.	N/A
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Page 59	103-2, 103-3(a-i), 418
B7. Anti-Corruption			
General disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Pages 64-67	103-2(c-i), 205, 205-3, 419-1
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Pages 65-67 During 2021, no prosecution, lawsuit or claim regarding corruption was brought against the Company or its employees.	205-3
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Page 67	102-17, 103-2, 103-3(a-i), 205
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Page 65	205-2

Sustainability Report

Name	Description	Page, reference and additional comment	GRI reference
B8. Community Investment			
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Page 68	103-2(c-i), 413
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Pages 68, 71-86	203-1(a), 413-1
KPI B8.2	Resources contributed to the focus area.	Pages 68, 71-86 We have a dedicated CSR team of four supporting the NagaWorld employee volunteering group NagaWorld Kind Hearts' initiatives relating to the four pillars of focus.	201-1(a-ii), 413-1

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 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 set out in Appendix 14 to the Listing Rules (the “CG Code”) during the Year.

Directors’ Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “Model Code”) 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.

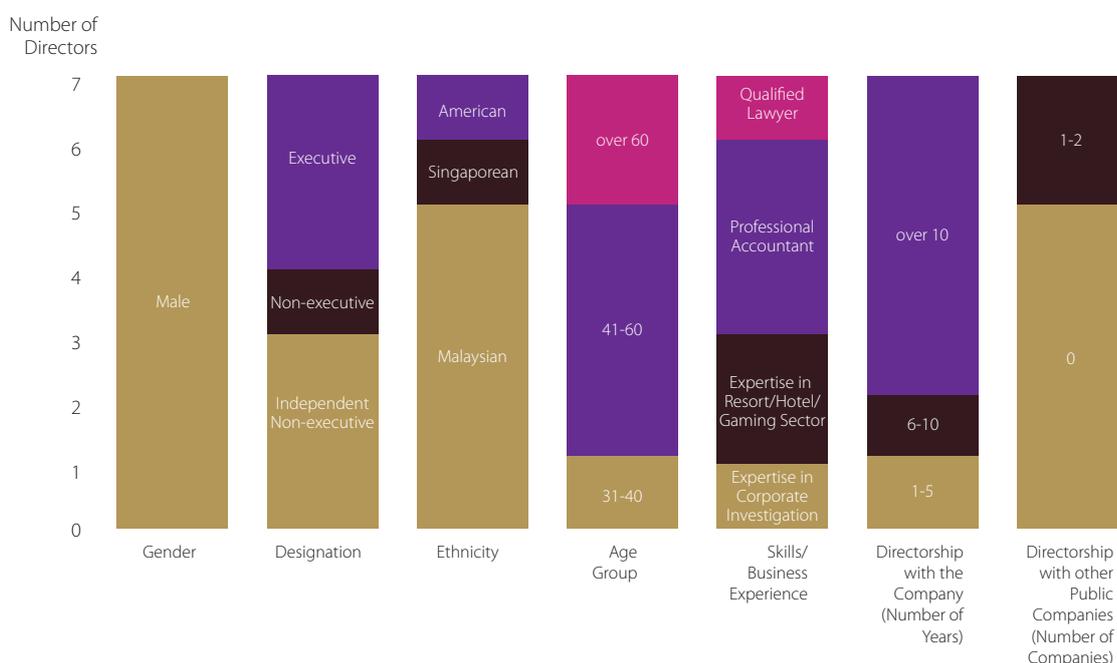
The Board currently consists of three executive Directors, namely Tan Sri Dr Chen Lip Keong (chief executive officer), Mr. Philip Lee Wai Tuck (executive deputy chairman) and Mr. Chen Yiy Fon; one non-executive Director, namely Mr. Timothy Patrick McNally (chairman); and three independent non-executive Directors (“INEDs”), namely Mr. Lim Mun Kee, Mr. Michael Lai Kai Jin and Mr. Leong Choong Wah.

The composition, structure and size of the Board are reviewed at least once 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.

Corporate Governance Report

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 INEDs his latest annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all of them meet the guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules and are independent.

Save for the fact that Mr. Chen Yiy Fon is a son of Tan Sri Dr Chen Lip Keong, the chief executive officer, 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 chief executive officer. All of the Directors are free to exercise their independent judgment.

Board Process

The Board meets regularly for 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 information.

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 it necessary.

The company secretary of the Company (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.

Corporate Governance Report

During the Year, five Board meetings and two 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 During Term of Office	
	Board Meetings	General meetings
Executive Directors		
Tan Sri Dr Chen Lip Keong (<i>Chief Executive Officer</i>)	5/5	0/2
Mr. Philip Lee Wai Tuck (<i>Executive Deputy Chairman</i>)	4/5	2/2
Mr. Chen Yiy Fon	5/5	1/2
Non-executive Director		
Mr. Timothy Patrick McNally (<i>Chairman</i>)	5/5	2/2
Independent Non-executive Directors		
Mr. Lim Mun Kee	5/5	2/2
Mr. Michael Lai Kai Jin	5/5	2/2
Mr. Leong Choong Wah	5/5	2/2

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.

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 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 the overall business strategies, directing and supervising the Group's affairs, reviewing the financial statements and annual budget proposal of the Group, approving interim reports, annual reports and announcements of interim results and annual results, considering dividend policy, reviewing the effectiveness of the risk management of the internal control systems and so on. Executive Directors are in charge of different businesses and functional divisions in accordance with their respective areas of expertise.

The Board, which is accountable to Shareholders for the long-term performance of the Company, is responsible for directing and guiding the strategic objectives of the Company and overseeing and monitoring managerial performance. Directors are charged with the task of promoting the long term success of the Company and making decisions in the best interests of the Company with due regard to sustainability considerations.

Corporate Governance Report

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 and making necessary changes when appropriate.

The Board meets regularly throughout the Year to formulate overall strategy, monitor business development as well as the performance of the Group. During the Year, the Board reviewed the compliance with the CG Code, the disclosure in the corporate governance report and the effectiveness of the risk management and internal controls systems of the Group.

The senior management team reports to the Board on a regular basis and communicates with the Board whenever required.

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 to 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 would continuously update and refresh their knowledge and skills, as well as familiarize themselves with the Company through gaining access to its operations and employees.

Directors' training is an ongoing process. Directors have attended 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, Mr. Timothy Patrick McNally, Tan Sri Dr Chen Lip Keong, Mr. Philip Lee Wai Tuck, Mr. Chen Yiy Fon, Mr. Lim Mun Kee, Mr. Michael Lai Kai Jin and Mr. Leong Choong Wah received and read materials on Anti-corruption. Directors were also 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.

The Board also recognizes the importance of ongoing professional development of senior management so that they can continue to contribute 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. Such terms of reference were further updated on 31 December 2018 so as to be in line with the amendments to the Listing Rules which came into effect on 1 January 2019. The Audit Committee consists of three INEDs, namely Mr. Lim Mun Kee, Mr. Michael Lai Kai Jin and Mr. Leong Choong Wah. 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.

Corporate Governance Report

The Audit Committee is also responsible for reviewing the Group's whistleblowing 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 of the Group (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 During Term of Office
Independent Non-executive Directors	
Mr. Lim Mun Kee (<i>Chairman</i>)	4/4
Mr. Michael Lai Kai Jin	4/4
Mr. Leong Choong Wah	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.

During 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 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 2022 annual general meeting of the Company ("2022 AGM"), BDO Limited be re-appointed as the independent auditor of the Company.

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 nomination policy concerning the selection criteria and procedures for the appointment and re-appointment of Directors has been formally adopted. Details of selection criteria and nomination procedure are set out in the Nomination Committee Report.

Risk 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 the framework, management is primarily responsible for the design, implementation and maintenance of the risk management and internal control systems, while the Board and the 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 assisted 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 are 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 to be effective and adequate including the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting, internal audit and financial reporting functions and is effective in 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 programme designed to protect its 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:

Corporate Governance Report

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 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 section headed "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.

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 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 During Term of Office
Executive Directors	
Tan Sri Dr Chen Lip Keong	4/4
Mr. Chen Yiy Fon	4/4
Non-executive Director	
Mr. Timothy Patrick McNally <i>(Chairman)</i>	4/4
Independent Non-executive Director	
Mr. Michael Lai Kai Jin	4/4

During 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 independent reviewer on AML internal controls; 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 on AML 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 the attention of the Board 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.

Corporate Governance Report

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.

Company Secretary

The Company Secretary is responsible for facilitating the Board process as well as communications among the Board members, with Shareholders and management. The Company Secretary also provides professional advice to the Board on corporate governance and other matters. 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 services provided to the Group are set out below:

	2021 US\$'000
Audit services	
– Current year	427
– Over-provision for prior year	48
Non-audit services	
– Carrying out agreed-upon-procedures on interim financial information and on offering memorandum regarding issuance of Additional 2024 Senior Notes	370

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

The changes in Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

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

- agreed to receive 70% of his basic salary for the month of March 2021, 60% for the month of April 2021, 50% for the months of May to August 2021, approximately 63% for the month of September 2021 and 75% for the month of October 2021 in view of temporary suspension of business operations to prevent the spread of COVID-19
- received the 2020 Performance Incentive Entitlement (as defined hereinafter in note 10 to the consolidated financial statements) of US\$5,206,765

Philip Lee Wai Tuck, Executive Deputy Chairman and Executive Director

- agreed to receive approximately 71% of his basic salary for the month of March 2021, 60% for the month of April 2021, 50% for the months of May to August 2021, 63% for the month of September 2021 and 75% for the month of October 2021 in view of temporary suspension of business operations to prevent the spread of COVID-19

Chen Yiy Fon, Executive Director

- increase of basic monthly salary from US\$12,000 to US\$23,000 with effect from 1 November 2021

Lim Mun Kee, Independent Non-executive Director

- Appointed as an independent non-executive director of KNM Group Berhad, a company listed on the Bursa, with effect from 19 July 2021

Save as disclosed above, as at 31 December 2021 there had not been any other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Dividend Policy

The Company has adopted a dividend policy which aims at enhancing transparency and facilitating Shareholders and investors to make informed investment decisions, by setting out the guidelines on the distribution of dividends to the Shareholders. The Board considered that the Company's core principle is to strive to create value and contribute favorable returns for Shareholders. In view of the profitability and ability to generate healthy cashflow, the Company is committed to maintaining its recurring dividend distribution to Shareholders, while preserving a solid balance sheet and financial flexibility to pursue

future development opportunities. From 2006 to 2020, the Company's dividend payments were between 45% to 92% of net profit, whereby total dividend declared and paid was amounted to US\$1.53 billion. The Company has continued to maintain high dividend payout of 60% to 92% from 2014 to 2020, with implied dividend yield ranging from 4.5% to 7.2%. Prospective dividend payout remains dependent upon the financial performance and future funding needs of the Company.

For this purpose, the Company's dividend policy should be based on a number of factors including but not limited to the actual and expected financial results of the Group, the Shareholders' interests, general business conditions and strategies, the Group's expected working capital requirements and future expansion plans and statutory and regulatory restrictions. In accordance with the dividend policy adopted by the Company, the Board may propose the payment of dividends, if any, where it deems appropriate.

The distribution of dividends to Shareholders can be by way of cash or scrip or partly by cash or scrip or some other ways as determined by the Board from time to time.

The dividend policy is subject to the reviews of and the changes to be made by the Board after considering the earnings of the Group, its financial requirements and other factors from time to time.

Communication with Shareholders

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

Corporate Governance Report

The most recent Shareholders' meeting was the 2021 annual general meeting (the "2021 AGM") held on 27 May 2021 at Regus Conference Centre, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. At the 2021 AGM, the chairman of the Board and the chairmen of the respective Board committees and the representative of the independent auditor were present to answer questions at the meeting.

At the 2021 AGM, all the resolutions were voted by poll and were duly passed by the Shareholders. The results of the poll voting have been published on the respective 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 in Hong Kong 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 Hong Kong branch share registrar and upon their 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.

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 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 in Hong Kong 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 biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the nominating Shareholder and such nominated person 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 person, 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 person can be despatched to Shareholders as soon as practicable without the need to adjourn the relevant general meeting.

Shareholders who have enquires about the above procedures may write to the Company Secretary at the principal place of business in Hong Kong of the Company at Suite 2806, 28/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

Corporate Governance Report

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 for handling as appropriate.

Shareholdings as at 31 December 2021

As at 31 December 2021, 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	107	31.56%	2,848	0.00%
1,001 – 10,000	177	52.21%	485,011	0.01%
10,001 – 100,000	25	7.38%	834,202	0.02%
100,001 – 500,000	16	4.72%	3,761,362	0.09%
Over 500,000	14	4.13%	4,335,924,618	99.88%
Total	339	100.00%	4,341,008,041	100.00%

According to publicly available information and as far as the Directors are aware, as at 31 December 2021, approximately 31.02% of the issued share capital of the Company was held by the public and the public float capitalization was approximately HK\$9,155,476,330.40.

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

2021 Final Results Announcement	:	7 February 2022 (Monday)
Closure of Register of Members	:	19 April 2022 (Tuesday) to 22 April 2022 (Friday) (for ascertaining Shareholders' entitlement to attend and vote at the 2022 AGM)
2022 AGM	:	22 April 2022 (Friday)

Hong Kong, 7 February 2022

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 one executive Director, namely Tan Sri Dr Chen Lip Keong and three INEDs, namely Mr. Michael Lai Kai Jin, Mr. Lim Mun Kee and Mr. Leong Choong Wah. Mr. Michael Lai Kai Jin 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 and structure for the 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 the 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, the Group provides 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 and structure for the remuneration of the Directors and senior management; (2) making

recommendation to the Board regarding the Directors' remuneration to be approved by Shareholders at the 2021 AGM; (3) reviewing the performance incentive of Dr Chen and recommending the Board to approve the payment of his performance incentive entitlement for the year 2020; (4) proposing the adoption of the Share Award Scheme, the initial grant of a total of 18,360,000 and a total of up to 9,000,000 award shares respectively to the Connected Participants and the Non-Connected Participants (both as defined in the circular of the Company dated 5 February 2021) pursuant to the Share Award Scheme; and (5) reviewing and endorsing the Remuneration Committee Report included in the 2020 annual report of the Company and recommending to the Board for approval.

