



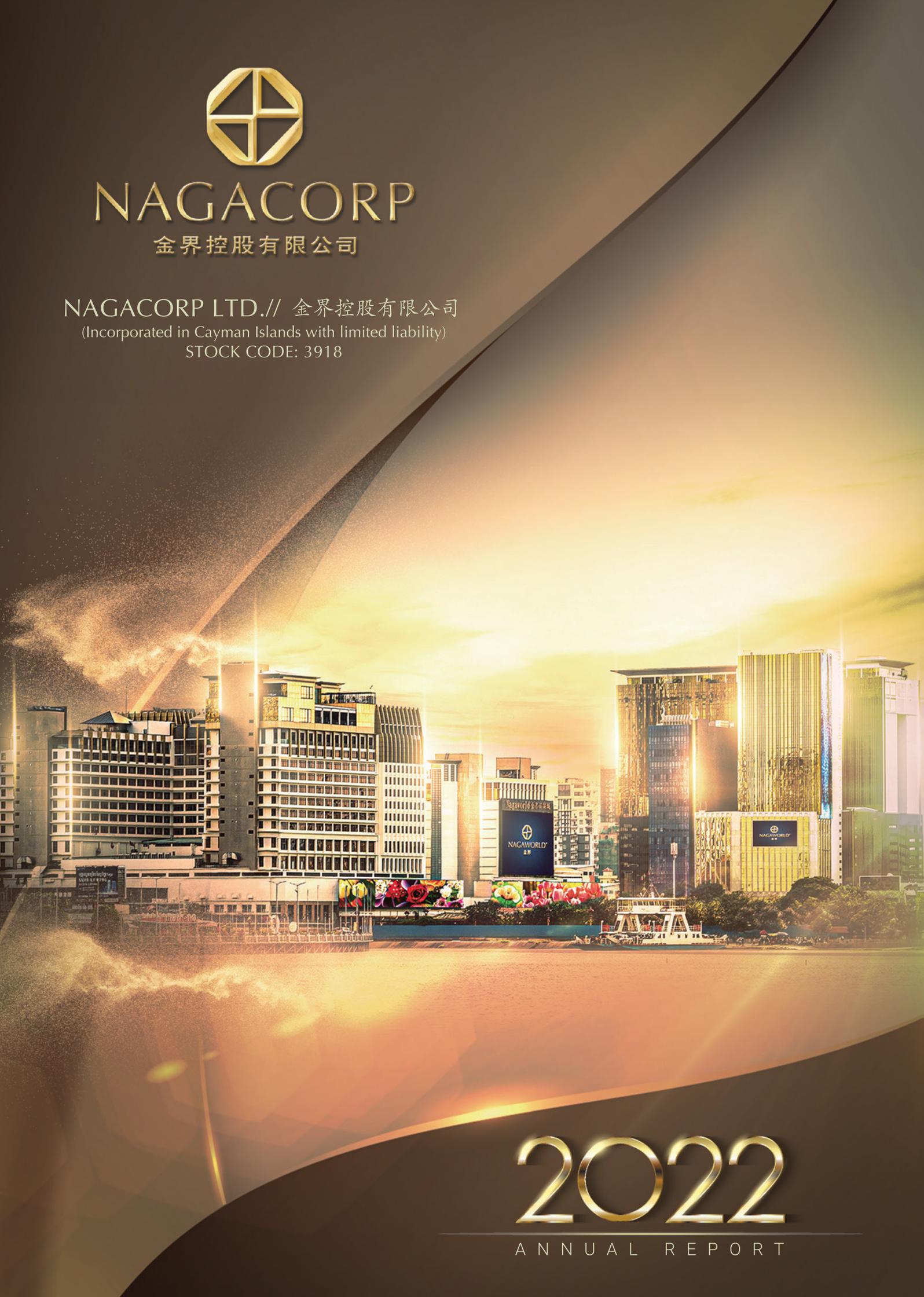
NAGACORP

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



2022

ANNUAL REPORT



NAGAWORLD
金界

Season's
Greetings

NAGAWORLD
金界

財運興旺九州

如虎

龍

金界

金界

生意

財源廣進

NAGAWORLD
金界



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PRESENTATION CEREMONY FOR 2019 ACTIVITIES

STATIONERY SUPPLY CONTRIBUTION & FIRE SAFETY AWARENESS PROGRAMMES

PHNOM PENH, 13 JANUARY 2022



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NAGAWORLD GO FOR GOLD REWARDS CEREMONY - 31ST SEA GAMES

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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 right 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

(Senior Chief Executive Officer)

Philip Lee Wai Tuck *(Executive Deputy Chairman)*

Chen Yiy Fon *(Chief Executive Officer - Operations)*

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 BANKER

CIMB Bank Plc

Investor Relations

We acknowledge the importance of maintaining communication with our shareholders of the Company (“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.

2022 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 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

Senior Chief Executive Officer

Tan Sri Dr Chen Lip Keong

Chief Executive Officer - Operations

Chen Yiy Fon

Chief Executive Officer - Finance and Treasury

Chen Cherchi

Chief Executive Officer - Hotels

Chen Yiy Hwuan

Chief Financial Officer

Cheung King Man

Head of Investor Relations

Gerard Chai, *Managing Director*

Investor Relations (North America and Europe)

Kevin Nyland, *Vice President*

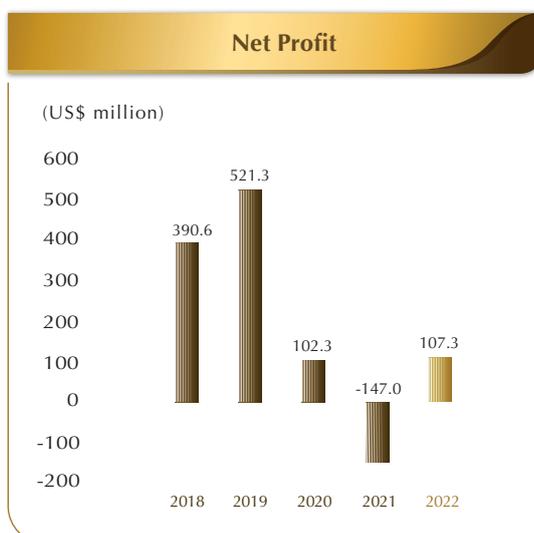
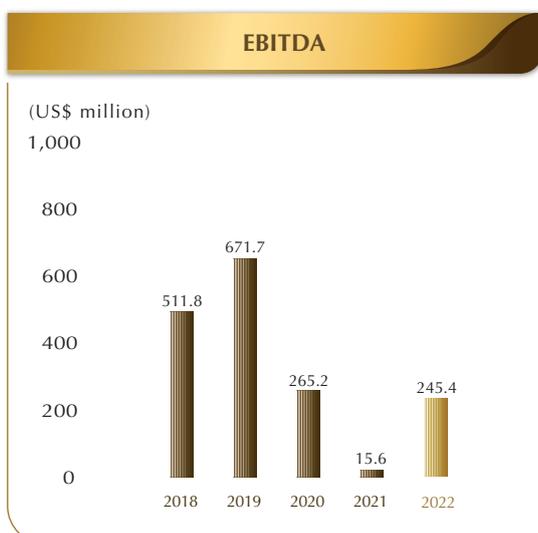
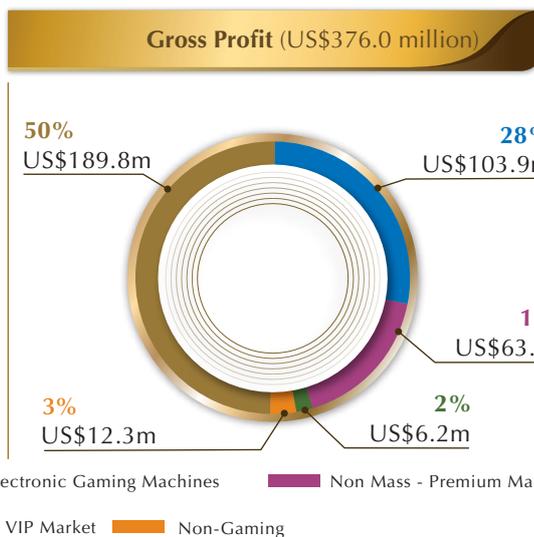
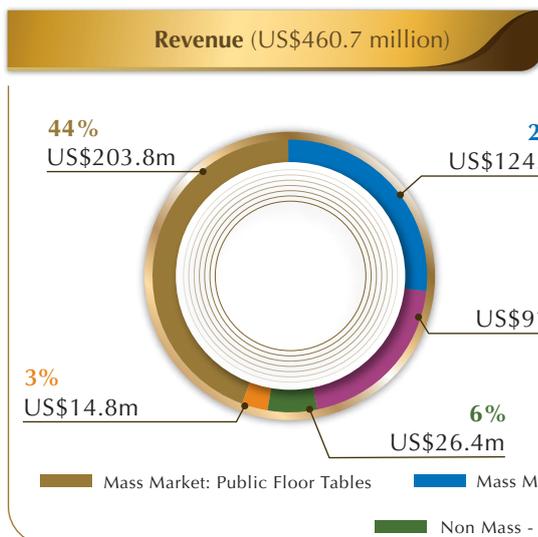
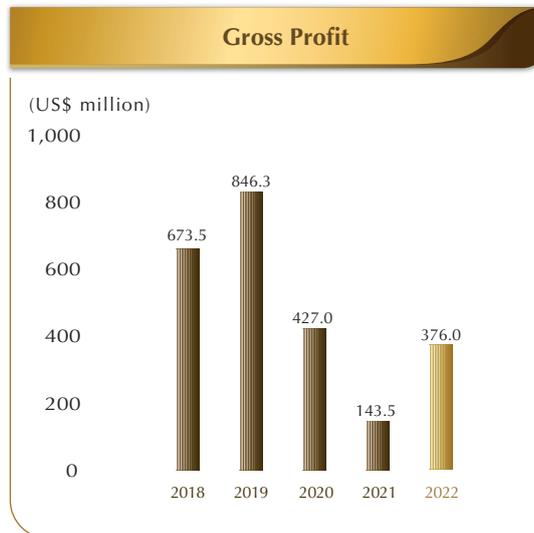
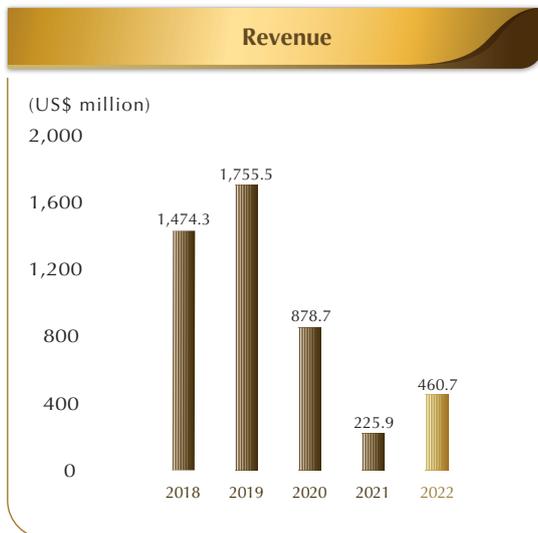
Company Website