During 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 During Term of Office
Executive Director	
Tan Sri Dr Chen Lip Keong	2/2
Independent Non-executive Directors	
Mr. Michael Lai Kai Jin (Chairman)	2/2
Mr. Lim Mun Kee	2/2
Mr. Leong Choong Wah	2/2

Remuneration Committee Report

Remuneration of Directors

The Directors received the following remuneration for the Year:

	Annual Performance Incentive 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	5,207	–	–	521	5,728
Philip Lee Wai Tuck	–	–	–	221	221
Chen Yiy Fon	–	–	–	166	166
Non-executive Director					
Timothy Patrick McNally	–	–	240	54	294
Independent Non-executive Directors					
Lim Mun Kee	–	–	48	–	48
Michael Lai Kai Jin	–	–	36	–	36
Leong Choong Wah	–	–	36	–	36
Total	5,207	–	360	962	6,529

In view of temporary suspension of business operations to prevent the spread of COVID-19, Dr Chen and Mr. Philip Lee Wai Tuck agreed to receive a reduced salary as follows:

Dr Chen

- 70% of his basic salary for the month of March 2021, 60% for April 2021, 50% from May to August 2021, approximately 63% for September 2021 and 75% for October 2021

Mr. Philip Lee Wai Tuck

- approximately 71% of his basic salary for the month of March 2021, 60% for April 2021, 50% from May to August 2021, 63% for September 2021 and 75% for October 2021

Remuneration of Senior Management

Pursuant to code provision E.1.5 of the CG Code, the emoluments of the members of the senior management (other than the Directors) for the Year by band are as follows:

	No. of Individuals
US\$Nil – US\$258,000	–
US\$258,001 – US\$323,000	–
US\$323,001 – US\$387,000	1
US\$387,001 – US\$452,000	1
US\$452,001 – US\$516,000	–
US\$516,001 – US\$581,000	1
US\$581,001 – US\$645,000	–
US\$645,001 – US\$710,000	–
US\$710,001 – US\$774,000	–
US\$774,001 – US\$839,000	–

Share Option Scheme

On 20 April 2016, the Company has adopted a share option scheme (the “Share Option Scheme”) which has a life of ten years until 19 April 2026. The purpose of the Share Option 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 Share Option 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 Share Option Scheme since its adoption and during the Year.

Share Award Scheme

In order to continue to attract skilled and experienced personnel, to incentivise them to remain with the Group and/or to recognise their contribution to the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to obtain equity interests in the Company, the Company has on 28 January 2021 adopted the Share Award Scheme which is valid for a term of 10 years from the adoption date.

Since its adoption and during the Year, no award shares were granted by the Company under the Share Award Scheme.

Hong Kong, 7 February 2022

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 one executive Director, namely Tan Sri Dr Chen Lip Keong, and three INEDs, namely Mr. Michael Lai Kai Jin, Mr. Lim Mun Kee and Mr. Leong Choong Wah. Mr. Michael Lai Kai Jin acts as the chairman of the Nomination Committee.

The principal responsibilities of the Nomination Committee include, amongst others, 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 the INEDs, 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.

Nomination Policy

In respect of the appointment and re-appointment of Directors, a nomination policy concerning the selection criteria and procedures was adopted in December 2018.

Selection criteria

Set out below is a summary of the factors that would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate:

- reputation for integrity
- qualifications, skills and experience that are relevant to the Group's businesses having regard to the corporate strategy
- commitment in respect of available time and relevant interest
- diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service

In the case of nominating the candidate for appointment/re-appointment as an INED, in addition to the selection criteria to which the Nomination Committee would give due regard, the independence of the candidate would be assessed with reference to the independence criteria set out in the Listing Rules. If an INED serves more than nine consecutive years, particular attention would be given to reviewing the independence of such INED for determining his eligibility for nomination by the Board to stand for re-election at a general meeting.

Nomination Procedure and Process

The Nomination Policy includes the following procedure and process in respect of the nomination of Directors:

1. Nomination Committee shall invite nomination of candidates from Board members, if any, for its consideration. The Nomination Committee may also put forward candidates who are not proposed by Board members. External recruitment agencies may be engaged to assist in identifying and selecting suitable candidates, if considered necessary.
2. For appointment by the Board, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for re-election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation to Shareholders.
3. Shareholders may also propose candidates for election as a Director in accordance with the procedures posted on the Company's website.

Board Diversity Policy

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. A summary of the Board Diversity Policy is set out in the Corporate Governance Report on pages 102 to 103 of this

annual report. 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 and implementing the Nomination Policy concerning the selection criteria and procedures for the appointment and re-appointment of Directors. It is also responsible for 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.

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.

Nomination Committee Report

In accordance with the Articles of Association, Mr. Philip Lee Wai Tuck, Mr. Lim Mun Kee and Mr. Leong Choong Wah shall retire from office at the forthcoming annual general meeting. All the 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 term of office 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 2021 AGM; (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 term of office of three INEDs and recommending to the Board for approval; and (6) reviewing and endorsing the Nomination Committee Report included in the 2020 annual report of the Company and recommending to the Board for approval.

During 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 During Term of Office
Executive Director	
Tan Sri Dr Chen Lip Keong	2/2
Independent Non-executive Directors	
Mr. Michael Lai Kai Jin (Chairman)	2/2
Mr. Lim Mun Kee	2/2
Mr. Leong Choong Wah	2/2

Subsequent to the end of the Year, 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 100 of this annual report. The Nomination 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.

Hong Kong, 7 February 2022

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

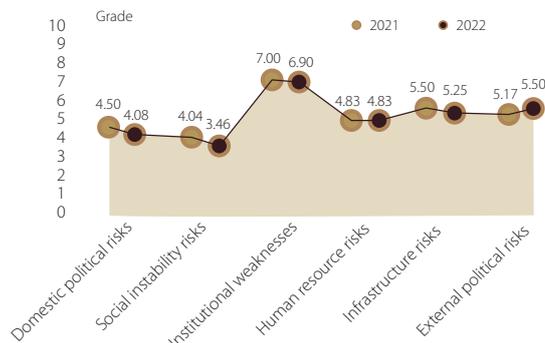
TO THE BOARD OF NAGACORP LTD.

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 2021 and the end of December 2021 we summarised our findings below:

Perceptions of Cambodia’s Business Environment Risks

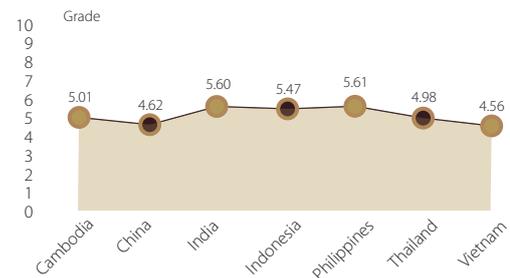


Grades range from zero to 10, with zero being the best grade possible and 10 the worst.

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

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.

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 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 COVID-19 pandemic has severely disrupted the Cambodian economy, but the crisis has pushed down the overall level of socio-political risks. Four of the six major categories of socio-political risks are lower this year compared with 2020 and even more so compared with 2019. The population has rallied behind the government's policies to contain the virus. Those policies, especially the vaccination program, have been effective, raising confidence in the quality of the current government's policies, while reducing what limited appeal opposition parties still have among the local electorate.

Domestic political uncertainties have been further reduced by the high level of confidence in the outcomes of both the communal elections scheduled for 2022 and the national elections scheduled for 2023. There is little doubt that the ruling Cambodian People's Party (CPP), under Prime Minister Hun Sen, will retain power. Moreover, uncertainties regarding the succession have been reduced by Hun Sen's announcement, supported by the CPP, that his son, Hun Manet, will be his preferred successor when the time comes. This bodes well for political predictability not only for the next four or five years, but even longer. There are still transition risks, but these have been reduced by Hun Sen's clarification of what he wants to see happen upon his retirement and the time he now has to ensure that it does.

The likelihood of continuing political stability is not just a reflection of the strength of the current political leadership but also of the public's support for it and the lack of a credible political opposition. There is a widespread appreciation for how well the

government has done in limiting the spread of COVID in the country, as well as the limited number of deaths arising from it, and there is much greater public confidence in the present government than in the opposition that it can protect the population from health risks, alleviate temporary economic hardships, and get the economy back on a high-growth path to which younger Cambodians have grown accustomed.

Dealing with the health care crisis has helped to strengthen important national institutions like the Ministry of Economy and Finance (MEF) and departments under it like the tax authorities. The ability of the MEF, in turn, to tighten its supervision of spending by other government departments has improved overall fiscal discipline in the government and limited certain kinds of corruption. Moreover, while unnecessary spending has been reduced, the government has maintained strong spending on the country's physical infrastructure. The new roads, airport facilities, power, water, and other infrastructure being built should underpin the economy's recovery and help GDP growth get back above 4% in 2022 even if tourism continues to lag.

The country's education system has suffered a setback and progress in raising the level of young human talent has been delayed, but the contractions suffered by many industries, especially in services like hotels, have created a pool of experienced labor on which companies that survive the pandemic will be able to draw to gear up for the economic recovery as it materializes. That is already happening in the manufacturing sector. It will take longer for tourism to recover, and the number of foreign visitors to Cambodia might not return to

pre-pandemic levels for another four years or so. However, the absolute number of tourists are less important to the dynamism of the economy than is the direction of change. After two years of declining foreign visitor numbers, there is likely to be a modest recovery in 2022 and a stronger one in 2023, and since the supply side of hotel rooms and other facilities has consolidated as much as it has, even a limited upturn in tourism inflows should have a big positive impact on establishments that have weathered the storm.

However, the pace of that recovery depends on factors that are beyond Cambodia's ability to control directly. That is why the one category of risk that has increased over the past year relates to external variables. The two biggest uncertainties here are, first, the speed that other countries, especially Mainland China and neighboring ASEAN countries, manage the threat of COVID enough to feel comfortable allowing their residents to travel abroad without having to go into quarantine upon returning home. Second, how US-China relations develop in the coming year and if their rivalry results in the US government trying to pressure other countries in how they conduct their relations with China. There is a risk that the US might adopt import penalties or take other punitive action against China as well as other countries in which China has a heavy factory presence and close diplomatic ties. That includes Cambodia. This risk arising from adverse changes in US policies is not a direct threat to Cambodia's tourism industry, but it would threaten Cambodia's manufacturing sector, which depends heavily on the US as a market.

Positive Developments

- The effective way the government has handled the COVID pandemic and rallied the population around its policies, especially its vaccination program, could change the entire narrative on Cambodia in a positive way. Cambodia now has a chance to be seen in a much more positive light by foreign investors and tourists for the stability and safety it offers.
- The Hun Sen government is taking steps to lay the ground for a smooth transition in which his eldest son will succeed him as prime minister. Such a succession would undoubtedly have its critics (mainly outside the country), and transition risks remain. However, they are less now than they were one year ago, and the public seems willing to accept this kind of transition.
- Cambodia's economic and diplomatic relations with Mainland China have continued to improve. If the Kingdom can keep COVID contained and coordinate its COVID tracing and monitoring policies with China, as it is trying to do, it should be one of the first countries in Southeast Asia that China starts relaxing restrictions so Mainlanders can visit more easily on business and for purposes of tourism.
- Foreign orders are strong, and many factories are running at capacity. COVID and other problems in neighboring Vietnam, Bangladesh and Myanmar have diverted more business to Cambodian factories, and this should help drive the economy in 2022.

Summary

The Challenges

- Cambodia's extremely heavy reliance on China as a supplier (of goods, aid, tourists, and direct investment) and on the US as a market for its exports of goods entail downside risks that will have to be managed. Compounding the risks of having the economy so narrowly based is the delicate state of US-China relations that could evolve in ways that affect Cambodia adversely.
- The pandemic has highlighted the need for the government to do more to reach the informal economy or to bring the informal economy more into the formal economy. Relief efforts initially focused on the problems of companies and individuals working in the formal economy, but it soon became clear that the informal economy was especially vulnerable and that it was not really an option to ignore the problems of unregistered workers and companies.
- Sharply rising freight rates and a shortage of containers will raise costs and result in delivery delays that could affect the timing of payments and push up prices. Locally, it could contribute to higher inflation in 2022, while affecting exporters' profits and cash flow.
- There is a need to speed up industrial diversification. The economy is still too dependent on garments and footwear. Developing new industries like electronics and spare parts manufacturing should reduce cyclical swings and broaden direct investment sources and export markets.
- The bursting of the Sihanoukville bubble just before the COVID pandemic hit highlights the need for better urban planning and forward thinking, stricter enforcement of building codes and other licensing requirements, and a more balanced development of supporting infrastructure.
- Managing the level of debt distress facing the banking and microfinance system is likely to be a growing challenge in 2022. The value of non-performing loans is likely to increase, as loan restructuring extends into 2022. This could weaken capital positions of the financial institutions, and reduce their ability to finance the recovery of the economy.

Robert Broadfoot

Managing Director PERC

Hong Kong, 10 January 2022

About The Reviewer

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 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.

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

JB Advisory Services Ltd
10B, Lockhart Centre,
301-307, Lockhart Road,
Wanchai,
Hong Kong.

January 10, 2022
Full Year 2021

Attention: Board of NagaCorp Ltd. ("NagaCorp")

As in our review covering 2020, JB Advisory Services Ltd. ("JBAS") noted the impact of the Covid 19 pandemic on the business of NagaCorp Ltd. ("NagaCorp") throughout 2021. The gaming operations of NagaCorp were again suspended on March 2, 2021 and re-commenced on 15 September, 2021. This was a voluntary suspension in support of the efforts to combat infection in Cambodia as announced by NagaCorp in an announcement to the Hong Kong Stock Exchange on March 1, 2021. The gradual return to a normal business environment has been further impacted by the Omicron Variant in the latter part of the year but the impact has been less than that with previous variants. Much of the region is still subject to stringent travel restrictions and quarantine regulations.

Given the ongoing restrictions, the independent review of the internal controls of NagaCorp with a focus on anti-money laundering ("AML") for 2021, has been conducted remotely, both for the first half review and the full year review. In summary, JBAS assesses that neither the pandemic nor the enforced closure of the gaming operations negatively impacted the AML controls applied by NagaCorp.

To maintain the thoroughness of the review process information was provided

by NagaCorp electronically and interviews and reviews of hard copies of relevant documentation were conducted via video links. In addition, regular contact was maintained with NagaCorp staff both in Hong Kong and Phnom Penh throughout the 2021 alongside external consultation on the progress of AML controls in Cambodia.

Alongside our review of internal controls, JBAS consulted with sources in the international banking and finance industries as well as recognized compliance experts to assess the situation in Cambodia as a whole and to understand whether there had been any significant developments or areas of concern over the last year. Our sources indicated that the Covid 19 pandemic had significantly slowed down both business and any extension or increase of compliance activity by the Financial Intelligence Unit ("FIU") within the National Bank of Cambodia. In our review of the first half of 2021, sources stated that prior to the pandemic Cambodia was recognized as continuing to strengthen its AML regime as referenced in the 2019 2nd Follow-Up Report by the Asia/Pacific Group on Money Laundering ("APG") of its Mutual Evaluation Report.

In conducting the full year review, JBAS examined the United States Advisory of November 10, 2021 which was critical of the levels of corruption in the country. It remains the case that Cambodia is a developing country with ongoing problems, but our reviewers note that in section II (a) of this Advisory it references "Cambodia's weak Anti-Money Laundering and Counter-Financing of Terrorism ("AML/CFT") regime" without acknowledging the ongoing progress that has been made by the country in this area.

In July 2021, the Asia/Pacific Group on Money Laundering (“APG”) issued its 3rd Follow-Up Report on the 2017 Mutual Evaluation of Cambodia Report. The summary statement from the APG report stated the following “Cambodia has made good progress in addressing the technical compliance deficiencies identified in its Mutual Evaluation Report (MER) in September 2017”.

The Summary of overall rating progress made by Cambodia since its Mutual Evaluation Report (MER) dated September 2017, and its technical compliance with FATF 40 Recommendations is as follows:

Compliant and Largely Compliant Ratings out of 40 Recommendations were Given by the APG as Below

2017 Initial: 20 Recommendations

2019 2nd Follow-Up: 23 Recommendations

2021 3rd Follow-Up: 27 Recommendations

Details

Cambodia requested re-ratings of the following Recommendations: R. 1, 12, 33, 37, 38 and 40 (which were rated PC) and R.7 (which was rated NC).

The APG welcomes the steps that Cambodia has taken to improve its technical compliance with R. 1, 7, 12, 33, 37, 38 and 40. As a result of this progress, Cambodia has been re-rated on Recommendations: 1, 7, 12, 33, 37 and 38. However, insufficient progress has been made to justify a re-rating of 40.

JBAS also notes that the US Advisory criticism of casinos in the country is not relevant to NagaCorp’s unique position as the licensed monopoly operator in Phnom Penh and the

surrounding region. It was previously noted that the Cambodian government had acted to halt the growth in unregulated gaming in the country, particularly the expansion in Sihanoukville and online gaming operations. With regard to the country environment, JBAS reiterates that the strong actions by the Cambodian government, including the banning of online gaming from January 2020 and the passing of gaming legislation later in the year have significantly improved the situation and the international perception of the country’s controls. The firm steps taken by the administration have, in the opinion of JBAS, significantly improved the perception of and the actual compliance situation in Cambodia.

JBAS notes that, in November 2020, the new gaming law (“Law On The Management Of Commercial Gambling”) was passed. The law will add strength to the compliance regime in Cambodia and is welcomed by analysts as providing legal and financial certainty around compliance and taxation.

JBAS reviewed the law for relevance to the AML controls applied by NagaCorp and to understand any related compliance issues that it might raise. Where Money laundering is specifically mentioned in Articles of the Law, JBAS assessed the compliance of NagaCorp and are satisfied that NagaCorp is compliant.

In addition, it is noted that The National Assembly of Cambodia on June 27, 2020, adopted two draft laws on anti-money laundering (AML) and counter-terrorist financing (CFT) and on combating the financing of weapons of mass destruction (WMD) proliferation. This legislation further upgrades the country’s compliance with FATF regulations and standards.

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

An area that was addressed by the AML law was threshold reporting levels for gaming operators. On November 10, 2020, the Cambodia FIU instructed that this level be Twelve Million Riels. On December 1, 2020, NagaCorp therefore restored the three thousand US Dollar threshold, equivalent to the Riel limit, having previously raised this to USD five thousand.

In August 2020, to further enhance NagaCorp's compliance in areas of Know Your Customer, Customer Due Diligence, Enhanced Due Diligence, Politically Exposed Persons and Transaction Monitoring, a long-term agreement was signed with LexisNexis as the preferred vendor. JBAS assesses that this further strengthens the robust due diligence applied by NagaCorp at NagaWorld.

JBAS verifies that NagaCorp continues to operate in accordance with all laws and regulations. The company purely targets customers visiting the company's two Phnom Penh properties and AML controls are stringently applied considerably beyond the industry norm in any other jurisdiction.

The review team found NagaWorld to be in compliance with all relevant FATF recommendations and noted that the upgrading of Cambodia by the 3rd Follow-Up Report in 2021 of the APG Mutual Evaluation of Cambodia to be a positive development.

JBAS considers Mr. Mahendran Supramaniam to be an ideal point of contact due to his in depth and long-term experience in NagaCorp and due to his understanding of internal procedures in his role as Head of Internal Audit. With the addition of Mr. Jason Ooi,

the Director of Compliance at NagaCorp, the resilience of NagaCorp's AML controls has been further enhanced. JBAS also conducted interviews with management as well as maintaining regular communication with Timothy McNally, the non-executive Chairman of NagaCorp and Chairman of the AML Oversight Committee.

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 the updated 2012 FATF Recommendations.

During the review process JBAS regularly reviews records on the ongoing AML training of relevant NagaCorp staff. This is one area that has been significantly impacted by the pandemic and only three members of staff underwent training in the first half of 2021. However, this was against a backdrop of all existing staff having undertaken training previously and the company preparing to conduct a refresher course to ensure staff remain aware and informed on all aspects of AML. This resulted in a total of 2,602 staff undergoing training in the full year to December 2021. The refresher training has been based on the Company's Training Manual. This ongoing process, despite the interruption due to Covid 19, is recognized by JBAS as providing substantial understanding of AML issues at all levels of NagaCorp.

NagaCorp, as of December 2021, has a total of eight CAMS (Certified Anti-Money Laundering Specialists) trained personnel including senior staff in Compliance, Finance, Internal Audit and Casino Operations.

The Chief Financial Officer, Sean Tan has been serving as the Compliance Officer since July 2018. In addition, Jason Ooi further strengthens the AML oversight within NagaCorp. Mr. Jason Ooi has significant relevant experience having most recently been employed in similar roles at two of the major gaming operators in Macau and now has significant experience in NagaCorp's operations in Cambodia.

JBAS 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 Mr. Jason Ooi and Mr. Mahendran Supramaniam focused on the comprehensive nature of record keeping and on the interaction with the FIU of the National Bank of Cambodia. The role of the NagaCorp Compliance Officer has been further defined in conversations with the FIU which has itself further defined its internal roles in 2020.

It is noted that casino operations were voluntarily closed from March 2, 2021, to September 14, 2021 in support of the fight against the coronavirus pandemic. Despite this, JBAS notes that the Suspicious Incident Records (SIRs) continue to record all necessary and relevant information. Cash Transaction Reports and Suspicious Transaction Reports continue to be submitted online to the FIU. Over the same period, only three Suspicious Transaction reports were submitted and all concerned counterfeit notes of minimal totals.

The AML Oversight Committee met four times in 2021, in March, August, October and December, with all meetings taking place virtually due to the ongoing pandemic restrictions. The review team is satisfied NagaWorld maintains full control of the

gaming operations and these operations remain compliant with all relevant FATF recommendations. As previously mentioned, JBAS maintains regular contact with Timothy McNally the Chairman of the AML Oversight Committee.

JBAS also notes that there has been some reinforcing of the 2007 AML Law through the issuing of further Prakas which clarify certain identifiers and increase the sanctions for breaches of AML law or indeed, breaching of any of the confidentiality conditions and reporting requirements.

JBAS 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 external sources consulted by JBAS acknowledge that NagaWorld remains at the forefront of AML compliance efforts in Cambodia.

The review team found NagaWorld to be fully compliant with all relevant FATF recommendations and noted that the 2015 Mutual Evaluation Report on Cambodia of the APG and the 3rd Follow-Up Report in July 2021 were positive developments.

John Bruce **Managing Director**

JB Advisory Services Limited is an independent security and risk management consultancy with working knowledge of and extensive experience in AML and Risk management. It was founded by a twenty-year veteran of the industry in 2020.

Report of the Directors

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

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

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 in Hong Kong at Suite 2806, 28/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

Principal Activities and Geographical Analysis of Operations

The Company is an investment holding company. The principal activity of the Group is the management and operation of a hotel and entertainment complex, NagaWorld, at Samdech Techo, Hun Sen Park, Phnom Penh, Kingdom of 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 14 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 9 to 23 of this annual report.

Description of possible risks and uncertainties that the Group may be facing can be found in the Corporate Governance Report and the Independent Review of Investment Risks in Cambodia on pages 99 to 114 and 121 to 125, respectively of this annual report. Also, the financial risk management objectives and policies of the Group can be found in note 29 to the consolidated financial statements. The Board has not identified any important events affecting the Group that have occurred after the end of the Year. The Group has set up proper procedures to ensure adherence to the relevant laws and regulations which have a significant impact on the Group in conduct of its business, including but not limited to all relevant FATF recommendations. The Group also complies with the Listing Rules, the applicable companies laws and the SFO. 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 for the Year using financial key performance indicators is provided in the Financial Highlights on page 4 of this annual report. In addition, the Group understands the importance of sound environmental management practices and sustainable business operations. The Group has in place a sustainability policy and is committed to minimize adverse impact that its operations may have on the environment. The Group has implemented a number of environment-friendly measures and continuously endeavours to promote environmental and social responsibility to employee and contribute to the community. For details, please refer to the Sustainability Report on pages 28 to 98 of this annual report.

With regards 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, providing 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 98 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 98 of this annual report.

Major Customers and Suppliers

The aggregate amount of operating revenues attributable to the Group's five largest customers (excluding customers brought in by 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.

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

	Percentage of the Group's total	
	Revenue	Cost of sales
The largest junket operator	25%	54%
Five largest junket operators in aggregate	34%	68%

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.

Results and Appropriations

The financial performance of the Group for the Year is set out in the consolidated statement of income on page 149 of this annual report.

The Directors do not recommend the payment of a final dividend for the Year.

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 228 of this annual report.

Transfer to Reserves

The loss attributable to equity shareholders of the Company, before dividends, of US\$147,022,000 (2020: profit of US\$102,303,000) have been transferred to the reserves. Other movements in reserves are set out in the consolidated statement of changes in equity on page 153 of this annual report.

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\$21,000,000 (2020: US\$3,222,000), all of which were donated in Cambodia.

Share Capital

There was no movement in the share capital of the Company during the Year.

Reserves

Movements in the reserves of the Company and of the Group are set out in note 26 to the consolidated financial statements and the consolidated statement of changes in equity on page 153 of this annual report respectively.

Distributable Reserves

As at 31 December 2021, 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\$512,124,000 (2020: US\$555,174,000).

Remuneration

In compliance with the CG Code, 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 10 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 are:

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
(Executive Deputy Chairman)

Chen Yiy Fon ^M

Independent Non-executive Directors:

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

Lim Mun Kee ^{A/R/N}

Leong Choong Wah ^{A/R/N}

A: Member of Audit Committee

R: Member of Remuneration Committee

N: Member of Nomination Committee

M: Member of AML Oversight Committee

In accordance with Article 87 of the Articles of Association, Mr. Philip Lee Wai Tuck, Mr. Lim Mun Kee and Mr. Leong Choong Wah shall retire from office by rotation at the forthcoming annual general meeting. All retiring Directors, being eligible, will offer themselves for re-election.

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

The Directors who held office as at 31 December 2021 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:

Report of the Directors

(1) Interests in Shares and underlying Shares

Name of Directors	Capacity	Number of Shares and underlying Shares held	% of Total Issued Shares <small>(Note 1)</small>
Dr Chen	Founder of a discretionary trust <small>(Note 2)</small>	951,795,297 (L)	21.93 (L)
Dr Chen	Beneficial owner	1,943,107,166 (L)	44.76 (L)
Dr Chen	Interest of controlled corporation <small>(Note 3)</small>	1,242,090,575 (L)	28.61 (L)

Notes:

- (1) Based on the Company's issued share capital of 4,341,008,041 Shares as at 31 December 2021.
- (2) Dr Chen is the founder of a discretionary family trust named ChenLa Foundation. ChenLa Foundation indirectly holds, through LIPKCO ENTERPRISES LIMITED and LIPKCO Group Limited, a total of 951,795,297 Shares. As a founder of ChenLa Foundation, Dr Chen is deemed to be interested in the Shares held by ChenLa Foundation. Details of the interests in the Company held by ChenLa Foundation and LIPKCO Group Limited are set out in the section headed "Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares" below.
- (3) Such interest includes (i) 99,712,000 Shares held by ChenLipKeong Capital Limited; and (ii) 1,142,378,575 Settlement Shares or such Adjusted Settlement Shares (both as defined in the circular of the Company dated 22 July 2019) to be issued to ChenLipKeong Fund Limited upon the completion of the Guaranteed Maximum Sum Design and Build Agreement ("DBA") and the Subscription Agreement. By virtue of the 100% interest held by Dr Chen in ChenLipKeong Capital Limited and ChenLipKeong Fund Limited, Dr Chen is deemed to be interested in the Shares which are held by ChenLipKeong Capital Limited and which will be held by ChenLipKeong Fund Limited. Details of the interests in the Company held by ChenLipKeong Fund Limited is set out in the section headed "Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares" below.
- (4) The letter "L" denotes the entity's long position in the Shares.

(2) Interests in Debentures

Name of Director	Capacity	Amount of Debentures Held
Dr Chen	Interest of controlled corporation ^(Note)	US\$45,000,000

Note:

ChenLipKeong Capital Limited which is wholly-owned by Dr Chen held an aggregate principal amount of US\$45,000,000 7.95% senior notes due 2024 issued by the Company. The notes cannot be converted into Shares.

Save as disclosed above, as at 31 December 2021, 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 and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code.

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

So far as the Directors or the chief executive of the Company are aware of, as at 31 December 2021, 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:

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)
LIPKCO Group Limited	Beneficial owner	789,534,854 (L)	18.19 (L)
ChenLipKeong Fund Limited	Beneficial owner ^(Note 3)	1,142,378,575 (L)	26.32 (L)

Report of the Directors

Notes:

- (1) Based on the Company's issued share capital of 4,341,008,041 Shares as at 31 December 2021.
- (2) Such interests are held by LIPKCO Group Limited and LIPKCO ENTERPRISES LIMITED which in turn are controlled by ChenLa Foundation of which Dr Chen is the founder.
- (3) Upon the completion of the DBA and the Subscription Agreement, these 1,142,378,575 Settlement Shares or such Adjusted Settlement Shares (both as defined in the circular of the Company dated 22 July 2019) for the funding of the Naga 3 project will be issued to ChenLipKeong Fund Limited. ChenLipKeong Fund Limited is wholly owned by Dr Chen.
- (4) 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 2021, 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.

Share Option Scheme and Share Award Scheme

(A) Share Option Scheme

The Company has adopted a share option scheme (the "Share Option 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 Share Option Scheme.

(1) Purpose

The purpose of the Share Option 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 Share Option 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 Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in the accordance with the Share Option 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 Share Option 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 Share Option 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 Share Option 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 Share Option 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 Share Option 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.

Report of the Directors

(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;

- (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 Share Option Scheme, the Share Option 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 Share Option 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 Share Option Scheme.

Since its adoption and up to 31 December 2021, no share option has been granted by the Company under the Share Option Scheme. Accordingly, there were no outstanding share options as at the date of this annual report. Apart from the Share Option Scheme, the Company has no other share option scheme currently in force as at the date of this annual report.

(B) Share Award Scheme

The Company has adopted the Share Award Scheme on 28 January 2021 with the purposes and objectives to attract skilled and experienced personnel, to incentivise them to remain with the Group and/or to recognise their contribution to the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to obtain equity interests in the Company.

Pursuant to the Share Award Scheme, new Shares may be granted to the participants credited as fully paid for non-cash consideration by way of incentive remuneration in respect of such participants' past service, current and prospective roles with, and/or contributions to, the Group.

Participants of the Share Award Scheme will comprise the Directors (including executive Directors, non-executive Directors and independent non-executive Directors), the directors of the subsidiaries of the Company and the employees of the Group who the Board considers, in its absolute discretion, have contributed or will contribute to the Group.

The Share Award Scheme is valid for a term of 10 years from the adoption date, unless terminated earlier.

No Share have been granted under the Share Award Scheme since its adoption and up to the date of this annual report.