www.nagacorp.com

Share Information

Board lot: 2,000 Shares
Issued Shares as at 31 December 2022:
4,382,136,354 Shares

Financial Highlights



Chairman's Statement



Timothy Patrick McNally
Chairman

Dear Shareholders,

We are pleased to report that NagaCorp continued to see business recovery and generated positive operational and financial results for Shareholders for the year ended 31 December 2022 (the “Year” or “FY2022”) with net profit of US\$107.3 million. We continue to build momentum in our business, giving us a sustained level of business volume recovery after the impact of more than two challenging years of COVID-19. The gradual recovery of our business and resiliency of our earnings in the face of major market disruptions placed NagaCorp as only one of the two regional gaming companies to achieve profitability during the period.

Our relatively stable business volumes and operational results are attributable to the following:

Positive Business Recovery and Resiliency

Despite the continuing effects of COVID-19, Cambodia’s strategy of full resumption of socio-economic activities within an endemic posture, has further increased Chinese arrivals for business and investment

purposes, reinforcing an overall 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 Continued to Increase

This year we saw the travel and tourism sector in the region grow at an impressive rate as COVID-19 travel restrictions were gradually lifted. Cambodia received a total of 2.28 million international arrivals in 2022, representing an increase of 1,059% compared to last year. The positive impact of international arrivals remains in sight as the economy continues its recovery amid Cambodia’s fully resumed socio-economic activities and reopened border. This steady flow of international arrivals into the country also provides increasing foot traffic into NagaWorld.

Chairman's Statement

These visitation numbers also reflect a continued significant change in the business environment of Cambodia and we anticipate continued improvement and recovery in the tourist sector in 2023.

Cambodia's Economy Poised to Accelerate in 2023

Despite a global demand slowdown, Cambodia's economy recovered well in 2022 with gross domestic product ("GDP") growing by 5.5% (Source: *Khmer Times*, 3 January 2023). Additionally, the World Bank has said that despite a less favorable global outlook, Cambodia has gained momentum on the back of the continued resilience of the garment sector, along with tourism, which is likely to continue its acceleration as traveler confidence increases post-COVID-19 (Source: *World Bank - Cambodia Economic Update*, December 2022). According to the International Monetary Fund ("IMF"), despite global pressures, Cambodia's GDP growth is projected to be nearly 6.2% in 2023, although dampened by external pressures and the impact of inflation (Source: *IMF - World Economic Outlook*, October 2022).

The Regional Comprehensive Economic Partnership ("RCEP") which came into effect 1 January 2022, along with the Cambodia-China Free Trade Agreement ("CCFTA"), have significantly contributed to accelerating Cambodia's economic growth. Both trade agreements have contributed to trade facilitation, business and investment promotion, the improvement of Cambodians' livelihood and economic development (Source: *Khmer Times*, 25 August 2022). Also, the Cambodia-Korean Free Trade Agreement ("CKFTA"), entered into force in early December 2022 is expected to notably increase trade volume between Cambodia and South Korea. Cambodia and Japan also have announced an agreement to elevate their relations with a comprehensive strategic partnership. This enhanced bilateral cooperation is expected to benefit investors and businesses in Cambodia, strengthening

long term economic partnerships and building strong political relations with Japan (Source: *Khmer Times*, 16 November 2022).

During 2022, foreign direct investment ("FDI") inflows into Cambodia remained resilient. The swift reopening of the country's borders earlier in the year not only boosted tourism but also saw an impressive increase in FDI. According to Investment Monitor's 2022 Inward FDI Performance Index, Cambodia performed impressively to place third in FDI into Asia Pacific after Singapore and New Zealand in 2021 (Source: *Investment Monitor*, 28 October 2022). As at the end of 2022, FDI remained robust with a growth rate of 7.5% or worth US\$4.7 billion as compared to 2021. This growth is attributed to investment from China, Japan, Cayman Islands, Thailand and Singapore (Source: *Khmer Times*, 7 January 2023).

Environmental, Social and Governance (ESG)

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 620 programmes to date focusing on Education Enhancement, Community Engagement, Sports Development and the promotion of sound Environmental practices.

We believe that education is fundamental to Cambodia's continued growth and NagaWorld Kind Hearts has continued conducting initiatives over the past two years that help further children's education, by providing study materials and other educational sessions to schools around Cambodia. NagaWorld Kind Hearts' notable contributions and positive impact on the education sector in Cambodia have been recognised by the Cambodia Ministry of Education, Youth and Sport by presentation of Certificates of Appreciation and medals to NagaWorld.

This year, NagaWorld's CSR initiatives were recognized and honored with eight regional and international awards, including the prestigious International Business Awards (Stevie® Awards) - which is considered to be the Oscars or Emmys of the corporate world.

At the corporate level, the Company has been recognized as Most Honored Company in the Gaming & Lodging sector category by the renowned financial publication *Institutional Investor* for outstanding leadership and investor relations, including "Best Investor Relations", "Best CEO", "Best CFO", "Best IR Professional", "Best IR Team" and "Best Overall ESG". This recognition is part of *Institutional Investor's* 2022 Asia (ex-Japan) Executive Team annual rankings which are regarded globally as the financial industry's benchmark for excellence.

Also, *The Asset* honored the Company's US\$200 million 2024 Additional Senior Notes as the Best Bond (Cambodia) at *The Asset* Triple A Sustainable Capital Markets Country Awards 2021, which marked another corporate achievement and recognition from the bond market.

Resilient, Solid Strategy for Growth

During the Year, we continued to see a steady growth trend in the Mass Market business, attributable to the reasonably sized expatriate community and visitors from ASEAN in search of entertainment. With the region's business environment starting to normalise, our Mass Market was relatively stable, in particular the high limit gaming area, with Public Floor Tables and electronic gaming machines ("EGM") volumes increasing by 147.2% and 220.7% compared to 2021 respectively. This was achieved without additional operational costs, resulting in expanded gross margins.

We believe the Company's cost-control model, combined with self-sustaining business in spite of a challenging pandemic environment give the Company a unique advantage and competitive position.

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

Non Mass - Premium Market business volumes also continued to increase, primarily due to visitation of both current expatriates in Cambodia, as well as short term business visitors and the continued influx of customers from neighbouring countries. The Non Mass - Premium Market segment achieved a 141.7% increase in rollings compared to the previous year.

We will remain focused on these segments for growth and sustained recovery.

During the Year, Non Mass - Referral VIP business volumes and revenue declined mainly due to the restrictive cross-border travel policies in the Asian region. However, Non Mass - Referral VIP business volumes on an average daily basis recorded stable growth during the Year, as the number of international direct flights to Phnom Penh continues to recover.

During the Year, non-gaming revenue increased significantly by 528.2% year-on-year ("YoY"), primarily due to the reopening of business operations on 15 September 2021 and the easing of travel policies in Cambodia and other regions and countries, which led to higher hotel occupancy rate and footfall during this period.

Chairman's Statement

The Group continues to focus on the execution of its existing development project Naga 3. 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 EGMs. 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.