During the term of the Share Award Scheme, up to 5% of the total number of Shares in issue on its adoption date (i.e. up to a total of 217,050,402 Shares) may be granted under the Share Award Scheme (the "Scheme Mandate Limit"). The Scheme Mandate Limit may be renewed by the Board, provided that the total number of Shares in respect of which the awards may be granted following such renewal will not exceed 5% of the total number of Shares in issue as at the renewal date.

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 or indirectly, with the businesses of the Group during the Year.

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.

Report of the Directors

Directors' Interests in Transactions, Arrangements or Contracts

Save as disclosed under the section headed "Equity-linked Agreements" 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

Save as disclosed under the section headed "Equity-linked Agreements" 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.

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 from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain by the execution of their duty or otherwise in relation thereto. Such permitted indemnity provision has been in force throughout the Year and remained in force as of the date of this report. 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 15 to the consolidated financial statements.

Purchase, Sale or Redemption of Listed Securities

The 2021 Senior Notes issued by the Company matured on 21 May 2021. The Company fully repaid the 2021 Senior Notes at their outstanding principal amount together with the interest accrued to the maturity date in the aggregate amount of US\$314,062,500. Following such repayment, the 2021 Senior Notes had been cancelled and delisted from the Singapore Exchange Securities Trading Limited accordingly.

Save as disclosed above, the Company did not redeem any of its listed securities nor did the Company or any of its subsidiaries purchase or sell any of such securities.

Equity-linked Agreements

On 14 April 2019, the Company as the issuer entered into the Subscription Agreement with ChenLipKeong Fund Limited, a special purpose vehicle wholly owned by Tan Sri Dr Chen Lip Keong, an executive director, the chief executive officer and the controlling shareholder of the Company, as the subscriber (the "Subscriber"), pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for 1,142,378,575 Settlement Shares or such Adjusted Settlement Shares (both as defined in the circular of the Company dated 22 July 2019) at the price of HK\$12.00 per Share (subject to adjustments under the terms of the Subscription Agreement) for the Subscription Sum (as defined in the circular of the Company dated 22 July 2019), which shall be paid by the Subscriber for the funding of Naga 3 pursuant to the terms of the Subscription Agreement (the "Subscription").

The Subscription is conditional upon the fulfilment or waiver of (a) the representation and warranties of the Company as per the terms of the Subscription Agreement being true, accurate and correct in all respects and not misleading in any respect at, and as if made on, the Issue Date (as defined in the circular of the Company dated 22 July 2019); (b) the Company having performed all of its obligations under the Subscription Agreement; (c) the Shares remaining listed and traded on the Stock Exchange at all times prior to and on the Issue Date; (d) on or prior to the Subscription Payment (as defined in the circular of the Company dated 22 July 2019), the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Settlement Shares or the Adjusted Settlement Shares (whichever is relevant); (e) the Company having obtained resolutions of its independent shareholders at the extraordinary general meeting approving (i) the Subscription Agreement and the transaction(s) contemplated thereunder; and (ii) the specific mandate for the allotment and issue of the Settlement Shares or the Adjusted Settlement Shares (whichever is relevant); (f) the representation and warranties of the Subscriber in the transaction documents being true, accurate and correct in all respects and not misleading in any respect at, and as if made on, the Issue Date; (g) the Subscriber having performed all of its obligations under the transaction documents to be performed on or before the Issue Date; and (h) the receipts or evidence of receipts by the Company of payments of the Subscription Sum paid by the Subscriber.

The Subscription Agreement and all the transaction(s) contemplated thereunder were approved by the independent shareholders of the Company at the extraordinary general meeting held on 8 August 2019.

Pursuant to the Subscription Agreement, progress billings with aggregate amount of US\$222,810,000 were settled by the Subscriber and the corresponding amount was credited to other reserve. Details of the Subscription Agreement are set out in the Company's circular dated 22 July 2019.

Save as disclosed above and other than the Share Option Scheme and Share Award Scheme adopted by the Company as mentioned in the section headed "Share Option Scheme and Share Award Scheme" above, no equity-linked agreements were entered into during the Year or subsisted at the end of the Year.

Issue of Senior Notes

On 15 June 2021, the Company issued the Additional 2024 Senior Notes priced at a yield of 6.625%, to strengthen the Group's working capital and for other general corporate purposes of the Company and its Restricted Subsidiaries (as defined in the 2024 Notes Debenture below). The Additional 2024 Senior Notes bear interest at a rate of 7.95% per annum, payable semi-annually in arrears on 6 January and 6 July of each year, commencing on 6 January 2021. Other than the issue date and the offer price, the Additional 2024 Senior Notes were issued on the same terms and conditions and were consolidated and formed the same series as the original US\$350 million senior notes issued on 6 July 2020 (the "2024 Senior Notes").

The net proceeds of the Additional 2024 Senior Notes, after deduction of fees, commissions and expenses incurred in connection with the offering, amounted to approximately US\$202,612,000.

Report of the Directors

The Additional 2024 Senior Notes are listed on the Singapore Exchange Securities Trading Limited and cannot be converted into shares of the Company. Further details about the Additional 2024 Senior Notes were set out in the announcements of the Company dated 7 June 2021 and 15 June 2021.

Disclosure under Rule 13.21 of the Listing Rules

On 6 July 2020, a written agreement (the “2024 Notes Indenture”) was entered into among the Company as issuer of the 2024 Senior Notes, NagaCorp (HK) Limited, NAGAWORLD LIMITED, NagaCity Walk Limited, Naga 2 Land Limited and Naga 3 Company Limited, companies wholly and beneficially owned by the Company and collectively as guarantors, and GLAS Trust Company LLC as trustee of the 2024 Senior Notes, pursuant to which the 2024 Senior Notes were issued. The 2024 Notes Indenture provides that upon the occurrence of a Change of Control (as defined in the 2024 Notes Indenture), the Company will make an offer to repurchase all outstanding 2024 Senior Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest and Additional Amounts (as defined in the 2024 Notes Indenture), if any, at the date of repurchase. Please refer to the announcements of the Company dated 22 June 2020, 24 June 2020 and 6 July 2020 for details about the 2024 Senior Notes.

On 30 September 2020, a supplemental indenture to the 2024 Notes Debenture was entered into among the Company, the guarantors under the 2024 Senior Notes, Ariston Sdn.Bhd. (“Ariston”) and GLAS Trust Company LLC as the trustee of the 2024 Senior Notes, pursuant to which Ariston was added as a subsidiary guarantor under the 2024 Senior Notes.

On 15 June 2021, the Company issued the Additional 2024 Senior Notes. The Additional 2024 Senior Notes were issued on the same terms and conditions (other than the issue date and the offer price) and were consolidated and formed the same series as the 2024 Senior Notes. Since the principal terms of the Additional 2024 Senior Notes are the same as the terms of the original 2024 Senior Notes, the change of control provisions under the 2024 Notes Indenture remains unchanged and apply to the Additional 2024 Senior Notes.

Management Contracts

No contracts, other than employment 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.

Events after Reporting Period

No major subsequent events have occurred 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 30 to the consolidated financial statements. 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. 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, 7 February 2022

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 149 to 227, which comprise the consolidated statement of financial position as at 31 December 2021, 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 2021 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.

Impairment on other receivables

Refer to notes 21, 29(c) and 33(ii) to the consolidated financial statements, and the accounting policy 4(f)(ii) on pages 164 and 165.

As at 31 December 2021, the Group had deposits and other receivables of approximately \$21,187,000 and no provision of impairment has been recognised against these balances.

Assessing impairment of these balances is a subjective area as it requires application of judgement and uses of estimates. Key estimates on expected credit loss ("ECL") of these balances include assessment on the probability of default and loss given default of debtors which consider factors such as days past due of the receivables, the debtors' credit rating, past repayment history and future prospect of the industries in which the debtors operate, as appropriate. Judgement is also applied in assessment the timing of repayment from these debtors.

We have identified impairment assessment of these balances as a key audit matter due to the judgement being required and the level of estimation uncertainty involved in conducting the impairment assessment as mentioned in the foregoing paragraph.

Our responses:

- Evaluating management's impairment assessment on default risk of these balances by challenging management's view of probability of default of the amounts outstanding.
- Challenging management's view of loss given default of these balances by:
 - assessing to repayment history of major debtors over the past years;
 - evaluating other evidences including day past due information and credit rating of the underlying debtors; and
 - evaluating management's assessment on future prospect of the industries of the debtors which may impact the expected receipts from the debtors.
- Assessing the disclosures of the quantitative and qualitative considerations in relation to credit risks on these balances by comparing these disclosures to our understanding of the matter.

Independent Auditor's Report

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.

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.

Independent Auditor's Report

- 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

Pak Tak Lun

Practising Certificate Number P06170

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

Hong Kong, 7 February 2022

Consolidated Statement of Income

for the year ended 31 December 2021
(Expressed in United States dollars)

	Note	2021 \$'000	2020 \$'000
Revenue	6	225,857	878,681
Gaming tax	11	(12,234)	–
Cost of sales		(70,097)	(451,676)
Gross profit		143,526	427,005
Other income	7	5,633	4,694
Administrative expenses		(64,258)	(61,063)
Other operating expenses		(188,507)	(205,275)
(Loss)/profit from operations		(103,606)	165,361
Finance costs	8	(37,142)	(33,226)
(Loss)/profit before taxation	9	(140,748)	132,135
Income tax	11	(6,274)	(29,832)
(Loss)/profit attributable to owners of the Company		(147,022)	102,303
(Loss)/earnings per share (US cents)			
Basic	13	(3.39)	2.36
Diluted	13	(3.39)	2.36

The notes on pages 156 to 227 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2021
(Expressed in United States dollars)

	2021 \$'000	2020 \$'000
(Loss)/profit for the year	(147,022)	102,303
Other comprehensive income for the year		
Item that maybe reclassified subsequently to profit or loss		
– exchange differences from translation of foreign operations	(1,054)	(894)
Total comprehensive income attribute to the owners of the Company for the year	(148,076)	101,409

The notes on pages 156 to 227 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

as at 31 December 2021
(Expressed in United States dollars)

	Note	2021 \$'000	2020 \$'000
Non-current assets			
Property, plant and equipment	15	1,931,729	1,673,717
Right-of-use assets	16	88,837	90,194
Intangible assets	17	65,197	67,914
Prepayments for acquisition, construction and fitting-out of property, plant and equipment	18	138,156	134,511
Promissory notes	19	9,583	9,196
		2,233,502	1,975,532
Current assets			
Consumables	20	1,793	1,984
Trade and other receivables	21	66,774	119,810
Restricted bank balance and fixed deposits	22	22,350	14,263
Cash and cash equivalents	22	102,724	437,741
		193,641	573,798
Current liabilities			
Trade and other payables	23	124,417	148,431
Senior notes	25	–	298,547
Contract liabilities	24	8,626	8,581
Lease liabilities	16	13,499	7,809
Current tax liability		4,831	3,413
		151,373	466,781
Net current assets		42,268	107,017
Total assets less current liabilities		2,275,770	2,082,549
Non-current liabilities			
Other payables	23	5,348	4,907
Senior notes	25	542,952	337,102
Contract liabilities	24	20,500	28,000
Lease liabilities	16	57,447	56,074
		626,247	426,083
NET ASSETS		1,649,523	1,656,466

Consolidated Statement of Financial Position

as at 31 December 2021
(Expressed in United States dollars)

	Note	2021 \$'000	2020 \$'000
CAPITAL AND RESERVES	26		
Share capital		54,263	54,263
Reserves		1,595,260	1,602,203
TOTAL EQUITY		1,649,523	1,656,466

Approved and authorised for issue by the Board on 7 February 2022.

Timothy Patrick McNally
Chairman

Philip Lee Wai Tuck
Executive Deputy Chairman

The notes on pages 156 to 227 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2021
(Expressed in United States dollars)

	Share capital \$'000	Share premium \$'000	Capital redemption reserve \$'000	Merger reserve \$'000	Capital contribution reserve \$'000	Exchange reserve \$'000	Retained profits \$'000	Total \$'000
Balance at 1 January 2020	54,263	751,356	151	(12,812)	55,568	(1,041)	940,886	1,788,371
Profit for the year	-	-	-	-	-	-	102,303	102,303
Other comprehensive income - exchange differences from translation of foreign operations	-	-	-	-	-	(894)	-	(894)
Total comprehensive income for the year	-	-	-	-	-	(894)	102,303	101,409
Dividend declared and paid	-	-	-	-	-	-	(233,314)	(233,314)
	-	-	-	-	-	(894)	(131,011)	(131,905)
Balance at 31 December 2020	54,263	751,356	151	(12,812)	55,568	(1,935)	809,875	1,656,466

Note	Share capital \$'000	Share premium \$'000	Capital redemption reserve \$'000	Merger reserve \$'000	Capital contribution reserve \$'000	Other reserve \$'000	Exchange reserve \$'000	Retained profits \$'000	Total \$'000
Balance at 1 January 2021	54,263	751,356	151	(12,812)	55,568	-	(1,935)	809,875	1,656,466
Loss for the year	-	-	-	-	-	-	-	(147,022)	(147,022)
Other comprehensive income - exchange differences from translation of foreign operations	-	-	-	-	-	-	(1,054)	-	(1,054)
Total comprehensive income for the year	-	-	-	-	-	-	(1,054)	(147,022)	(148,076)
Recognition of equity- settled share-based payments	30(c)	-	-	-	-	222,810	-	-	222,810
Dividend declared and paid	12	-	-	-	-	-	-	(81,677)	(81,677)
	-	-	-	-	-	222,810	(1,054)	(228,699)	(6,943)
Balance at 31 December 2021	54,263	751,356	151	(12,812)	55,568	222,810	(2,989)	581,176	1,649,253

The notes on pages 156 to 227 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2021
(Expressed in United States dollars)

	2021 \$'000	2020 \$'000
Operating activities		
(Loss)/profit before taxation	(140,748)	132,135
Adjustments for:		
– Depreciation and amortisation	116,455	97,151
– Amortisation of casino licence premium	2,717	2,717
– Interest income	(518)	(928)
– Finance costs	37,142	33,226
– Unrealised exchange (gain)/loss	(1,021)	303
– Impairment loss on trade receivables	2,000	2,314
– Loss/(gain) on disposal of property, plant and equipment	2,155	(3)
– Write-off of property, plant and equipment	–	2
Operating profit before changes in working capital	18,182	266,917
Decrease in consumables	191	783
Decrease in trade and other receivables	51,036	4,648
Decrease in trade and other payables	(21,144)	(21,067)
Decrease in contract liabilities	(7,455)	(8,778)
Cash generated from operations	40,810	242,503
Tax paid	(4,856)	(29,387)
Net cash generated from operating activities	35,954	213,116
Investing activities		
Interest received	96	496
(Increase)/decrease in restricted bank balance and fixed deposits	(8,087)	39,090
Payment for the purchase of property, plant and equipment and for the construction cost of properties	(150,249)	(161,828)
Proceeds from disposal of property, plant and equipment	13,000	3,543
Net cash used in investing activities	(145,240)	(118,699)

	2021 \$'000	2020 \$'000
Financing activities		
Interest paid	(42,815)	(28,125)
Payment for lease liabilities	(3,851)	(3,930)
Repayment of senior notes	(300,000)	–
Dividends paid	(81,677)	(233,314)
Net proceeds from issue of senior notes	202,612	335,316
Net cash (used in)/generated from financing activities	(225,731)	69,947
Net (decrease)/increase in cash and cash equivalents	(335,017)	164,364
Cash and cash equivalents at beginning of year	437,741	273,377
Cash and cash equivalents at end of year	102,724	437,741
Analysis of cash and cash equivalents		
Cash and bank balances	102,724	437,741

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		Principal activities
				the Company	a subsidiary	
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	-	RM250,000	-	100%	Inactive
ARISTON (CAMBODIA) LIMITED	Cambodia	-	Cambodian Riel ("KHR") 120,000,000	-	100%	Inactive
Naga Primorsky Entertainment Limited	Cyprus	Russia	Euro1,000	-	100%	Investment holding
Naga Primorsky Beach Resorts Limited	Cyprus	Russia	Euro1,000	-	100%	Investment holding
Naga Entertainment No.3 Limited	Cyprus	Russia	Euro1,000	-	100%	Investment holding
Naga Sports Limited	Hong Kong	-	HK\$2	-	100%	Inactive
Naga Travel Limited	Hong Kong	Hong Kong	HK\$2	-	100%	Investment holding

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	Effective equity held by a subsidiary	Principal activities
Naga Retail Limited	Hong Kong	Cambodia	HK\$2	-	100%	Operation of retail business
Naga Entertainment Limited	Hong Kong	-	HK\$2	-	100%	Inactive
Naga Management Limited	Hong Kong	-	HK\$2	-	100%	Investment holding
Naga Media Limited	Hong Kong	-	HK\$2	-	100%	Inactive
Naga Services Limited	Hong Kong	Hong Kong	HK\$2	-	100%	Investment holding
Naga Services Company Limited	Vietnam	-	\$50,000	-	100%	In liquidation
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%	Transportation support activities
GOLDEN PASSAGE DESTINATIONS CO., LTD.	Cambodia	Cambodia	KHR200,000,000	-	100%	Travel agency services
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%	Inactive

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	Effective equity held by a subsidiary	Principal activities
Naga 2 Land Limited	British Virgin Islands	Cambodia	\$285,000,000	100%	-	Asset holding
NagaCity Walk Limited	British Virgin Islands	Cambodia	\$95,000,000	100%	-	Investment holding
NAGACITY WALK LAND COMPANY LIMITED	Cambodia	Cambodia	\$1,000,000	-	100%	Management of NagaCity Walk Project
TALENT TREE MANPOWER SOLUTIONS CO, LTD.	Cambodia	Cambodia	KHR4,000,000	-	100%	Employment placement agencies
BASSAKA HOLDING COMPANY LIMITED	Cambodia	Cambodia	KHR4,000,000	100%	-	Investment holding and management consulting
NAGAi Limited	Cayman Islands	-	\$1	100%	-	Inactive
NAGAHOTEL Limited	Cayman Islands	-	\$1	100%	-	Inactive
NagaGroup Global Limited	Cayman Islands	-	\$1	100%	-	Inactive
NagaGroup Global Limited	British Virgin Islands	-	\$1	100%	-	Inactive
NAGAi Inc	British Virgin Islands	-	\$1	100%	-	Inactive
NAGAHOTEL Limited	British Virgin Islands	-	\$1	100%	-	Inactive
NAGA Limited	British Virgin Islands	-	\$1	100%	-	Inactive
NAGA 3 COMPANY LIMITED	Cambodia	Cambodia	KHR4,000,000	49%	-	Property development and property investment
NAGAWORLD FOOTBALL CLUB COMPANY LIMITED	Cambodia	Cambodia	KHR4,000,000	-	100%	Operating football club
NagaCap Limited	Cayman Islands	-	\$1	100%	-	Inactive
NagaFarm Limited	Cayman Islands	-	\$1	100%	-	Inactive

The class of shares held is ordinary.

2 Adoption of new or revised International Financial Reporting Standards

Impact of new amendments which are effective during the Year

In the current year, the Group has applied, for the first time, the following new or revised International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"), that are effective for the current accounting period of the Group.

Amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to IFRS 16	COVID-19-Related Rent Concessions

Except for amendments to IFRS 16, none of the new or revised standards and interpretations have a material effect on the reported results or financial position of the Group for both current and prior reporting period. The Group has not early applied any new standards or interpretations that is not yet effective for the current accounting period. The impact of the adoption of amendments to IFRS 16 is summarised below:

Amendments to IFRS 16

IFRS 16 was amended to provide a practical expedient to lessees in accounting for rent concessions arising as a result of the COVID-19 pandemic, by including an additional practical expedient in IFRS 16 that permits entities to elect not to account for rent concessions as modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 pandemic and only if all of the following criteria are satisfied:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) the reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with this practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of lease modification. Lessees shall apply other requirements of IFRS 16 in accounting for the rent concession.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

2 Adoption of new or revised International Financial Reporting Standards (continued)

Amendments to IFRS 16 (continued)

Accounting for rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

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.

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.

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 33.

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) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (i) power over the investee, (ii) exposure, or rights, to variable returns from the investee, and (iii) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) 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 land, where the fair value of the building could be measured separately from the fair value of the leasehold land at the inception of the lease (see note 4(p));
- freehold land; and
- other items of property, plant and equipment.

Capital work-in-progress comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the capital work-in-progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

4 Principal accounting policies (continued)

(c) Property, plant and equipment (continued)

(i) Owned assets (continued)

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.

(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 freehold land and capital work-in-progress. Depreciation is provided for capital work-in-progress when it is completed and ready for its intended use.

(d) 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)).

(e) 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)

(f) Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not measured at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

4 Principal accounting policies (continued)

(f) Financial instruments (continued)

(i) Financial assets (continued)

Debt instruments (continued)

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on trade receivables, financial assets measured at amortised cost and debt investments measured at FVOCI. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

4 Principal accounting policies (continued)

(f) Financial instruments (continued)

(ii) Impairment loss on financial assets (continued)

The Group has elected to measure loss allowances for trade receivables using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non-credit-impaired financial assets interest income is calculated based on the gross carrying amount.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

4 Principal accounting policies (continued)

(f) Financial instruments (continued)

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at FVTPL, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at FVTPL if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise, except for the gains and losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of income. The net fair value gain or loss recognised in the statement of income does not include any interest charged on these financial liabilities.

4 Principal accounting policies (continued)

(f) Financial instruments (continued)

(iii) Financial liabilities (continued)

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables and senior notes issued by the Group are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised 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.

(iv) Effective interest method

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

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) 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 IFRS 9.

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

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

4 Principal accounting policies (continued)

(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;
- Right-of-use assets; and
- intangible assets.

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).

4 Principal accounting policies (continued)

(h) Impairment of other assets (continued)

- 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.

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.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

4 Principal accounting policies (continued)

(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.

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.

4 Principal accounting policies (continued)

(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.

(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.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

4 Principal accounting policies (continued)

(o) Related parties (continued)

- (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 Company's parent.

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.

4 Principal accounting policies (continued)

(p) Leasing

(i) Accounting as a lessee

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of 12 months or less. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and estimated useful lives of the assets as follows:

Leasehold land	Over the lease terms
Buildings	50 years
Equipment	5 – 10 years

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

4 Principal accounting policies (continued)

(p) Leasing (continued)

(i) Accounting as a lessee (continued)

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

4 Principal accounting policies (continued)

(p) Leasing (continued)

(ii) Accounting as a lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased assets to the lessee. All other leases are classified as operating leases.

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.

Any changes in the scope of the consideration for a lease that was not part of the original terms and conditions of the lease are accounted for as lease modifications. The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, recognising the remaining lease payments as income on either a straight-line basis or another systematic basis over the remaining lease term.

(q) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

- (i) Casino revenue from gaming tables and electronic gaming machines represents net house takings arising from casino operations and is recognised in profit or loss at a point in time when stakes are received by the casino and the amounts are paid out to the players. The credit policy on gaming receivables is five to thirty days from the end of VIP tour. Other customers paid in advance before they wager.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

4 Principal accounting policies (continued)

(q) Revenue recognition (continued)

- (ii) Revenue from provision 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 accordance with the substance of the relevant agreements:
 - The Group recognises its share of net wins from gaming machine operation at a point in time under joint operation with the third parties; or
 - Revenue for services provided to the third parties, based on sharing of net wins from the gaming machine operations, is recognised over time when the Group acts an agent to the third parties.
- (iii) Income from hotel operations including room rental, food and beverage sales and other ancillary services are recognised when the services are rendered. Most of the customers pay for room rental in advance or upon departure from the hotel by cash or credit card. Other services are paid when services are rendered. Certain entity customers are granted with credit period of thirty days from end of month.
- (iv) The Group operates a loyalty programme where customers accumulate points for money spent on gaming or hotel facilities which entitle them to acquire goods or services free of charge or at a discount. Revenue from the award points is recognised when the points are redeemed or when they expire.
- (v) Licence fee is recognised at a point in time when the right to use exists at which the licensing right is assigned. All other licence fee income is recognised over the contract period. Payment is made when the relevant contract is signed.

(r) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

4 Principal accounting policies (continued)

(s) Other income

- (i) Rental income under operating leases is recognised on a straight-line basis over the terms of the relevant leases.
- (ii) Interest income is recognised as it accrues using the effective interest method.

(t) 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.

(u) Capitalisation and borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

4 Principal accounting policies (continued)

(v) Equity-settled share-based payments

For equity-settled share-based payment transactions, the Group measures the goods or services received, and the corresponding increase in equity, at the fair value of the goods or services received. If the fair value of the goods or services received cannot be measured reliably, the Group measures their value, and the corresponding increase in equity, by reference to the fair value of the equity instruments granted.

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 of the Group (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.

5 Casino licence (continued)

(b) Exclusivity (continued)

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.

On 19 November 2019, the Company entered into the agreement with the Cambodian Government to extend the exclusivity of the Casino licence for an additional 10 years effective from 1 January 2036 to 31 December 2045 for a consideration of \$10 million and annual fee of \$3 million to be paid on annual basis for a period of 10 years beginning from January 2036 to January 2045.

(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.

6 Revenue

Revenue represents net house takings arising from casino operations and income from other operations and is recognised from contracts with customers.

	2021 \$'000	2020 \$'000
Casino operations – gaming tables	179,513	787,268
Casino operations – electronic gaming	43,986	82,360
Hotel room income, food and beverage and others	2,358	9,053
	225,857	878,681

Gaming tax of \$12,234,000 (2020: Nil) has been charged during the year. Details are set out in Note 11.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

7 Other income

	2021 \$'000	2020 \$'000
Interest income	518	928
Rental income	3,347	3,706
Others	1,768	60
	5,633	4,694

8 Finance costs

	2021 \$'000	2020 \$'000
Interest expenses and amortisation of transaction costs relating to senior notes (Note 25)	52,066	47,171
Interest on lease liabilities	6,584	6,165
Other interest expenses	441	405
	59,091	53,741
Less: Interest expenses capitalised into capital work-in-progress	(21,949)	(20,515)
	37,142	33,226

9 (Loss)/profit before taxation

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

	2021 \$'000	2020 \$'000
(a) Staff costs (including directors' remuneration):		
Salaries, wages and other benefits	69,400	105,228
Contributions to defined contribution retirement scheme [#]	67	47
Total staff costs*	69,467	105,275
(b) Other items:		
Auditor's remuneration		
– Current year	797	784
– Under provision for prior year	48	114
Amortisation of casino licence premium*	2,717	2,717
Depreciation and amortisation*		
– Own assets	110,766	91,509
– Right-of-use assets	5,689	5,642
Exchange (gain)/loss*	(132)	132
Impairment loss on trade receivables	2,000	2,314
Write-off of property, plant and equipment	–	2
Loss/(gain) on disposal of property, plant and equipment	2,155	(3)
Short term lease expenses	2,879	2,838

* 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)

10 Directors' remuneration and senior management remuneration

(a) Directors' remuneration

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

	Annual performance incentive \$'000	Discretionary bonus \$'000	Fees \$'000	Basic salaries, allowances and benefits- in-kind \$'000	2021 Total \$'000
Executive directors					
Tan Sri Dr Chen Lip Keong	5,207	-	-	521	5,728
Philip Lee Wai Tuck	-	-	-	221	221
Chen Yiy Fon	-	-	-	166	166
Non-executive director					
Timothy Patrick McNally	-	-	240	54	294
Independent non-executive directors					
Lim Mun Kee	-	-	48	-	48
Michael Lai Kai Jin	-	-	36	-	36
Leong Choong Wah	-	-	36	-	36
Total	5,207	-	360	962	6,529

10 Directors' remuneration and senior management remuneration (continued)

(a) Directors' remuneration (continued)

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

	Annual performance incentive \$'000	Discretionary bonus \$'000	Fees \$'000	Basic salaries, allowances and benefits- in-kind \$'000	2020 Total \$'000
Executive directors					
Tan Sri Dr Chen Lip Keong	26,182	150	-	605	26,937
Philip Lee Wai Tuck	-	120	-	230	350
Chen Yiy Fon	-	30	-	144	174
Non-executive director					
Timothy Patrick McNally	-	100	240	74	414
Independent non-executive directors					
Lim Mun Kee	-	30	48	1	79
Michael Lai Kai Jin	-	20	36	-	56
Leong Choong Wah	-	20	36	1	57
Total	26,182	470	360	1,055	28,067

During the Year, no contributions were made to defined contribution retirement scheme for any of the Directors (including past Directors) (2020: Nil).

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

10 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 incentive based on the Group's consolidated profit before taxation and before the said annual performance incentive ("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 incentive is calculated in accordance with the following formula:

Less than \$30 million PBT	:	\$Nil performance incentive
Between \$30 million to \$40 million PBT	:	performance incentive of 2% of PBT
More than \$40 million but up to and including \$50 million	:	performance incentive of \$0.8 million plus 3% of additional portion of PBT from \$40,000,001 to \$50,000,000
More than \$50 million	:	performance incentive 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 parties acknowledged and agreed that Dr Chen is entitled to a performance incentive of \$5,207,000 (the "2020 Performance Incentive Entitlement") for the financial year ended 31 December 2020.

Pursuant to the resolution passed by the Board on 8 March 2021, the Board considered the matter relating to the 2020 Performance Incentive Entitlement and resolved to appeal to the generosity and good judgement of Dr Chen to defer such entitlement. The Company and Dr Chen agreed that it was in the interests of the Company to defer the 2020 Performance Incentive Entitlement until the achievement of certain key performance ("the KPIs") in 2021. The Company and Dr Chen agreed that subject to the achievement of the KPIs, the deferral of the 2020 Performance Incentive Entitlement should be extended to 2021 or beyond at the sole election of Dr Chen, and that the Company and Dr Chen shall 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, the 2020 Performance Incentive Entitlement amounting to \$5,207,000 was recognised in profit or loss during the Year.