Looking forward, we believe the market outlook is positive, with the full restoration of socio-economic activity and the large influx of business migration and FDI into the country, as well as the government's effort of tapping into more bilateral free trade agreements ("FTAs") and reopening of ASEAN and global travel restrictions, the outlook for international tourism continues to improve and we remain optimistic on near term business prospects. In the near term, NagaWorld is expected to continue drawing tourists to Cambodia, especially from ASEAN. 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, JB Advisory Services Limited, to review the internal controls of the Group with a focus on anti-money laundering on a semi-annual basis. The independent professional party has issued its findings in its reports, 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, 8 February 2023

Management Discussion and Analysis

MARKET OVERVIEW

According to the IMF, despite global pressures, the economic recovery in Cambodia is projected to continue. Real GDP growth was forecasted to be 5.1% for 2022, after the strong export performance earlier that year, and nearly 6.2% for 2023, supported by the continued recovery of tourism and ongoing policy support, although dampened by external pressures and the impact of inflation (*Source: IMF – World Economic Outlook, October 2022*). Similarly, the Asian Development Bank forecasted Cambodia's economy to grow 5.3% in 2022 and 6.2% in 2023 (*Source: Asian Development Outlook Update, September 2022*). The increase in manufactured product exports and gradual recovery in the construction and service sectors supported economic growth in 2022. Despite the World Bank slash in global growth forecast to 2.9%, Cambodia's economy was projected to grow at 4.8% in 2022 and 5.2% in 2023, upwardly revised from a forecast of 4.5% in April 2022, underpinned by merchandise exports and domestic economy activity. Over the medium term, the economy was expected to grow at around 6.0% annually as the new investment law and newly ratified FTAs help boost investment and trade (*Source: World Bank – Cambodia Economic Update, December 2022; CNBC World Economy, 7 June 2022*).

During the Year, the Group recorded Net Profit of US\$107.3 million and Earnings Before Interest, Tax, Depreciation and Amortization ("EBITDA") of US\$245.4 million. The relatively stable financial results are attributed to the following:

Continuation of Business Recovery

The Company continued to see growth trajectory in its business recovery during the Year and reported significant YoY growth for key financial metrics. Both Net Profit and EBITDA increased by 173.0% and 1,476.6% respectively YoY with gradual reopening in ASEAN and continued stringent cost control measures, resulting in a higher profit margin. Net Gaming Revenue and Gross Profit also grew by 152.9% and 161.9% YoY respectively.

Given the Company's key focus on the Mass Market segment, NagaWorld continued to benefit from the reasonably sized domestic captive market in Cambodia, as well as stable visitation to the property during the Year. The overall steady business recovery also has been supported by the gradual recovery of Cambodia tourism and visitation to the property in line with the easing of travel restrictions regionally.

Since the Company resumed its business operations in late 2021, the average daily business volumes for Mass Market and Premium Market in FY2022 have recovered by 76.8% and 66.7% respectively compared to FY2019 (peak pre-COVID-19 year). Both Mass Market and Premium Market collectively contributed about 94% of Company's total gaming revenue in FY2022.

This steady recovery of gaming business volumes reflects the resiliency of our earnings in spite of a challenging operating environment.

Management Discussion and Analysis

Gradual Increase in International Arrivals and Expansion in Direct Flights Connectivity Support Growth

Cambodia has fully resumed its socio-economic activities in all sectors, welcoming international tourist arrivals and gradually easing travel restrictions since November 2021. The frequency of direct flight connections and the number of international tourist arrivals have soared since then. Cambodia recorded a total of 2.28 million international tourist arrivals in 2022, representing an increase of 1,059% YoY (*Source: Khmer Times, 18 January 2023*). Total international tourist arrivals from ASEAN increased by 1,251.9% to 1.6 million visitors in 2022. The top 10 markets were led by Thailand (37.5%), followed by Vietnam (20.4%), China (4.7%), U.S.A (4.1%), Lao PDR (4.1%), Indonesia (3.3%), Korea (2.8%), France (2.5%), Malaysia (2.3%), and U.K (1.9%). These top 10 markets accounted for 83.6% of total international tourist arrivals. International business-related travels to Cambodia increased by 372.9% to 431,000 visitors in 2022, with the top 5 markets coming from Vietnam (27.4%), China (18.0%), Indonesia (12.8%), Thailand (7.6%) and Korea (4.6%) (*Source: Ministry of Tourism of Cambodia ("MOT")*). In 2019 (pre-COVID-19 year), Chinese business visitation to Cambodia was 1.05 million.

As at 1 February 2023, weekly international direct flights to Phnom Penh, Cambodia stood at 281, including 94 from Thailand, 69 from Greater China cities such as Guangzhou, Taipei, Shanghai, Nanning, Xiamen, Kunming, Chengdu, Hong Kong, Zhengzhou, Wenzhou and Beijing, 31 from Singapore, 28 from Malaysia, 26 from Vietnam, 18 from Seoul, 7 from Laos, 5 from Philippines, and 3 from Myanmar.

Cambodia is widely seen as having successfully managed the pandemic and is considered one of the world's leading nations for COVID-19 response. This is attributed to the remarkable success of the country's vaccination programme, which created a high level of social resilience. This allowed the Royal Government of Cambodia ("RGC") to further ease travel restrictions and attract more international tourist arrivals visiting Cambodia. As such, the RGC announced the discontinuation of health certificates requirements or proof of full vaccination upon arrival for all travelers effective 3 October 2022 to boost the economic recovery and welcome international tourists visiting Cambodia (*Source: Phnom Penh Post, 3 October 2022*).

According to the MOT, Cambodia's tourism sector has significantly recovered and is showing signs of fast recovery from the global pandemic. The MOT has forecast 4 million international tourist arrivals into Cambodia in 2023 after China recently eased its pandemic control policies. The MOT also expects international tourist arrivals to reach the pre-pandemic level of approximately 7 million by end of 2025 (Source: *Khmer Times*, 11 & 18 January 2023). In order to attain these tentative targets, the RGC and private sector have developed more roads and set up more entertainment facilities and venues. Local communities have also undertaken Chinese-language-translation and yuan-payment initiatives to encourage Chinese tourists to travel to Cambodia (Source: *Phnom Penh Post*, 8 January 2023). Improved air connectivity across ASEAN with new flight paths being added, is indicating an upward trend for many additional destinations (Source: *Khmer Times*, 28 December 2022). Construction of the new airport in Phnom Penh has passed the 43% completion mark, as Cambodia prepares for a return of tourism in increasingly large numbers (Source: *Phnom Penh Post*, 16 January 2023). Moreover, with the further easing of China travel restrictions, on 20 January 2023, China announced that Cambodia was included in the 20 nations selected for a pilot programme allowing travel agencies to provide international group tours as well as flight and hotel packages to Chinese citizens, following a three-year ban, effective 6 February 2023, which is expected to increase flight frequency between the two nations. Data from Trip.com, a major tourism service supplier in China, showed that within half an hour after the release of the announcement, the search volume for outbound flight tickets and overseas hotels reached a three-year high (Source: *Khmer Times*, 21 January 2023). Cambodia is among the top five most sought after outbound travel destination by Chinese tourists (Source: *China Pengpai News*, 20 January 2023).

Positive Recovery Trajectory in Cambodia

With the full resumption of socio-economic activities in Cambodia, the government has been cautious as it lifted restrictions gradually and closely monitored the situation. High vaccination rates, along with managing the pandemic situation and reopening borders, resulted in the gradual recovery of economic activities in key sectors (Source: *Xinhua*, 3 November 2022). The IMF acknowledges that Cambodia is one of the most vaccinated countries in ASEAN as well as globally (Source: *Khmer Times*, 31 October 2022). The successful vaccination campaign leading to strong herd immunity and effectiveness of the implementation of the Roadmap for Cambodia Tourism Promotion and Recovery Plan during the pandemic, and post-pandemic helped Cambodia's tourism sector recover soundly to-date (Source: *Khmer Times*, 4 November 2022). Despite success in containing the outbreak at minimal levels, the Ministry of Health of Cambodia is still actively administering vaccination campaigns and urging the public to comply with preventive measures to prevent the spread of the virus and to protect lives (Source: *Khmer Times*, 24 November 2022).

Management Discussion and Analysis

Cambodia's economy recovered well in 2022 with GDP growing by 5.5% in 2022 (Source: *Khmer Times*, 3 January 2023). In addition, according to the World Bank, despite a less favourable global outlook, the recovery in Cambodia has gained momentum on the back of continued resilient garment, travel goods, and footwear exports since the second quarter of 2022. Meanwhile, the services sector, in particular the travel and tourism industries, has also improved as the strategy of "living with COVID-19" introduced in late 2021 paid off. The tourism and hospitality industries are likely to accelerate further, with projected increases in international and domestic tourist arrivals. Total international tourist arrivals steadily improved throughout the Year, reflecting growing investor confidence and investment, including the return of FDI inflows that have helped to sustain economic recovery (Source: *World Bank - Cambodia Economic Update*, December 2022).

FDI Continues to Strengthen Cambodian Economy

Notwithstanding multiple challenges in the global economy, Cambodia is on a trajectory of high growth backed by the continued recovery of tourism and ongoing positive government policies. Since the reopening of the country on 1 November 2021, the resumption of all socio-economic activities has helped Cambodia's economic growth recover steadily and attract added investment in the country. The Ministry of Economy and Finance of Cambodia ("MOEF") has projected Cambodia's GDP would see a robust growth of 5.6% in 2023, attributed to strong external goods demand and the return of the domestic economy to normalcy. Cambodia's economy is on the path of recovery supported by the strength of the manufacturing and export sectors, the gradual recovery in tourism, as well as the recovery of economic activity and domestic consumption (Source: *Khmer Times*, 25 January 2023).