10 Directors' remuneration and senior management remuneration (continued)

(b) Five highest paid individuals

Of the five individuals with highest emoluments, two (2020: two) are directors whose emoluments are disclosed in note 10(a). The aggregate of the emoluments in respect of the three individuals for the Year (2020: three) are as follows:

	2021 \$'000	2020 \$'000
Salaries, wages and other benefits	1,301	1,435
Contribution to defined contribution retirement scheme	-	-
Discretionary bonus	-	60
Total	1,301	1,495

The emoluments of the three individuals (2020: three) with the highest emoluments are within the following bands:

	2021 Number of Individuals	2020 Number of Individuals
\$Nil – \$258,000 (approximately HK\$ Nil – HK\$2,000,000)	-	-
\$258,001 – \$323,000 (approximately HK\$2,000,001 – HK\$2,500,000)	-	-
\$323,001 – \$387,000 (approximately HK\$2,500,001 – HK\$3,000,000)	1	1
\$387,001 – \$452,000 (approximately HK\$3,000,001 – HK\$3,500,000)	1	-
\$452,001 – \$516,000 (approximately HK\$3,500,001 – HK\$4,000,000)	-	-
\$516,001 – \$581,000 (approximately HK\$4,000,001 – HK\$4,500,000)	1	1
\$581,001 – \$645,000 (approximately HK\$4,500,001 – HK\$5,000,000)	-	1
\$645,001 – \$710,000 (approximately HK\$5,000,001 – HK\$5,500,000)	-	-
\$710,001 – \$774,000 (approximately HK\$5,500,001 – HK\$6,000,000)	-	-
\$774,001 – \$839,000 (approximately HK\$6,000,001 – HK\$6,500,000)	-	-
Total	3	3

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

10 Directors' remuneration and senior management remuneration (continued)

(b) Five highest paid individuals (continued)

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.

During the period of temporary closure of NagaWorld casino in Cambodia to prevent the spread of COVID-19, Dr Chen agreed to receive 70% of his basic salary for the month of March 2021, 60% for the month of April 2021, 50% for the months of May to August 2021, approximately 63% for the month of September 2021 and 75% for the month of October 2021; and Mr. Philip Lee Wai Tuck agreed to receive approximately 71% of his basic salary for the month of March 2021, 60% for the month of April 2021, 50% for the months of May to August 2021, 63% for the month of September 2021 and 75% for the month of October 2021.

11 Gaming tax and income tax

Gaming tax

The gaming tax of \$12,234,000 for the Year was levied on gross gaming revenue ("GGR") in accordance with the Law on the Management of the Commercial Gambling (the "Casino Law") effective from 1 January 2021 (2020: Nil).

Details were set out in note (a)(i) below.

Income tax

	2021 \$'000	2020 \$'000
Current tax expense – Current year	6,274	29,832

Income tax for the Year represents (1) income tax on NWL Hotel and Entertainment Branch, the Group's branch registered in Cambodia and (2) income tax arising from other jurisdictions. Details income tax for the year ended 31 December 2020 were set out in note (a)(ii) below.

11 Gaming tax and income tax (continued)

Reconciliation between tax and accounting (loss)/profit at applicable tax rate:

	2021 \$'000	2020 \$'000
(Loss)/profit before taxation	(140,748)	132,135
Tax calculated using Cambodian corporation tax rate of 20% (2020: 20%)	(28,150)	26,427
Tax exempt losses/(profits) from Cambodian operations (note (a)(ii))	12,351	(26,427)
Tax effect of expenses not deductible for tax purpose	6,074	–
Tax loss not recognised	12,297	–
Under provision in prior year	3,702	–
Obligation Payments (note (a)(ii))	–	29,832
	6,274	29,832

Notes:

(a) Taxes on gaming and non-gaming activities of NWL

(i) Gaming tax

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.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

11 Gaming tax and income tax (continued)

Notes: (continued)

(a) Taxes on gaming and non-gaming activities of NWL (continued)

(i) Gaming tax (continued)

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 SSSDA 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 SSSDA that the gaming business of NWL would be regulated by a casino law which may prescribe gaming taxes. The Casino Law in respect of gaming tax has been promulgated in November 2020 and is effective since 1 January 2021.

In prior years, the MOEF levied obligation payment (the "Obligation Payment") in respect of the gaming activities of NWL. Since December 2003, the Ministry of Economy and Finance ("MOEF") had been revising the Obligation Payment every year up to 2018. Such payments were subject to an annual increase of 12.5%. For the year ended 31 December 2018, the Obligation Payments was \$520,157 per month.

The MOEF has yet to confirm the amount of the gaming Obligation Payment for years 2019 and 2020. Base on all available information, NWL Gaming Branch continued to accrue and pay the Obligation Payment with increment rate of 12.5% on top of the 2019 Obligation Payment (i.e. \$658,323 per month) during the year ended 31 December 2020.

During the Year, gaming tax is levied on GGR at 4% and 7% on GGR from VIP market and GGR from mass market respectively according to the Casino Law.

11 Gaming tax and Income tax (continued)

Notes: (continued)

(a) Taxes on gaming and non-gaming activities of NWL (continued)

(ii) Corporate and other taxes on gaming and non-gaming activities

For the year ended 31 December 2020, current tax expense represented monthly gaming obligation payment of \$658,323 and monthly non-gaming obligation payment of \$214,338 for the year, except for April to June 2020 payable to the MOEF by NWL Gaming Branch and NWL Hotel and Entertainment Branch.

During the year ended 31 December 2020, the Group also paid an additional Obligation Payment of \$21,978,000 to the MOEF.

NWL Gaming Branch enjoys certain tax incentives relating to gaming activities which were granted by the Cambodian Government as stipulated in the SDA and SSDA, 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 and value-added tax and revenue tax.

As explained in note (a)(i) above in respect of gaming activities, NWL had to pay the Obligation Payment. 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. NWL, however, is obliged to pay taxes on other non-gaming services and activities payable under the Law on Taxation (the "LoT") of Cambodia.

A legal opinion had been obtained confirming that NWL will be exempt from the aforementioned taxes subject to the Obligation Payments being made up to 31 December 2020.

Since the promulgation of the Casino Law this year, the obligation payment regime for gaming activities has been abolished. However, the Casino Law has not explicitly prescribed the above tax incentives on gaming activities which NWL was entitled in the past.

NWL has obtained a legal opinion confirming that the gaming activities will not be bound by the LoT, which is subject to further written instructions issued by the MOEF or the Commercial Gambling Committee of Cambodia.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

11 Gaming tax and Income tax (continued)

Notes: (continued)

(a) Taxes on gaming and non-gaming activities of NWL (continued)

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

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 2020, the estimated provision of non-gaming obligation payment was \$214,338 per month.

The above non-gaming Obligation Payment was 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 up to 31 December 2020.

A legal opinion has been obtained which opined that the annual non-gaming tax obligation of NWL Hotel and Entertainment Branch is based on annual assessment by MOEF, subject to the applicable LoT. Accordingly, NWL Hotel and Entertainment Branch estimated the corporate and other taxes according to the LoT in this Year.

(b) Taxes on other businesses

Profits from NWL's operations in Cambodia, other than NWL Gaming Branch (2020: NWL Gaming Branch and Hotel and Entertainment Branch), are subject to normal profits tax of 20%. Revenue from other operations of the Group in Cambodia is subject to value-added tax of 10%.

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

11 Gaming tax and Income tax (continued)

Notes: (continued)

(c) Amendment to the Law on Investment and Law on 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%.

NWL wrote 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 Law. However, the amendments to the LoI and LoT will apply to NWL Hotel and Entertainment Branch.

The Casino Law which was effective since 1 January 2021 has not explicitly prescribed the above matters. A legal opinion has been obtained confirming that the Casino Law has no implication on tax obligations (including but not limited to profits tax or withholding tax on distribution of dividends) of NWL before and after the promulgation of the Casino Law.

(d) Deferred taxation

As at 31 December 2021, the Group had deductible temporary differences not recognised in respect of capital allowances and tax losses arising in Cambodia available for offsetting future assessable profits of \$1,559,000 (2020: Nil) and \$61,483,000 (2020: Nil) respectively. The tax losses can be carried forward for a period of five years from the year in which the losses arose.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

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

	2021 \$'000	2020 \$'000
Interim dividend declared during the year:		
2020: US cents 0.29 per ordinary share	-	12,376
2021: US cents Nil per ordinary share	-	-
Final dividend proposed after the end of reporting period:		
2020: US cents 1.88 per ordinary share	-	81,677
2021: US cents Nil per ordinary share	-	-
	-	94,053

The final dividend of \$81,677,000 for the year ended 31 December 2020 was declared in May 2021 and paid in July 2021.

13 (Loss)/earnings per Share

The calculation of basic (loss)/earnings per share is based on the consolidated loss attributable to owners of the Company of \$147,022,000 (2020: profit of \$102,303,000) and the weighted average number of shares of 4,341,008,041 (2020: 4,341,008,041) in issue during the Year.

There were no dilutive potential shares in issue during the Year (2020: Nil).

14 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 at Naga 1 and Naga 2, Naga 3 and in Russia.
- Hotel and entertainment operations: this segment comprises the operations of leisure, hotel and entertainment activities.

14 Segment information (continued)

(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, unredeemed casino 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 2020			
Timing of revenue recognition			
– At point in time	817,730	4,391	822,121
– Transferred over time	51,898	4,662	56,560
Revenue from external customers	869,628	9,053	878,681
Inter-segment revenue	(963)	5,740	4,777
Reportable segment revenue	868,665	14,793	883,458
Year ended 31 December 2021			
Timing of revenue recognition			
– At point in time	204,071	1,268	205,339
– Transferred over time	19,428	1,090	20,518
Revenue from external customers	223,499	2,358	225,857
Inter-segment revenue	(278)	2,676	2,398
Reportable segment revenue	223,221	5,034	228,255
Segment profit/(loss):			
Year ended 31 December			
2020	316,663	(12,848)	303,815
2021	47,725	(15,285)	32,440

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

14 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			
2020	1,874,396	795,668	2,670,064
2021	2,075,078	729,053	2,804,131
Segment liabilities:			
As at 31 December			
2020	(166,702)	(448,895)	(615,597)
2021	(141,412)	(475,149)	(616,561)
Net assets:			
As at 31 December			
2020	1,707,694	346,773	2,054,467
2021	1,933,666	253,904	2,187,570
Other segment information			
Capital expenditure:			
Year ended 31 December			
2020	133,124	40,690	173,814
2021	380,903	3,030	383,933
Impairment loss on trade receivables:			
Year ended 31 December			
2020	–	2,314	2,314
2021	2,000	–	2,000

14 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:

	2021 \$'000	2020 \$'000
Revenue		
Reportable segment revenue	228,255	883,458
Elimination of inter-segment revenue	(2,398)	(4,777)
Consolidated revenue	225,857	878,681
Profit or loss		
Reportable segment profit	32,440	303,815
Other revenue	49	366
Depreciation and amortisation	(119,172)	(99,868)
Unallocated head office and corporate expenses	(16,923)	(38,952)
Finance costs	(37,142)	(33,226)
Consolidated (loss)/profit before taxation	(140,748)	132,135
Assets		
Reportable segment assets	2,804,131	2,670,064
Elimination of inter-segment assets	(408,100)	(378,571)
	2,396,031	2,291,493
Unallocated cash and bank balances and restricted bank balance	24,337	254,021
Unallocated corporate assets	6,775	3,816
Consolidated total assets	2,427,143	2,549,330
Liabilities		
Reportable segment liabilities	(616,561)	(615,597)
Elimination of inter-segment payables	408,100	378,571
	(208,461)	(237,026)
Senior notes	(542,952)	(635,649)
Unallocated corporate liabilities	(26,207)	(20,189)
Consolidated total liabilities	(777,620)	(892,864)

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

14 Segment information (continued)

(b) Geographical information

The Group's operations and activities are mainly located in Cambodia. As at 31 December 2021, the Group had non-current assets other than financial instruments located in Cambodia and Russia of \$1,954,221,000 (2020: \$1,713,038,000) and \$269,698,000 (2020: \$253,298,000), respectively.

(c) Information about major customers

During the current and prior year, there was no individual external customer contributing 10% or more of the Group's total revenue.

The aggregate revenue from external customers brought in through junkets contributing 10% or more of the Group's total revenue are as follows:

	2021 \$'000	2020 \$'000
Casino operations		
Junket A	55,341	419,412
Junket B	N/A*	88,208

* contributed less than 10% of the Group revenue for the Year.

15 Property, plant and equipment

	Plant and equipment \$'000	Buildings \$'000	Capital work-in- progress \$'000	Renovations, furniture and fittings \$'000	Motor vehicles \$'000	Aircraft \$'000	Freehold land \$'000	Total property, plant and equipment \$'000
Cost:								
At 1 January 2020	179,278	845,418	356,532	454,676	6,254	85,452	80,000	2,007,610
Additions	3,365	-	170,387	164	4	-	-	173,920
Disposal	-	-	-	-	(65)	(9,002)	-	(9,067)
Written off	(250)	-	-	(1)	-	-	-	(251)
Transfer	35	-	(99,696)	99,661	-	-	-	-
At 31 December 2020	182,428	845,418	427,223	554,500	6,193	76,450	80,000	2,172,212
At 1 January 2021	182,428	845,418	427,223	554,500	6,193	76,450	80,000	2,172,212
Additions	535	1,040	382,333	11	14	-	-	383,933
Disposal	-	-	-	-	(1)	(24,619)	-	(24,620)
Written off	(2)	-	-	-	-	-	-	(2)
Transfer	2,785	-	(192,363)	189,578	-	-	-	-
At 31 December 2021	185,746	846,458	617,193	744,089	6,206	51,831	80,000	2,531,523

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

15 Property, plant and equipment (continued)

	Plant and equipment \$'000	Buildings \$'000	Capital work-in- progress \$'000	Renovations, furniture and fittings \$'000	Motor vehicles \$'000	Aircraft \$'000	Freehold land \$'000	Total Property, plant and equipment \$'000
Accumulated depreciation:								
At 1 January 2020	96,100	51,828	-	241,474	5,297	18,063	-	412,762
Charge for the year	27,017	17,892	-	40,451	344	5,805	-	91,509
Disposal	-	-	-	-	(65)	(5,462)	-	(5,527)
Written off	(248)	-	-	(1)	-	-	-	(249)
At 31 December 2020	122,869	69,720	-	281,924	5,576	18,406	-	498,495
At 1 January 2021	122,869	69,720	-	281,924	5,576	18,406	-	498,495
Charge for the year	24,147	17,939	-	64,641	300	3,739	-	110,766
Disposal	-	-	-	-	(1)	(9,464)	-	(9,465)
Written off	(2)	-	-	-	-	-	-	(2)
At 31 December 2021	147,014	87,659	-	346,565	5,875	12,681	-	599,794
Net book value:								
At 31 December 2021	38,732	758,799	617,193	397,524	331	39,150	80,000	1,931,729
At 31 December 2020	59,559	775,698	427,223	272,576	617	58,044	80,000	1,673,717

16 Leases

(a) The Group as lessee

The Group has seven leasehold land with remaining leasehold period expiring on 31 July 2095, 10 January 2037, 31 July 2066, 11 May 2070, 14 December 2110, 3 November 2071 and 3 November 2071 respectively. The Group entered into lease agreements in respect of four leasehold land in Phnom Penh, Cambodia which forms the sites for the NagaWorld casino and hotel complex, aircraft ancillary facilities at the airport and development of casino and hotel resorts near Angkor Wat, Cambodia. The lease agreements are for a period of 37 years to 99 years and do not include any provisions for renewal upon expiry or contingent rentals. Provisions for periodic adjustments to reflect market rentals are fixed and included in the lease agreements. The Group also entered into lease agreements in respect of the leasehold land for the construction of NagaCity Walk, construction of 3-level and 4-Level underground car park and retail stores for a term of 50 years. Under the terms of the lease agreements, upon the expiry of the initial lease term of 50 years, the lease shall be automatically renewed at the option of the Group for another term in accordance with the laws of Cambodia. The Group expected to exercise the renewal options.