Cambodia remained resilient and continued to be an attractive destination for foreign investments due to its sound political and legal system as well as its liberal investment model. The country follows open market policies, where most sectors are open to foreign ownership through FDI. The swift reopening of the country's borders has not only boosted tourism but also allowed investors back in the country, leading to a surge in FDI. As at the end of 2022, FDI remained robust with a growth rate of 7.5% or worth US\$4.7 billion as compared to 2021. This growth is attributed to investment from China, Japan, Cayman Islands, Thailand and Singapore (Source: *Khmer Times*, 7 January 2023). According to Investment Monitor's 2022 Inward FDI Performance Index, Cambodia performed impressively to place third for FDI into Asia-Pacific after Singapore and New Zealand in 2021 (Source: *Investment Monitor*, 28 October 2022).

According to the General Department of Customs and Excise, in 2022, Cambodia exported US\$22.5 billion worth of goods, up by 16.4% compared to 2021. The top 5 export destinations for Cambodia are the United States, Vietnam, China, Japan and Canada (Source: *Xinhua*, 10 January 2023; *General Department of Customs and Excise – Trade Balance Statistics by Top 20 Countries*, 10 January 2023). According to the Ministry of Commerce, the RCEP and the CCFTA have significantly contributed to accelerating Cambodia's economic recovery. Both trade agreements have contributed significantly to trade facilitation, business and investment promotion, improvement of citizen's livelihood and economic development (Source: *Khmer Times*, 25 August 2022). In addition, the CKFTA entered into force in early December 2022

and is expected to notably increase trade volume between Cambodia and South Korea. The bilateral trade between Cambodia and South Korea reached US\$778.9 million in 2022, up 0.6% YoY (*Source: General Department of Customs and Excise – Trade Balance Statistics by Top 20 Countries, 10 January 2023*). Moreover, Cambodia and Japan recently announced an agreement to elevate their relations to a comprehensive strategic partnership. This enhanced bilateral cooperation is expected to benefit investors and businesses in Cambodia, strengthening long term economic partnerships and building strong political relations with Japan (*Source: Khmer Times, 16 November 2022*). According to the Council for the Development (“CDC”), Cambodia approved fixed investment projects worth over US\$4.7 billion in 2022, up 7% YoY. The CDC will continue its mission to attract more investments through participation in the preparation and implementation of policies, laws and regulations related to the modernization of investment project registration (*Source: Khmer Times, 9 January 2023*).

Environmental, Social and Governance (ESG) Performance

NagaWorld Kind Hearts (the Company’s CSR) is a grassroots initiative with long term contribution towards the betterment of communities in Cambodia. This CSR arm of NagaWorld has conducted more than 620 programmes to date focusing on education enhancement, community engagement, sports development and care of the environment.

Education is important to every child’s development - both mentally and socially. In October 2022, NagaWorld Kind Hearts successfully completed a Memorandum of Understanding (MOU) for two school outreach programmes lasting two years (from 2020 to 2022). This milestone saw nearly 50,000 students at 60 primary schools across 12 provinces receive much needed writing books and pens, while outstanding students received new school bags. In addition, the Company’s Fire Safety Awareness sessions were delivered to over 30,000 students at more than 50 secondary and high schools, with a total of 106 fire extinguishers being donated to the schools in tandem.

NagaWorld continued its tradition of supporting ‘excellence in sports’ by providing cash awards to Cambodia’s delegation of Gold Medal winners at the 2021 Southeast Asian Games in Vietnam. A total of US\$88,000 in cash incentives was handed over during a ceremony as part of NagaWorld’s “Go For Gold” sponsorship agreement with the National Olympic Committee of Cambodia. In relation to this, NagaWorld also collaborated with the State Secretariat for Civil Aviation (SSCA) to promote the development of sports in Cambodia through a sponsorship of charter flights for Cambodian athletes at the 11th ASEAN Para Games.

Together with Little Green Spark - a zero-waste and eco-consulting firm - in collaboration with the Company’s Occupational Safety and Health Administration (“OSHA”) department, NagaWorld Kind Hearts organised an Environmental Sustainability Workshop, Best Practices to Reduce Waste. Its aim was to raise awareness of the negative impact of waste, including single-use plastics. The Workshop was attended by 93 NagaWorld employees and 22 representatives from an NGO in Phnom Penh.

Management Discussion and Analysis

NagaWorld believes in protecting the environment, and values the importance of waste pollution and prevention as well as resource conservation - which is essential to a sustainable environment. In support of the government's efforts to create a cleaner, healthier and tourist-friendly destination for Cambodia, NagaWorld Kind Hearts organised a Community Cleanup Project and participated in the World Cleanup Day 2022. Collectively, a total of more than 900kg of trash was collected from the Chroy Changvar district by employee volunteers.

This year, NagaWorld's CSR initiatives were recognized and honored with eight regional and international awards, including the prestigious International Business Awards (Stevie® Awards) - which is considered to be the Oscars or Emmys of the corporate world.

At the corporate level, the Company clinched top honors and was awarded the coveted Most Honored Company by the renowned financial publication *Institutional Investor* for outstanding leadership and investor relations. Within the Gaming & Lodging sector, across all categories, the Company was ranked overall #1 under Small & Mid-Cap and Top 3 under Asia (ex-Japan) including "Best Investor Relations", "Best CEO", "Best CFO", "Best IR Professional", "Best IR Team" and "Best Overall ESG". This recognition is part of *Institutional Investor's* 2022 Asia (ex-Japan) Executive Team rankings which are regarded globally as the financial industry's benchmark for excellence. In addition, the Company was awarded "Best IR Company" (Mid-Cap) at the Hong Kong Investor Relations Association

(HKIRA)'s 8th Investor Relations Awards 2022, reflecting high standards in investor relations to the investment community. Furthermore, *The Asset* has also honored the Company's issuance of the US\$200 million 2024 Additional Senior Notes as the Best Bond (Cambodia) at *The Asset* Triple A Sustainable Capital Markets Country Awards 2021, which marked another corporate achievement and recognition from the bond market.

On 19 December 2022, the China Securities Regulatory Commission (CSRC) and the Hong Kong Securities and Futures Commission (SFC) have agreed in principle that the Mainland and the Stock Exchange will further expand the scope of eligible stocks under Stock Connect, the mutual stock market access programme between the Mainland and Hong Kong. The eligible stocks (under Southbound trading) will be expanded to include stocks of foreign companies primarily-listed in Hong Kong, which are constituents of Hang Seng Composite Indices and meet relevant criteria. Being a foreign company with primary listing in Hong Kong, and a constituent of Hang Seng Composite MidCap Index, the Company views the expansion of Stock Connect positively. The Company's stock liquidity could improve by gaining access to an enhanced and significant regional investor base, in the event the Company's stock is included in the Southbound trading link of Stock Connect.

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

BUSINESS REVIEW

Table 1: Performance Highlights

For the Year and comparative prior year:

	2022 US\$'000	2021 US\$'000
Mass Market: Public Floor Tables		
– Buy-ins	1,066,820	431,494
– Win rate	19.1%	15.4%
– Revenue	203,809	66,463
Mass Market: EGM		
– Bills-in	2,317,740	722,665
– Win rate	7.5%	8.4%
– Revenue	124,315	43,986
Non Mass - Premium Market		
– Rollings	2,925,041	1,210,302
– Win rate	3.8%	4.0%
– Revenue	91,406	48,684
Non Mass - Referral VIP Market		
– Rollings	1,243,822	2,511,293
– Win rate	2.1%	2.6%
– Revenue	26,351	64,366
Gross Gaming Revenue	445,881	223,499
Net Gaming Revenue	393,041	155,383

Mass Market (Public Floor Tables and EGM)

During the Year, the Company observed a gradual growth in the Mass Market business volumes for Public Floor Tables and EGM which increased by 147.2% and 220.7% YoY respectively. The increase in business volumes was partially attributed to the reasonably sized expatriate community and to some extent, visitors from ASEAN patronising NagaWorld in search of entertainment during the Year. With the business environment starting to normalise, the footfall on the Mass Market floor was relatively stable, in particular, the high limit gaming area.

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

Non Mass - Premium Market

During the Year, Premium Market segment saw a 141.7% increase in rollings to US\$2.9 billion, with a win rate of 3.8%. This translated into a 87.8% increase in Premium Market revenue to US\$91.4 million during the Year.

Management Discussion and Analysis

Non Mass - Referral VIP Market

During the Year, Referral VIP Market business volumes and revenue declined mainly due to the restrictive cross-border travel policies in the Asian region. However, Referral VIP Market business volumes on average daily basis increased by 31.0% from US\$2.9 million for the first half of 2022 to US\$3.9 million in the second half of 2022 ("2H2022") as the number of international direct flights to Phnom Penh continues to recover.

Non-Gaming - Hotel, F&B and Entertainment

During the Year, non-gaming revenue increased significantly by 528.2% YoY, which was mainly attributable to increasing patrons since the reopening of business operations on 15 September 2021 and the easing of travel restrictions in Cambodia and other regional countries. This led to higher hotel occupancy rate and footfall to the property.

Revenue and Gross Profit Analysis

Table 2(a)

2022	Revenue		Gross Profit		Gross Profit Margin
	US\$'m	%	US\$'m	%	%
Mass Market	328.1	71	293.7	78	90
Non Mass - Premium Market	91.4	20	63.8	17	70
Non Mass - Referral VIP Market	26.4	6	6.2	2	23
Non-Gaming	14.8	3	12.3	3	83
Total	460.7	100	376.0	100	82

Table 2(b)

2021	Revenue		Gross Profit		Gross Profit Margin
	US\$'m	%	US\$'m	%	%
Mass Market	110.4	49	100.8	70	91
Non Mass - Premium Market	48.7	22	29.6	21	61
Non Mass - 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

The Group recorded a gross profit of US\$376.0 million for the Year. The overall gross profit margin was 82% (2021: 64%) as a result of higher percentage contribution from the Mass Market segment. Mass Market continued to maintain a high gross profit margin of 90% (2021: 91%).

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

Administrative and other operating expenses before impairment losses, depreciation and amortisation were US\$137.6 million during the Year, representing an increase of US\$6.0 million or 4.5% YoY, in line with the increase in business volumes in FY2022. With improvements in operating efficiencies and rigorous financial discipline, the Group has been able to keep its operating costs reasonably low despite higher business volumes.

Finance Costs

During the Year, the Group incurred finance costs, after interest capitalisation, of US\$24.3 million (2021: US\$37.1 million) for the interest expenses and transaction costs relating to the 2024 Senior Notes (detailed in note 25 to the consolidated financial statements).

Net Profit/(Loss)

Net profit attributable to the Shareholders, or net profit, was US\$107.3 million (2021: net loss of US\$147.0 million) for the Year. Net profit margin for the Year was 23.3% (2021: net loss margin 65.1%).

Basic earnings per share was US cents 2.45 (HK cents 18.99) for the Year and basic loss per share was US cents 3.36 (HK cents 26.04) (Restated) for the year 2021.

FINANCIAL REVIEW

Pledge of Assets

In December 2014, in accordance with the terms of the investment agreement in respect of development of an integrated resort in Vladivostok, Russia (the "Investment Agreement"), 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 were subsequently issued to provide collateral for the issuance of a bank guarantee from the same bank required under the Investment Agreement.

Contingent Liabilities

Prior to the promulgation of the Casino Law, NAGAWORLD LIMITED paid monthly gaming and non-gaming obligation payments to the MOEF. Additional obligation payments (if any), other than those paid during prior years, are subject to the future development in this matter and instructions from the MOEF. Other than the additional obligation payments, there were no other contingent liabilities as at 31 December 2022.

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.

Management Discussion and Analysis

Issue of New Shares

On 29 September 2022, the Company issued 41,128,313 ordinary shares under the scrip dividend scheme for 100% of the payment of the 2022 interim dividend. The market value for calculating the number of scrip shares allotted to the Shareholders pursuant to the scrip dividend scheme was US cents 77.1 per share (or HK cents 597.4 per share), which was the average of the closing prices per share of the Company on the Stock Exchange for the 5 consecutive trading days up to and including 16 September 2022.

Liquidity, Financial Resources and Gearing

All figures quoted in this section are as at 31 December 2022, unless stated otherwise.

The Group had total cash and bank balances, restricted bank balance and fixed deposits of US\$175.2 million (31 December 2021: US\$125.1 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\$31.3 million (31 December 2021: US\$42.3 million). The Group had net assets of US\$1.8 billion (31 December 2021: US\$1.6 billion).

The Group had outstanding 2024 Senior Notes with carrying amount of US\$468.8 million (31 December 2021: US\$543.0 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 15.9% (31 December 2021: 25.3%).

Capital and Reserves

As at 31 December 2022, the capital and reserves attributable to owners of the Company was US\$1.8 billion (31 December 2021: US\$1.6 billion).

Employees

As at 31 December 2022, the Group employed a total work force of 6,398 (31 December 2021: 6,181), stationed in Cambodia, China, Hong Kong, Malaysia, Singapore, Thailand, the United States and Russia. The remuneration and staff costs for the Year were US\$87.4 million (2021: US\$69.5 million).

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\$39.6 million to US\$9.1 million during the Year.

During the Year, the Group prudently made provision for impairment loss of US\$2.4 million (2021: US\$2.0 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.

Management Discussion and Analysis

Significant Investments Held and Material Acquisitions of Subsidiaries

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

Non-IFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with the IFRS (as defined hereinafter in note 2 to the consolidated financial statements), the Company also assesses the operating performance based on a measure of EBITDA as an additional financial measure. We believe that such non-IFRS measure facilitates comparisons

of operating performance from time to time by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management. EBITDA does not have a standardised meaning prescribed by IFRS and therefore may not be comparable to similar financial information presented by other issuers. The use of such non-IFRS measure has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of our results of operations or financial conditions as reported under IFRS.

The table below presents a reconciliation of profit/(loss) attribute to owners of the Company to EBITDA.

	2022 US\$'000	2021 US\$'000
Profit/(loss) attributable to owners of the Company	107,254	(147,022)
Income tax	212	6,274
Finance costs	24,256	37,142
Depreciation		
– Own assets	105,330	110,766
– Right-of-use assets	5,647	5,689
Amortisation of casino licence premium	2,717	2,717
EBITDA	245,416	15,566

Management Discussion and Analysis

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 following are some brief progress updates:

- a) **Piling Works** – Overall piling works are at 96% completion, target full completion by the end of February 2023.
- b) **Basements and Ground Floor Construction** – Basements and ground floor construction for Tower 3 section is nearing completion, while Tower 1 section has reached basement 4 now (top-down construction, ground floor, basements 1-3 are in various stages of completion). Upon full completion of Tower 2 basements and ground floor at mid-2023, main building works for Tower 1 and Tower 3 shall commence. Tower 2 and podium section of basements and ground floor shall be completed in the fourth quarter of 2023.
- c) **Main Building Works** – Main building works package construction shall commence from mid-2023 upon full completion of basements and ground floor for Tower 1 and Tower 3 sections.

Update on the Investment Project in Vladivostok

As disclosed in the announcement of the Company dated 3 March 2022, the Company has suspended its performance under the investment agreement in respect of the Group's gaming and resort project in Vladivostok (the "Project") due to force majeure event. Hence, the development of the Project has been suspended indefinitely until the circumstance is clearer.

Prospects

In light of China's easing of its COVID-19 restrictions including travel restrictions, global tourism is expected to be revitalized. Cambodia stands to benefit from this easing; in 2019, the country received more than 2.3 million Chinese visitors, accounting for 35.7% of international tourist arrivals (*Source: Khmer Times, 11 January 2023*). According to the Prime Minister of Cambodia, the reopening of China's borders will invigorate the kingdom's economy and tourism sector. Flight frequency between the two nations will increase and Cambodia is projecting 1 million Chinese tourists in 2023, a tenfold increase from 2022 (*Source: Khmer Times, 11 January 2023*). We believe the Company will benefit from the expected surge of Chinese business arrivals and tourists visiting Cambodia.

Despite the global economy facing unprecedented challenges, including geopolitical risks, high inflation and uncertainty in the financial market, the IMF expects Cambodia's economic growth to be robust in 2022, as well as the next few years, supported by various bilateral FTAs and high vaccination coverage (*Source: Khmer Times, 29 October 2022*). The National Bank of Cambodia ("NBC") has projected that Cambodia is expected to see around 6% economic growth in 2023 (*Source: Macroeconomic and Banking Sector Development in 2022 and Outlook for 2023, NBC, 6 January 2023*). Cambodia's economy recovered well from the impact of COVID-19 in 2022, with a better business operating environment expected for 2023, despite headwinds, thanks to rising global demand, foreign investor confidence, and a full reopening of borders. As Cambodia shows strong economic recovery, which is expected to continue to expand at a robust pace, the effect could result in increasing business migration to Cambodia with growing business opportunities and investment in Cambodia. The Company will be well positioned to capitalize on and benefit from this rising wave of business migration.

Since the RCEP entered into force on 1 January 2022, it has helped promote the growth of commerce, trade and investment in the ASEAN region, as well as contributing to a sustainable and inclusive economic recovery. Cambodia is one of the global supply chains that boosted exports to RCEP countries, accounting for US\$6.3 billion in 2022, up 7% YoY (*Source: Khmer Times, 18 January 2023*). China is also a key trade partner of Cambodia with growing investment in fostering regional economic development. The trade volume between Cambodia and China was US\$11.7 billion in 2022, an increase of 4.4% YoY, representing 22.3% of Cambodia's total global merchandise trade for the Year, which was worth US\$52.4 billion (*Source: Khmer Times, 15 January 2023*). The solid relationship with China has provided impressive benefits to Cambodia's socio-economic development. Cambodia's ties with China for bilateral trade continue to be on a positive trajectory, with at least 10 important new agreements signed in 2022. Moreover, to strengthen the two nations' bilateral relations, the Prime Minister of Cambodia is scheduled to pay a state visit to China in February 2023 for talks on new infrastructure projects in Cambodia (*Source: Phnom Penh Post, 2 & 3 January 2023*). The Company believes that RCEP supports Cambodia's economy in the long term as it encourages more investments and business migration that resulted in an increase in foreign visitations to Cambodia. The relocation of foreign visitors to Cambodia is building up the local expatriate community living in Cambodia and visiting NagaWorld in search of entertainment. Moreover, Cambodia is viewed as having one of the fastest economic growth rates in the world for over two decades, coupled with a rising young population and is rapidly becoming an attractive investment destination.

Management Discussion and Analysis

The Group continues to focus on the execution of its development of Naga 3 project. 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, 4,500 EGMs and many other non-gaming attractions. Approximately 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 a comprehensive suite of 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 its 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.