Lump sum payments were made upfront to acquire the interests in the leasehold land. For some of them, in addition to the lump sum payments, the Group was obliged to pay annual lease charge subject to increment for every 5 or 10 years. The lease payments are fixed over the lease terms.

Leases for properties, land owned by third parties, car park spaces and equipment have lease terms between 1 to 20 years. The Group has not capitalised leases of car park spaces and equipment with lease terms of 1 year or less by applying the short-term lease recognition exemption. The lease payments of most of these leases are fixed over the lease terms except few leases of equipment comprise solely variable lease payments during the lease terms.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

16 Leases (continued)

(a) The Group as lessee (continued)

(i) Right-of-use assets

The movements of the carrying amounts of the Group's right-of-use assets during the Year are set out below:

	Leasehold land \$'000	Buildings \$'000	Equipment \$'000	Total \$'000
As at 1 January 2020	49,596	24,633	11,529	85,758
Additions	1,581	1,708	6,789	10,078
Depreciation expense	(2,289)	(2,462)	(891)	(5,642)
As at 31 December 2020	48,888	23,879	17,427	90,194
As at 1 January 2021	48,888	23,879	17,427	90,194
Additions	3,182	1,150	-	4,332
Depreciation expense	(2,293)	(2,395)	(1,001)	(5,689)
As at 31 December 2021	49,777	22,634	16,426	88,837

(ii) Lease liabilities

	2021 \$'000	2020 \$'000
As at 1 January	63,883	51,601
Additions	4,332	10,078
Interest expense	6,584	6,165
Payments	(3,851)	(3,930)
Exchange difference	(2)	(31)
As at 31 December	70,946	63,883
Less: Current portion	(13,499)	(7,809)
Non-current portion	57,447	56,074

16 Leases (continued)

(a) The Group as lessee (continued)

(ii) Lease liabilities (continued)

Future lease payments are due as follows:

	2021			2020		
	Minimum lease payments \$'000	Interest \$'000	Present value \$'000	Minimum lease payments \$'000	Interest \$'000	Present value \$'000
Within 1 year	18,688	5,189	13,499	13,414	5,605	7,809
1 to 5 years	35,977	21,765	14,212	42,214	26,095	16,119
After 5 years	150,909	107,674	43,235	113,103	73,148	39,955
	205,574	134,628	70,946	168,731	104,848	63,883

(iii) Variable lease payments

The Group leased a number of electronic gaming machines which contain variable lease payment terms that are based on certain percentage of gross win generated from the electronic gaming machines. There are no minimum base rental arrangements in these leases. The amount of variable lease payments recognised in profit or loss for the Year for these leases is \$4,856,000 (2020: \$6,779,000).

(iv) Information in relation to short term leases

	2021 \$'000	2020 \$'000
Short term lease expenses	2,879	2,838
Aggregate undiscounted commitments for short term leases	577	118

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

16 Leases (continued)

(b) The Group as lessor

The Group has leased out the shops in its properties to certain tenants. 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 licences, operator or sub-tenants. Contingent rental of \$185,000 (2020: 462,000) was recognised during the Year.

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

	2021 \$'000	2020 \$'000
Within 1 year	2,724	2,724
1 to 5 years	10,576	11,341
After 5 years	-	1,958
	13,300	16,023

17 Intangible assets

	2021 \$'000	2020 \$'000
Casino licence premium and extended exclusivity premium:		
Cost:		
At 1 January and 31 December	123,002	123,002
Accumulated amortisation:		
At 1 January	55,088	52,371
Charge for year	2,717	2,717
At 31 December	57,805	55,088
Net book value	65,197	67,914

17 Intangible assets (continued)

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
- 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.

On 19 November 2019, the Company entered into the agreement with the Cambodian Government to extend the exclusivity of casino licence for an additional 10 years effective from 1 January 2036 to 31 December 2045 for a consideration of \$10 million paid during the year ended 31 December 2019 and annual fee of \$3 million to be paid on annual basis for a period of 10 years beginning from 1 January 2036 till the end of December 2045.

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

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

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

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

19 Promissory Notes

On 6 September 2013, the Company entered into an investment agreement with certain Russian governmental authorities (the "Investment Agreement") pursuant to which the Company agreed to invest at least RUB11.6 billion (approximately \$350.0 million based on then current exchange rates), in a gaming and resort development project in Vladivostok, Russia.

In December 2014, in accordance with the terms of the Investment Agreement including the requirement to obtain a bank guarantee, the Company's subsidiary remitted approximately \$8.9 million from its Hong Kong bank account to a Russian bank account of the Company's Russian subsidiary Primorsky Entertainment Resorts City LLC. This amount was deposited in the same Russian bank as fixed deposits against which promissory notes were subsequently issued. In February 2015, Primorsky Entertainment Resorts City LLC purchased these promissory notes in Rubles to provide collateral for the issuance of a bank guarantee from the same bank required under the Investment Agreement.

The promissory notes (the "Promissory Notes") in total amount of RUB469,100,000 (approximately \$9,583,000) (31 December 2020: \$9,196,000) 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.

20 Consumables

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

21 Trade and other receivables

	2021 \$'000	2020 \$'000
Trade receivables	48,132	79,363
Less: Allowance for impairment loss	(8,489)	(6,489)
	39,643	72,874
Prepayments	5,944	8,856
Deposits and other receivables	21,187	38,080
	66,774	119,810

21 Trade and other receivables (continued)

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:

	2021 \$'000	2020 \$'000
Within 1 month	36,072	26,572
1 to 3 months	779	24,572
3 to 6 months	–	13,304
6 to 12 months	1,784	7,064
More than 1 year	1,008	1,362
	39,643	72,874

22 Cash and bank balances

	2021 \$'000	2020 \$'000
Cash and bank balances	102,724	437,741
Restricted bank balance	22,000	13,913
Fixed deposits	350	350
	125,074	452,004
Less: – Fixed deposits and certificates of deposit with original maturity of more than three months when acquired	(350)	(350)
– Restricted bank balance	(22,000)	(13,913)
	(22,350)	(14,263)
Cash and cash equivalents	102,724	437,741

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Restricted bank balance represents fund transferred to an escrow account for payment of interests for the 2024 Senior Notes and 2024 Additional Senior Notes (defined in note 25) on 6 January 2022.

As at 31 December 2021, fixed deposits bear interest at 4% (2020: 4%) per annum and mature at various times up to and including April 2022 (2020: various times up to and including April 2021).

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

23 Trade and other payables

	2021 \$'000	2020 \$'000
Trade payables (note)	25,043	20,035
Unredeemed casino chips	6,777	4,968
Deposits	7,267	47,373
Construction creditors	1,991	9,421
Interest payable	21,211	16,651
Accruals and other creditors	55,242	54,890
Gaming tax payables	12,234	-
	129,765	153,338
Less: current portion	(124,417)	(148,431)
Non-current portion	5,348	4,907

Note:

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

	2021 \$'000	2020 \$'000
Due within 1 month or on demand	5,908	4,699
Due after 1 month but within 3 months	6,120	15,336
Due after 3 months but within 6 months	-	-
Due after 6 months but within 1 year	13,015	-
Due after 1 year	-	-
Total	25,043	20,035

24 Contract liabilities

	2021 \$'000	2020 \$'000
Customer loyalty programme	1,126	1,081
Licence fee	28,000	35,500
	29,126	36,581
Less: current portion	(8,626)	(8,581)
Non-current portion	20,500	28,000

Typical payment terms which impact on the amount of contract liabilities are described in notes 4(q)(iv) and 4(q)(v) respectively.

Movement in contract liabilities

	Customer loyalty programme \$'000	Licence fee \$'000
Balance at 1 January 2020	1,213	44,146
Decrease as a result of recognising revenue during the year	(2,344)	(8,646)
Increase as a result of award points earned	2,212	–
Balance as at 1 January 2021	1,081	35,500
Decrease as a result of recognising revenue during the year	(980)	(7,500)
Increase as a result of award points earned	1,025	–
Balance as at 31 December 2021	1,126	28,000

The contract liabilities of \$8,480,000 (2020: \$9,859,000) included in the balance at the beginning of the Year has been recognised as revenue during the Year from performance obligations satisfied during the Year.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

25 Senior notes

On 6 July 2020, the Company issued senior notes of an aggregate principal amount of \$350 million with maturity on 6 July 2024 (the "2024 Senior Notes"). On 15 June 2021, the Company issued an additional \$200 million 2024 Senior Notes (the "Additional 2024 Senior Notes") which were consolidated and formed the same series as the 2024 Senior Notes. The 2024 Senior Notes and the Additional 2024 Senior Notes bear interest at a rate of 7.95% per annum, payable semi-annually in arrears on 6 January and 6 July of each year, commencing on 6 January 2021. These 2024 Senior Notes and the Additional 2024 Senior Notes are listed on the Singapore Exchange Securities Trading Limited and cannot be converted into shares of the Company.

Please refer to the announcements of the Company dated 22 June 2020, 24 June 2020, 6 July 2020, 7 June 2021 and 15 June 2021 for details about the 2024 Senior Notes and the Additional 2024 Senior Notes.

The obligations under the 2024 Senior Notes and the Additional 2024 Senior Notes are secured by guarantees given by certain subsidiaries of the Company.

On 21 May 2021, the Company made full repayment of the \$300 million aggregate principal amount of 9.375% senior notes due 2021 (the "2021 Senior Notes") issued by the Company on 21 May 2018.

In connection with the issue of the 2024 Senior Notes, ChenLipKeong Capital Limited, a related company wholly-owned by Dr Chen, has subscribed the 2024 Senior Notes with principal amount of \$45,000,000. The interest expenses payable to the related company for the Year amounted to \$3,578,000 (2020: \$1,740,000).

26 Capital and reserves

(a) Share capital

(i) Authorised:

	2021 \$'000	2020 \$'000
8,000,000,000 ordinary shares of \$0.0125 each	100,000	100,000

(ii) Issued and fully paid:

	2021 Number of shares	\$'000	2020 Number of shares	\$'000
Issued and fully paid: Ordinary shares of \$0.0125 each At 1 January and 31 December	4,341,008,041	54,263	4,341,008,041	54,263

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.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

26 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 capital structure of the Group consists of net debts and equity attributable to owners of the Company, comprising share capital and reserves. 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.

The Group monitors the capital structure using a gearing ratio, which is net debt divided by total equity attributable to owners of the Company. Net debt includes the senior notes less cash and bank balances and other liquid funds.

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

	2021 \$'000	2020 \$'000
Debt	542,952	635,649
Cash and bank balances	(125,074)	(452,004)
Net debt	417,878	183,645
Equity	1,649,523	1,656,466
Net debt to equity ratio	25.3%	11.1%

26 Capital and reserves (continued)

(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 153 of the consolidated financial statements.

(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) 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.

(iii) Capital contribution reserve

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

(iv) 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 account.

(v) Other reserve

The other reserve arose from share-based payment transaction in relation to issue of the Settlement Shares to the Subscriber for funding the development of the Naga 3 Project subject to the conditions in the Subscription Agreement. Details and definition of terms in this note are set out in note 30(c).

(vi) Exchange reserve

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

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

26 Capital and reserves (continued)

(d) Distributable reserves

At 31 December 2021, the aggregate amount of reserves available for distribution to owners of the Company was \$512,124,000 (2020: \$555,174,000) within which \$751,356,000 (2020: \$751,356,000) related to the share premium of the new Shares issued upon conversion of the convertible bonds and issued under placement in past years and \$55,000,000 (2020: \$55,000,000) related to the capital contribution reserve, which the Directors have no current intention of distributing.

27 Capital commitments

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

	2021 \$'000	2020 \$'000
Hotel and casino complex – contracted but not incurred	3,354,316	3,512,820

28 Share option or share award scheme

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.

On 28 January 2021, the Board has adopted the share award scheme (the "Share Award Scheme") which is valid for a term of 10 years from the adoption date. Pursuant to the Share Award Scheme, share awards may be granted to directors of the Company and its subsidiaries and employees of the Group.

The Company did not grant any share options or share awards during the Year (2020: Nil) and there are no outstanding share options at the end of the reporting period (2020: Nil).

29 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.

29 Risk management (continued)

(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 LoI 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 (2020: five to thirty days) from the end of tour. The credit policy on non-gaming receivables is thirty days from end of month (2020: 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 57% (2020: 59%) 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(f)(ii) during the Year. 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)

29 Risk management (continued)

(c) Credit risk (continued)

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix which is based on days past due for groupings of various customer segments that have similar loss patterns.

The following tables provide information about the Group's exposure to credit risk and ECLs for trade receivables as at the end of the reporting period:

2021	Expected loss rate %	Gross carrying amount \$'000	Loss allowance \$'000
Current (not past due)	0.00	36,640	–
1 to 3 months past due	0.00	211	–
3 to 6 months past due	–	–	–
6 to 12 months past due	9.92	1,980	196
More than 1 year past due	89.16	9,301	8,293
		48,132	8,489

2020	Expected loss rate %	Gross carrying amount \$'000	Loss allowance \$'000
Current (not past due)	0.09	26,592	23
1 to 3 months past due	0.04	24,704	10
3 to 6 months past due	1.83	13,587	249
6 to 12 months past due	6.40	7,521	481
More than 1 year past due	82.28	6,959	5,726
		79,363	6,489

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

29 Risk management (continued)

(c) Credit risk (continued)

The following table reconciles the impairment loss of trade receivables arising from contracts with customers for the year:

	2021 \$'000	2020 \$'000
At 1 January	6,489	4,175
Impairment loss recognised	2,000	2,314
At 31 December	8,489	6,489

During the Year, increase in gross carrying amount of trade receivables in past due over 1 year age bracket have resulted in an increase in loss allowance of \$2,000,000. For the year ended 31 December 2020, increase in expected loss rate of trade receivable balances in the most of the age brackets have resulted in an increase in loss allowance of \$2,314,000.

The Group measures loss allowance for other receivables based on 12-month ECLs. However, when there has been significant increase in credit risk since origination, the allowance will be based on lifetime ECLs. In determining the ECLs for other receivables, the Directors have taken into account the days past due of the receivables, financial position of the counterparties, past repayment records as well as the future prospects of the industry in which the debtor operates and the values of their major assets as appropriate. As at 31 December 2021, the Group assessed ECL of an other receivable with gross carrying amount of \$12,634,000 (2020: \$29,406,000) based on lifetime ECLs. No impairment loss was recognised against the gross carrying amount of the other receivable after considering past repayments, financial position and the future prospects of the industry of the debtor. Except for the abovementioned other receivable, ECLs of other receivables are measured based on 12-month ECLs for which no impairment loss were recognised during the Year.

The Directors also consider the credit risk on restricted bank balance, fixed deposits and other bank balances are limited because the counterparties are banks with high-credit rating.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

29 Risk management (continued)

(d) Liquidity risk

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities (except for lease liabilities), based on undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group can be required to pay.

2021	Carrying amount \$'000	Total contractual undiscounted cash flow \$'000	Within 1 year or on demand \$'000	More than 1 year but less than 2 years \$'000	More than 2 years but Less than 5 years \$'000	More than 5 years \$'000
Trade and other payables	117,531	142,183	112,183	-	-	30,000
Senior notes	542,952	667,064	43,725	43,725	579,614	-
	660,483	809,247	155,908	43,725	579,614	30,000

2020	Carrying amount \$'000	Total contractual undiscounted cash flow \$'000	Within 1 year or on demand \$'000	More than 1 year but less than 2 years \$'000	More than 2 years but Less than 5 years \$'000	More than 5 years \$'000
Trade and other payables	153,338	178,431	148,431	-	-	30,000
Senior notes	635,649	775,363	341,888	27,825	405,650	-
	788,987	953,794	490,319	27,825	405,650	30,000

(e) Interest rate risk

The Group's fair value interest-rate risk mainly arises from the Promissory Notes and senior notes as disclosed in notes 19 and 25 respectively. These financial instruments bear interest at fixed rates which expose the Group to fair value interest-rate risk. The Group has no significant cash flow interest-rate risk as there are no borrowings which bear floating interest rates and the interests from cash and bank balances are insignificant. The Group has not used any financial instruments to hedge potential fluctuations in interest rates.

The interest rate and terms of the Promissory Notes and senior notes are disclosed in notes 19 and 25 to the consolidated financial statements respectively.

29 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

Categories of financial assets and financial liabilities by category

	2021 \$'000	2020 \$'000
Financial assets at amortised cost	195,487	572,154
Financial liabilities at amortised cost	660,483	788,987

Financial instruments not measured at fair value include the Promissory Notes, cash and bank balances, trade and other receivables, trade and other payables and the senior notes. The carrying values of these financial instruments approximate their fair values.

30 Related party transactions

In addition to the information disclosed in the notes 21, 23 and 25 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

	2021 \$'000	2020 \$'000
Basic salaries, housing and other allowances and benefits in kind	6,210	7,581
Bonus	5,207	27,082
	11,417	34,663

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

30 Related party transactions (continued)

(b) Balance with related companies

As at 31 December 2021, amounts due from the related companies of \$291,000 (2020: \$291,000) are included in trade and other receivables as disclosed in note 21 to the consolidated financial statements. The maximum balance during the Year was \$291,000 (2020: \$390,000).

As at 31 December 2021, amount due to a director, Dr Chen of \$851,000 (2020: \$1,536,000) is included in trade and other payables as disclosed in note 23 to the consolidated financial statements.

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

(c) Share-based payment transactions with a director

On 12 April 2019, the Group entered into a guaranteed maximum sum design and build agreement (the "Guaranteed Maximum Sum Design and Build Agreement") with a contractor in respect of the development of Naga 3, a casino and hotel and entertainment complex adjacent to the existing Naga 2 (the "Naga 3 Project") with contract sum of \$3.5 billion. For the purpose of financing the development of the Naga 3 Project, the Company and ChenLipKeong Fund Limited (the "Subscriber"), a company wholly-owned by Dr. Chen, entered into a subscription agreement (the "Subscription Agreement") on 14 April 2019, pursuant to which the Subscriber agrees to subscribe for 1,142,378,575 ordinary shares (the "Settlement Shares") of the Company at a sum equal to 50% of the development costs of the Naga 3 Project under the Guaranteed Maximum Sum Design and Build Agreement (i.e. in an aggregate principal of \$1,757,505,500) calculated at a reference price of HK\$12 per share with exchange rate fixed at 7.8, subject to anti-dilutive adjustments provided in the Subscription Agreement. The subscription amount shall be paid throughout the contract period until the completion date of the Naga 3 Project. The directors of the Company consider the above transaction an equity-settled share-based transaction since the Group acquired 50% of the development costs of the Naga 3 Project during the contract period through issuance of the Settlement Shares upon the completion of the Naga 3 Project. The fair value of the development cost acquired is determined based on 50% of aggregate progress billings issued by the Contractor to the Subscriber which reflect 50% of the value of the construction progress of the Naga 3 Project determined according to the terms of the Guaranteed Maximum Sum Design and Build Agreement during each reporting period. Details of the Subscription Agreement are set out in the Company's circular dated 22 July 2019.

As a result, the Group recorded in "other reserve" an amount of \$222,810,000 (2020: Nil) representing 50% of the aggregate amount of the progress billings issued by the Contractor and borne by the Subscriber during the Year.

31 Ultimate controlling party

At 31 December 2021, Dr Chen owned equity interests in 2,994,614,463 (2020: 2,928,472,463) ordinary shares out of the 4,341,008,041 (2020: 4,341,008,041) issued ordinary shares of the Company, of which 1,943,107,166 (2020: 1,943,107,166) ordinary shares were beneficially owned by Dr Chen, 951,795,297 (2020: 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 (2020: 951,795,297) ordinary shares held by ChenLa Foundation and the remaining 99,712,000 (2020: 33,570,000) ordinary shares held by ChenLipKeong Capital Limited, a company wholly-owned by Dr Chen.

32 Possible impact of amendments and new or revised standards issued but not yet effective for the annual accounting year ended 31 December 2021

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 2021, potentially relevant to the Group's financial statements, and have not been early adopted in these consolidated financial statements.

Amendments to IAS 1	Classification of Liabilities as Current or Non-current ⁴
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ⁴
Amendments to IAS 8	Definition of Accounting Estimates ⁴
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁴
Amendments to IAS 16	Proceeds before Intended Use ²
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to IFRS 3	Reference to the Conceptual Framework ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendment to IFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 ¹
Annual Improvements to IFRS 1, IFRS 9, IFRS 16 and IFRS 41	Annual Improvements to IFRSs 2018-2020 ²

1 Effective for annual periods beginning on or after 1 April 2021.

2 Effective for annual periods beginning on or after 1 January 2022.

3 Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

4 Effective for annual periods beginning on or after 1 January 2023.

5 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

32 Possible impact of amendments and new or revised standards issued but not yet effective for the annual accounting year ended 31 December 2021 (continued)

Amendments to IAS 1, Classification of Liabilities as Current or Non-current

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The Directors do not anticipate that the application of these amendments in the future will have a material impact on the consolidated financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2, Disclosure of Accounting Policies

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The Directors are currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

Amendments to IAS 8, Definition of Accounting Estimates

The amendments introduce a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The Directors do not anticipate that the application of these amendments in the future will have a material impact on the consolidated financial statements.

Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments require entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

32 Possible impact of amendments and new or revised standards issued but not yet effective for the annual accounting year ended 31 December 2021 (continued)

Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction (continued)

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. For entities which may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The Directors do not anticipate that the application of these amendments in the future will have a material impact on the consolidated financial statements.

Amendments to IAS 16, Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

The Directors are currently assessing the impact that the application of these amendments will have on the consolidated financial statements.

Amendments to IAS 37, Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The Directors do not anticipate that the application of these amendments in the future will have a material impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

32 Possible impact of amendments and new or revised standards issued but not yet effective for the annual accounting year ended 31 December 2021 (continued)

Amendments to IFRS 3, Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC-Int 21 Levies, the acquirer applies IFRIC-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Directors do not anticipate that the application of these amendments in the future will have a material impact on the consolidated financial statements.

Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The Directors do not anticipate that the application of these amendments in the future will have a material impact on the consolidated financial statements.

32 Possible impact of amendments and new or revised standards issued but not yet effective for the annual accounting year ended 31 December 2021 (continued)

Amendments to IFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021

The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the COVID-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.

The Directors are currently assessing the impact that the application of these amendments will have on the consolidated financial statements.

Annual Improvements to IFRSs 2018-2020

The annual improvements amends a number of standards, including:

- IFRS 1, First-time Adoption of International Financial Reporting Standards, which permit a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- IFRS 9, Financial Instruments, which clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.
- IFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- IAS 41, Agriculture, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The Directors do not anticipate that the application of these amendments in the future will have a material impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

33 Critical judgement and key sources of estimation uncertainty

Judgement

Exposure on corporate and other taxes

As mentioned in note 11 to the consolidated financial statements, the Casino Law which governs gaming activities in Cambodia is effective from year 2021. Management judgement is therefore required in determining NWL's exposure on various kind of taxes for the Year. 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.

Key sources of estimation uncertainty

(i) *Provision of ECLs for trade receivables*

The Group uses provision matrix to calculate ECLs for the trade receivables. The expected loss rates are based on actual loss experience over the past 3 years as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECLs is sensitive to changes in estimates. The information about the ECLs on the Group's trade receivables is disclosed in note 29(c).

(ii) *Provision of ECL for other receivables*

The Group assess at the end of the reporting period the ECLs of other receivables in accordance with accounting policy in notes 4(f)(ii) and 29(c) on individual basis. The Group estimates risk of default of the debtors and the ECL rates consideration factors such as days past due of the receivables, debtors' financial position, past repayment history and future prospect of the industries in which the debtors operate, as appropriate.

The provision of ECLs is sensitive to changes in estimates. The information about the ECLs on the Group's other receivables is disclosed in note 29(c).

34 Contingent Liabilities

As described in note 11, the additional Obligation Payment (if any), other than those paid during prior years, are subject to the future development in this matter.

35 Reconciliation of liabilities arising from financing activities

	Senior notes (Note 25) \$'000	Interest payable (Note 23) \$'000	Lease liabilities (Note 16) \$'000
At 1 January 2020	294,813	3,125	51,601
Changes from cash flows:			
Net proceeds from the 2024 Senior Notes	335,316	–	–
Interest paid	–	(28,125)	–
Lease payments	–	–	(3,930)
	335,316	(28,125)	(3,930)
Other changes:			
Finance costs	5,520	41,651	6,165
Additions	–	–	10,078
Exchange difference	–	–	(31)
	5,520	41,651	16,212
At 31 December 2020	635,649	16,651	63,883
At 1 January 2021	635,649	16,651	63,883
Changes from cash flows:			
Repayment of 2021 Senior Notes	(300,000)	–	–
Net proceeds from the 2024 Additional Senior Notes	202,612	–	–
Interest paid	–	(42,815)	–
Lease payments	–	–	(3,851)
	(97,388)	(42,815)	(3,851)
Other changes:			
Finance costs	4,691	47,375	6,584
Additions	–	–	4,332
Exchange difference	–	–	(2)
	4,691	47,375	10,914
At 31 December 2021	542,952	21,211	70,946

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

36 Statement of financial position of the Company

	2021 \$'000	2020 \$'000
Non-current assets		
Property, plant and equipment	15,697	13,212
Right-of-use assets	2,771	461
Investments in subsidiaries	395,391	394,391
	413,859	408,064
Current assets		
Deposits, prepayments and other receivables	1,403	776
Amounts due from subsidiaries	918,306	602,020
Restricted bank balance	22,000	13,913
Cash and cash equivalents	2,337	240,108
	944,046	856,817
Current liabilities		
Accruals and other payables	22,936	19,143
Senior notes	–	298,547
Amounts due to subsidiaries	10	8
Lease liabilities	422	493
	23,368	318,191
Net current assets	920,678	538,626
Total assets less current liabilities	1,334,537	946,690
Non-current liabilities		
Senior notes	542,952	337,102
Lease liabilities	2,237	–
	545,189	337,102
NET ASSETS	789,348	609,588
CAPITAL AND RESERVES		
Share capital	54,263	54,263
Reserves (Note)	735,085	555,325
TOTAL EQUITY	789,348	609,588

Approved and authorised for issue by the Board on 7 February 2022.

Timothy Patrick McNally
Chairman

Philip Lee Wai Tuck
Executive Deputy Chairman

36 Statement of financial position of the Company (continued)

Note:

Reserves of the Company

	Share premium \$'000	Capital redemption reserve \$'000	Capital contribution reserve \$'000	Other reserve \$'000	Accumulated losses \$'000	Total \$'000
At 1 January 2020	751,356	151	55,000	-	(187,126)	619,381
Profit for the year	-	-	-	-	169,258	169,258
Dividend declared and paid	-	-	-	-	(233,314)	(233,314)
At 31 December 2020	751,356	151	55,000	-	(251,182)	555,325
At 1 January 2021	751,356	151	55,000	-	(251,182)	555,325
Profit for the year	-	-	-	-	38,627	38,627
Recognition of equity-settled share-based payments	-	-	-	222,810	-	222,810
Dividend declared and paid	-	-	-	-	(81,677)	(81,677)
At 31 December 2021	751,356	151	55,000	222,810	(294,232)	735,085

37 EFFECT OF COVID-19

During the Year, the outbreak of COVID-19 continued to impact on the business environment in Cambodia. In response to the February 2021's community spread and detection of several COVID-19 cases at the premises of NagaWorld as reported by the Ministry of Health, the Group temporarily suspended its business starting from 2 March 2021. This impact has been mitigated by the recovery of business volume and revenue since the resumption of business operations on 15 September 2021. Following the Cambodian Government's policy welcoming fully vaccinated travellers without quarantine requirements with effective from November 2021, the Group expects to generate steady recurrent revenue after the reopening.

Five-year Financial summary

(Expressed in United States dollars)

	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000
Consolidated statement of income					
Revenue	956,349	1,474,287	1,755,466	878,681	225,857
Profit/(loss) attributable to owners of the Company	255,186	390,578	521,278	102,303	(147,022)
Basic earnings/(loss) per share (US cents)	7.94	9.00	12.01	2.36	(3.39)
Diluted earnings/(loss) per share (US cents)	5.88	9.00	12.01	2.36	(3.39)
Dividend					
Interim dividend declared	90,379	108,079	147,063	12,376	-
Final dividend proposed after the end of reporting period	62,732	126,268	220,938	81,677	-
Total dividend attributable to the year	153,111	234,347	368,001	94,053	-
Dividend per share (US cents)	3.53	5.40	8.48	2.17	-
Consolidated statement of financial position					
Property, plant and equipment and interests in leasehold land held for own use under operating lease	1,148,687	1,302,230	1,594,848	1,673,717	1,931,729
Right-of-use assets	-	-	85,758	90,194	88,837
Intangible assets	62,654	59,107	70,631	67,914	65,197
Other non-current assets	94,927	93,736	139,515	143,707	147,739
Net current assets	76,277	420,060	281,170	107,017	42,268
Employment of capital	1,382,545	1,875,133	2,171,922	2,082,549	2,275,770
Represented by:					
Share capital	54,263	54,263	54,263	54,263	54,263
Reserves	1,328,282	1,485,606	1,734,108	1,602,203	1,595,260
Shareholders' funds	1,382,545	1,539,869	1,788,371	1,656,466	1,649,523
Non-current liabilities	-	335,264	383,551	426,083	626,247
Capital employed	1,382,545	1,875,133	2,171,922	2,082,549	2,275,770
Net assets per share in open market (US cents)	31.85	35.47	41.20	38.16	38.00