Looking ahead, given the upward trajectory of recovery in Cambodia with the large influx of business migration and FDI into the country, as well as the government efforts of tapping into more bilateral FTAs, Cambodia is expected to attract more international tourist arrivals and business-related travelers, especially from China and ASEAN countries. The Company is optimistic about the recovery of the tourism sector and believes that the long term prospects and outlook will remain stable.

INTERIM AND FINAL DIVIDEND

The Board recommends the payment of final dividend (the "Final Dividend") of US cents 0.75 per share (or equivalent to HK cents 5.81 per Share) for the Year to Shareholders whose names appear on the Company's register of members on 28 April 2023 by way of scrip shares without offering any right to Shareholders to elect to receive such dividend in cash in lieu of such allotment (the "Scrip Dividend Scheme"). This represents a payout ratio of approximately 60% based on the net profit generated for 2H2022. Subject to the satisfaction of the conditions set out below, it is expected that the certificates for the scrip shares will be posted to the Shareholders at the risk of those entitled thereto on or about 16 May 2023. Dealings in the scrip shares on the Stock Exchange are expected to commence on or about 17 May 2023.

The Scrip Dividend Scheme is subject to (1) the approval of the Scrip Dividend Scheme at the annual general meeting of the Company to be held on 21 April 2023 (the "2023 AGM"); and (2) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the new shares to be issued by the Company pursuant thereto. A circular giving full details of the Scrip Dividend Scheme will be despatched by the Company to the Shareholders on or around 24 March 2023.

The proposed Final Dividend together with the interim dividend for the six months ended 30 June 2022 of US cents 0.73 per share (or equivalent to HK cents 5.66 per Share) paid on Thursday, 29 September 2022, amounts to a total dividend declared for the Year of US cents 1.48 per Share (or equivalent to HK cents 11.47 per Share).

Advantage of the Scrip Dividend Scheme

The Scrip Dividend Scheme will reward our long term Shareholders for their continuous support of the Company in particular during the difficult COVID-19 period. The Scrip Dividend Scheme will also benefit the Company to the extent that such cash which would otherwise have been paid to eligible Shareholders in the form of cash dividends will be retained by the Company.

Furthermore, the Scrip Dividend Scheme will improve the trading liquidity in the Company's shares and give the Shareholders an opportunity to increase their investment in the Company at market value without incurring brokerage fees, stamp duty and related dealing costs. Accordingly, the Board considers that the Scrip Dividend Scheme is in the interests of the Company and its Shareholders as a whole.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the following entitlements:-

1. 2023 AGM

The register of members of the Company will be closed from Tuesday, 18 April 2023 to Friday, 21 April 2023, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the 2023 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 17 April 2023.

2. Proposed Final Dividend

The register of members of the Company will be closed on Friday, 28 April 2023, on which no transfer of shares will be registered. The ex-dividend date will be Wednesday, 26 April 2023. In order to qualify for the Final Dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited located at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 27 April 2023.

Directors' Profile

Timothy Patrick McNally

Non-executive Director and Chairman

Timothy Patrick McNally, aged 75, 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 Senior Chief Executive Officer

Tan Sri Dr Chen Lip Keong, aged 75, was appointed as an executive director of the Company in April 2003. Dr Chen is the founder, controlling shareholder, senior 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.

Dr Chen is also a director of his family trust companies, SAKAI GLOBAL HOLDINGS LTD. and SAKAI PRIVATE TRUST COMPANY PTE. LTD. and together with LIPKCO Group Limited which are substantial shareholders of the Company.

Dr Chen has many years of entrepreneurial, business and managerial experiences and is also a director of SUNFUN PRIVATE TRUST COMPANY PTE. LTD. Dr Chen is currently the controlling shareholder of FACB Industries Incorporated Berhad ("FACBI") which is listed on the Bursa Malaysia Securities Berhad ("Bursa").

Mr. Chen Yiy Fon is an executive director and chief executive officer of the Company and Mr. Chen Yiy Hwuan and Mr. Chen Cherchi are chief executive officers of the Company. They are sons of Dr Chen.

Philip Lee Wai Tuck

Executive Director and Executive Deputy Chairman

Philip Lee Wai Tuck, aged 60, 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 and Chief Executive Officer - Operations

Chen Yiy Fon, aged 41, was appointed as an executive director of the Company on 1 June 2015. He is presently the Chief Executive Officer - Operations of the Company and 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 SAKAI GLOBAL HOLDINGS LTD., SAKAI PRIVATE TRUST COMPANY PTE. LTD. and LIPKCO Group Limited, respectively, which are substantial shareholders 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.

Lim Mun Kee

Independent Non-executive Director

Lim Mun Kee, aged 55, 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, both of which are listed on the Bursa. FACBI is controlled by Dr Chen, the controlling shareholder of the Company.

Michael Lai Kai Jin

Independent Non-executive Director

Michael Lai Kai Jin, aged 53, 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 54, 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 Inmagic Group, a leading global creative ecosystem and technology group since May 2019. Prior to joining Inmagic 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

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About the Report

Reporting Period

This is NagaCorp's ninth sustainability report, covering the financial year 1 January 2022 to 31 December 2022 ("the Year").

Reporting Scope

This sustainability report encapsulates our management approach to the Environmental, Social and Governance ("ESG") issues which are material to our key stakeholders and our business.

In relation to our principal activity of managing and operating a hotel and gaming complex in Phnom Penh, Cambodia, it describes our ESG strategy, goals, policies, initiatives and performance of our flagship NagaWorld hotel and entertainment complex (Naga 1, Naga 2 and NagaCity Walk) unless otherwise stated. The disclosures on our workforce covers our employees in Cambodia and overseas offices.

All monetary values are denoted in US dollars.

Reporting Framework

This sustainability report covering the Year is prepared according to the requirements of the ESG Reporting Guide in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

It is in compliance with the "comply or explain" provisions and mandatory disclosure requirements set out in the ESG Reporting Guide of the Stock Exchange. A list of the required disclosures and how we meet them can be found in the Global Reporting Initiative ("GRI") Content Index at the end of this sustainability report.

In line with global reporting best practices, we also reported with reference to the GRI Standards to communicate our material ESG topics and their impacts on our key stakeholders and the environment. NagaCorp strives to uphold GRI's reporting principles – Accuracy, Balance, Clarity, Comparability, Completeness, Sustainability context, Timeliness, and Verifiability – to provide reliable and purposeful disclosures for users of this sustainability report.

The reported greenhouse gas ("GHG") emissions are prepared according to the GHG Protocol, ISO 14064 – Greenhouse Gases and Stock Exchange's guidance on preparing an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs.

Due to enhancements to the methodology for calculating our carbon footprint in 2022, restatements were made for 2020 and 2021 data for consistency and comparability, where possible. For more information, please refer to the section on "Protecting Our Environment".

The data presented in the sustainability report were subjected to rounding. Hence, the totals and percentages presented may not add up precisely.

Feedback

To continuously improve the quality of our disclosures and sustainability practices, we welcome feedback on this sustainability report.

Email: sustainability@nagaworld.com

FY2022 SUSTAINABILITY HIGHLIGHTS



Rated by



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Sustainability Commitment

Global challenges such as climate change and COVID-19 are weakening the foundations of our Planet and the ability of communities and businesses to thrive. According to the World Economic Forum’s Global Risk Report 2022, climate change and its associated impacts (e.g. extreme weather patterns, food insecurity and biodiversity loss) have been topping the list of global risks for the past few years. Global climate action efforts such as COP 27, the Paris Agreement and the Glasgow Climate Pact are pushing for global warming to be limited to 1.5° C, compared to pre-industrial levels. Collectively, all sectors are taking swift and concerted actions to rethink business-as-usual practices for a more sustainable future.

At NagaCorp, we are cognisant of our role as a corporate citizen and our ability to leverage our business for positive impact. Our continual evaluation and improvement processes ensure that achieving sustainable growth goes beyond generating profits. Since the inception of the business in 1995, we have been committed to sustainably creating long-term value for all our stakeholders, including the environment.

Our five-pronged sustainability framework has served us well over the years and aligns our business growth with the needs of our stakeholders. Our sustainability efforts are aligned with 16 out of the 17 UN Sustainable Development Goals (“SDGs”). In addition, we firmly believe that our efforts will contribute to Cambodia’s Long-term Strategy for Carbon Neutrality, which aims to achieve net zero emissions by 2050. To drive towards our goals, we will be focusing on developing ESG targets in 2023.

The communication of our sustainability performance is important to us. It entails providing comprehensive ESG disclosures on our policies, processes, performance and plans, for our stakeholders. Practising a high level of transparency demonstrates our staunch undertaking to communicate our sustainability progress with our stakeholders and the international community. To meet the information needs of investors, NagaCorp has been participating and providing disclosures to ESG rating agencies such as CDP, FTSE Russell, MSCI and Sustainalytics.



Sustainability Governance

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, a Sustainability personnel 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. 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 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 prioritising initiatives. The CSR leadership provides updates to the Board quarterly and the initiatives are then provided with resources, implemented and monitored across the organisation by the appropriate operations teams.

Our Stakeholders

We identify our stakeholders as individuals or groups that have an interest that is affected or could be affected by our activities. The following table identifies our key stakeholders, their priorities and concerns and how we engage with them.

Stakeholders	Their priorities and concerns	How we engage
<p>Guests</p>  <p>As one of the largest 5-star hotels and the only luxury premium integrated resort in Cambodia, we are committed to delivering service excellence and providing our customers with a lasting impression.</p>	<ul style="list-style-type: none"> • Quality service and products • Prestige and reputation • Health and safety measures • Relationship building 	<ul style="list-style-type: none"> • Customer service ambassadors • Call centre • Email • Guest feedback form • Social media channels • NagaWorld Rewards loyalty programme • Jin Zun Club • Hotel booking websites • Guest relations • Displaying safety signs and conducting detailed investigations for any health and safety incidents
<p>Employees</p>  <p>We provide a safe work environment and favourable working conditions to increase job satisfaction and retain talent.</p>	<ul style="list-style-type: none"> • Fair remuneration and benefits • Career progression • Training and development • Teambuilding and wellness programmes • Feedback channels • Diversity and inclusion • Occupational health and safety 	<ul style="list-style-type: none"> • MyPortal – an intranet accessible from mobile phone and desktop for employees and colleagues to communicate and collaborate • NAGA FM235 – an interactive platform hosted daily at staff cafeterias to provide edutainment and promote employee engagement programmes • HR Monthly newsletter via MyPortal • Employee of the Month Award • Leadership Breakfast Series • Digital notice boards • Shop Stewards meetings • Employee Relations function • Health and safety awareness campaigns (e.g. fire drills)

Stakeholders	Their priorities and concerns	How we engage
<p>Government & Regulators</p>  <p>Regulatory compliance maintains our license to operate. Engaging with the local government facilitates knowledge sharing and alignment of our business and sustainability objectives.</p>	<ul style="list-style-type: none"> • Economic development and job creation • Legal compliance • Cross-sector collaborations • Cultural and heritage preservation • Community investments in people and infrastructure 	<ul style="list-style-type: none"> • Conferences • Dialogue sessions • Environmental inspections • Hygiene inspections at F&B outlets • Bi-annual inspection from the Ministry of Tourism • NagaWorld Kind Hearts' CSR programmes on education enhancement, community engagement, sports development and environmental care • Community relief efforts (e.g. natural disasters and COVID-19)
<p>Suppliers</p>  <p>Working with like-minded suppliers minimises the socio-environmental impacts of our supply chain and enhances its resilience. We establish the highest levels of trust and accountability in all dealings.</p>	<ul style="list-style-type: none"> • Fair dealing • Price competitiveness • Consistency in quality • After-sales service • Information security 	<ul style="list-style-type: none"> • Food safety supplier workshops • Food safety audits • Procurement specifications • Due diligence procedures • Established procurement and payment procedures

Stakeholders	Their priorities and concerns	How we engage
<p>Shareholders, Investors and Financiers</p>  <p>Providing comprehensive financial, non-financial and ESG disclosures facilitate our access to capital and increases investor confidence.</p>	<ul style="list-style-type: none"> • Transparency and timeliness in financial and ESG reporting • Financial and ESG performance • Robust corporate governance 	<ul style="list-style-type: none"> • Corporate publications (e.g. annual reports, interim reports, press releases, circulars and announcements) • Corporate policies • Filings with the Stock Exchange • Annual general meetings • Investor presentations and roadshows • Investor one-on-one meetings and conferences • Corporate website • Email inquiries • Third-party ESG ratings • Property tours
<p>Local Communities</p>  <p>It is our corporate responsibility to contribute back to society and uplift communities through philanthropy, collaborations and employee volunteerism.</p>	<ul style="list-style-type: none"> • Monetary and non-monetary contributions in the areas of education, sports, environment and community relief efforts • Supporting social enterprises working with underprivileged communities • Opportunities to develop vocational skills 	<ul style="list-style-type: none"> • NagaWorld Kind Hearts' CSR programmes • Collaborations with government ministries and NGOs • Community relief efforts with the local government • Sports development programmes • Fire safety awareness programmes • NAGA Academy, our capacity-building hub that provides training and development at entry-level, enabling trainees to acquire world-class hospitality skills and secure employment opportunities

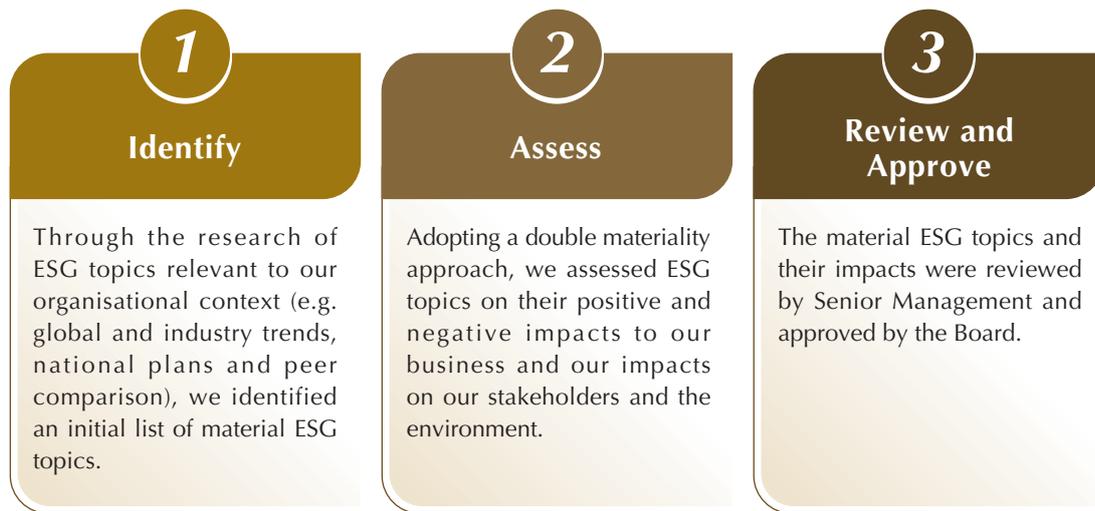
Identification of Material ESG Topics

Before seeking to fulfil the needs of our stakeholders, we first establish a clear understanding of their needs. On an ongoing basis, we gather valuable insights from our stakeholders through channels such as guest feedback, our NagaWorld Rewards loyalty programme, business relationships with suppliers, charitable donations, employee training and investor meetings.

In 2022, we conducted a materiality assessment by performing extensive research

on global and industry trends, and material ESG topics relevant to the hotel, gaming and F&B sectors that are identified by major ESG ratings and the Sustainability Accounting Standards Board (“SASB”) Materiality Map. The 15 material ESG topics and their impacts on our stakeholders and our business were reviewed and approved by the Board.

Through the identification of material ESG topics, we can better meet the expectations of our stakeholders and steer our sustainability strategy to success.



Environmental	Social	Governance
1. Climate change and carbon management	6. Customer well-being and satisfaction	13. Anti-corruption
2. Energy management	7. Employee attraction and retention	14. Anti-money laundering
3. Water management	8. Training and development	15. Data privacy and security
4. Waste and effluent management	9. Occupational health and safety	
5. Air quality	10. Responsible gaming	
	11. Community investment and engagement	
	12. Sustainable supply chain	

Material ESG Topics

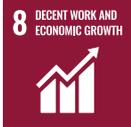
We identified 15 material ESG topics that are central to NagaWorld’s sustainability strategy. Categorized according to five sustainability pillars, each topic represents current and future risks and opportunities that impact our ability to create shared value for our stakeholders.

Material ESG Topic	Risks	Opportunities
PROTECTING OUR ENVIRONMENT		
<p>1 Climate change and carbon management</p> 	<p>Cambodia is highly vulnerable to climate change. Extreme weather events such as floods and droughts can result in financial losses, damage to physical property, disruption to supply chains and impact public health and livelihoods.</p>	<p>Adopting climate mitigation and adaptation measures will allow us to improve the resilience of our buildings against more frequent and severe weather patterns.</p> <p>Education on climate action is important to raise awareness and drive behavioural change in our employees.</p>
<p>2 Energy management</p>  	<p>The global energy crisis has led to increased costs of fuel and electricity.</p> <p>Cambodia has echoed the global commitment to decarbonisation. New policies to curb energy consumption and raise energy efficiency may arise, such as the adoption of new building technologies and renewable energy.</p>	<p>Enhancing the energy efficiency of our buildings can lead to cost savings in utilities and lower carbon emissions in the long run.</p> <p>Solar energy can be procured through renewable energy certificates or generated onsite, if feasible.</p>
<p>3 Waste and effluent management</p>   	<p>The majority of Cambodia’s waste is diverted to landfills. There are also limited recycling facilities.</p> <p>Improper discharge of waste and effluents contaminates the land and water bodies, potentially affecting human health and marine biodiversity.</p>	<p>Abiding by local regulations on waste and effluent disposal is the right thing to do and represents our high ethical standards.</p> <p>Through circular thinking and cross-sector partnerships, innovative methods of reducing and transforming waste can be adopted.</p>

Material ESG Topic	Risks	Opportunities
<p>4 Water management</p> 	<p>Conserving water as a precious resource is important in Cambodia, a high-water-stress country.</p> <p>Water supply shortages can affect our operations, particularly our Food and Beverage (“F&B”) and cleaning operations.</p>	<p>Adopting water-efficient fittings and reinforcing positive user behaviour in our employees and customers can help to reduce our water consumption and utility cost.</p>

<p>5 Air quality</p>  	<p>Poor indoor air quality can affect the comfort and health of our building users, especially employees and customers.</p> <p>The usage of diesel for our backup generators, hot water boilers and fleet vehicles, and Liquefied Petroleum Gas (“LPG”) for cooking contributes to the emission of air pollutants.</p>	<p>Providing a healthy indoor environment, including clean air and thermal comfort, enhances the wellness of building users.</p> <p>By monitoring air quality and regularly maintaining our Air Handling Units (“AHUs”), we can ensure that they are operating at optimal efficiency and effectiveness.</p>
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NURTURING OUR PEOPLE

<p>6 Employee attraction and retention</p>   	<p>To be an employer of choice, the ability to attract and retain talent is crucial. This involves providing equal opportunities, fair remuneration and career advancement opportunities for our employees.</p>	<p>A satisfied workforce can result in lower employee turnover, reduced hiring costs, increased productivity and improved capacity to innovate.</p>
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Material ESG Topic	Risks	Opportunities
<p>7 Training and development</p> 	<p>To remain competitive and develop our human capital, nurturing a competent and adaptable workforce with the relevant skill set and mindset requires identifying training gaps and investment in our employees.</p>	<p>A skilled workforce can better delight our customers and ensure the smooth running of our operations.</p> <p>Our NAGA Academy continues to be a capacity-building hub that runs a traineeship for young talents to succeed in their roles in gaming or hospitality with us.</p>

FOSTERING A RESPONSIBLE CULTURE

<p>8 Occupational health and safety</p> 	<p>Health and safety incidents affect the well-being of our employees and on-site workers. It also increases the likelihood of operational downtime.</p>	<p>The health and safety of employees and on-site workers can be enforced through strict observance of health and safety procedures and inculcating a safety culture. Also, developing preventive and corrective measures can help to minimise the reoccurrence of safety incidents.</p>
<p>9 Customer well-being and satisfaction</p> 	<p>Failure to anticipate customers' needs and deliver on our promise of quality service can result in the erosion of customer trust and revenue.</p>	<p>Delivering top-quality experiences and services to customers is central to customer satisfaction and retention. This includes implementing robust food safety and fire safety processes and engaging with customers on their preferences.</p>
<p>10 Responsible gaming</p> 	<p>In the management and operation of a hotel and entertainment complex, promoting responsible gaming is an ethical responsibility. Problem gaming can affect the well-being of individuals and society in the long run.</p>	<p>Instilling responsible gaming practices amongst our guests through various communication channels, practising sensitive advertising and training our staff to provide support to guests are some of the measures that can support responsible gaming.</p>

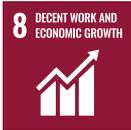
Material ESG Topic	Risks	Opportunities
<p>11 Sustainable supply chain</p> <div style="display: flex; gap: 10px;">   </div>	<p>Engaging suppliers that do not meet our procurement requirements can affect the quality of the products and services received, the resilience of our supply chain and the proliferation of unsustainable practices.</p>	<p>Procuring from responsible suppliers that adopt sustainable practices reduces our operational risk and aligns with our values.</p> <p>Through our purchasing power, significant influence can be exerted on our supply chain to align with our sustainability strategy and adopt more sustainable practices.</p>

MAINTAINING EFFECTIVE GOVERNANCE

<p>12 Anti-corruption</p> 	<p>The management and operation of a hotel and entertainment complex entails practising sensitivity to the risks of unsuitable associations and the need to comply with legal and regulatory requirements.</p> <p>Due diligence is required to avoid impropriety or even the appearance of impropriety, by employees engaged in business dealings.</p>	<p>Under our Anti-corruption Policy, employees are prohibited from soliciting, accepting, or offering bribes or any other form of advantage. Our zero-tolerance stance on corruption upholds our reputation for integrity, honesty and transparency.</p>
<p>13 Anti-money laundering</p> 	<p>An integrated resort business carries an inherent high AML risk due to the substantial cash transactions involved. As such, non-compliance with best-in-class AML protocols may result in lapses that lead to regulatory penalties and reputation loss. Hence, it is fundamental that we uphold the highest level of governance, transparency and integrity in our operations.</p>	<p>To ensure regulatory compliance of gaming operations with anti-money laundering laws, we uphold high standards for compliance and integrity and enforce a robust internal control system.</p>

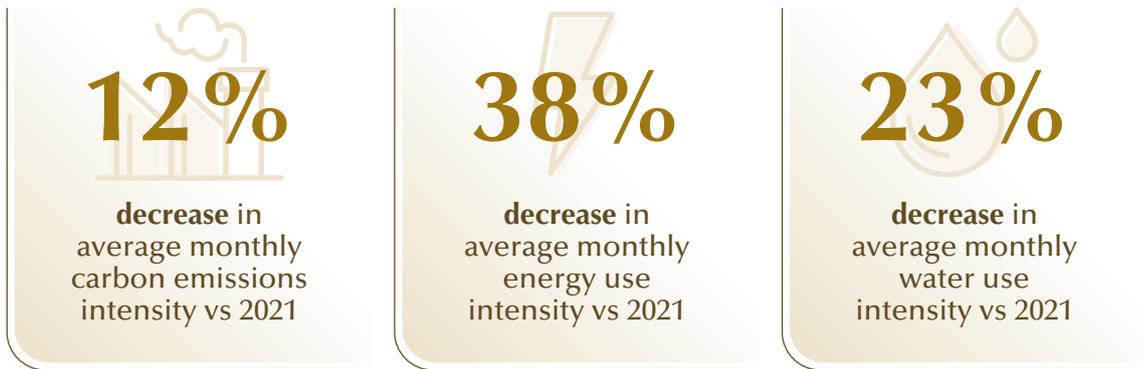
Material ESG Topic	Risks	Opportunities
<p>14 Data privacy and security</p> 	<p>Leakage or theft of customers' data is an invasion of privacy. Customers' data could be used for illicit purposes.</p>	<p>Customers' data is securely stored and only used for purposes permitted by customers (e.g. marketing and promotions).</p> <p>Our IT servers adopt best practices from ISO 27000 – Information security management systems and Information Technology Infrastructure Library ("ITIL").</p>

SUPPORTING OUR COMMUNITY

<p>15 Community investment and engagement</p>        	<p>Contributing to the needs of local communities fulfils our social license to operate.</p>	<p>As part of the social fabric of the Cambodian community, it is our corporate responsibility to uplift local communities through philanthropic contributions, collaborations, in-kind donations and skills-based volunteering by our employees.</p> <p>Our NagaWorld Kind Hearts CSR programmes are focused on – education enhancement, community engagement, sports development and environmental care.</p>
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PROTECTING OUR ENVIRONMENT

FY2022 PERFORMANCE



Note: Due to temporary suspension of business operations, we operated for 5.5 months in 2021.

FY2022 INITIATIVES



Disclosed Scope 3 emissions



Launched food waste campaign



Embarked on battery recycling

Supporting UN SDGs



With less than a decade to go, the window for the 2030 Agenda for Sustainable Development is closing in. Climate change remains the most pressing global challenge at hand. On the business front, the spiralling impacts of climate change have far-reaching effects on upstream and downstream business activities, and how we create value for our customers, investors and other stakeholders.

According to the United Nations Framework Convention on Climate Change (“UNFCCC”), the world’s least-developed countries, including Cambodia where we are based, will face the brunt of climate impacts, despite being the least responsible – less than 1% of global carbon emissions (*Source: UNFCCC, 25 July 2022*). Cambodia also faces “highly negative” exposure to physical climate risks such as floods and droughts (*Source: Moody’s Investor Services, 3 October 2022*).

At NagaCorp, we are cognisant that whatever impacts the environment will also impact our business. With this underpinning, we seek to operate in a responsible, transparent and sustainable manner that delivers the highest quality of services and products to our customers while minimising our impact on the environment.

Our efforts to manage our environmental footprint are targeted at reducing our carbon emissions, energy consumption, water consumption and waste production, and improving air quality. In addition, we are closely monitoring the implementation of Cambodia’s carbon neutrality plan and National Energy Efficiency Policy, which were approved by the Royal Government of Cambodia (“RGC”) in end-2022.

To realise our sustainability commitments, we engage with external stakeholders who align with our strategy and goals, adopt industry best practices, promote environmental awareness and engagement among our workforce, and measure and disclose our impacts. Setting environmental targets will be our focus in 2023 to propel our goals to action.

From 2016 to 2018, NagaWorld, our flagship property in Phnom Penh, Cambodia, was 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 environmentally-friendly and energy conservation practices.

In 2022, there were no incidents of non-compliance related to environmental protection laws or regulations in Cambodia.

There were also no environmental protection laws and regulations that had a significant impact on the Company during the Year.

Sustainability Report

Education and Awareness

To reduce our environmental footprint, we actively engage our employees and customers to adopt environmentally-friendly practices. One of these initiatives is our towel and linen reuse programme. We encourage hotel guests to reuse bed linens and bath towels unless a replacement is requested. This has helped to save considerable amount of water and energy used for laundry. Educational messages on saving water and energy are also put up in common areas to encourage our employees and customers to be environmentally friendly.

At the national level, we continue to foster cross-sector partnerships by playing an active role in working alongside the RGC, NGOs, and the Cambodian business community to promote green initiatives and raise environmental awareness. We believe knowledge leads to positive change in the long run. We share best practices and information about sustainable practices with the government, our business partners and the wider community. We also organise activities to support local communities in maintaining a green environment.

For more information on our community outreach, please refer to the section on NagaWorld Kind Hearts on page 93 of this annual report.

“

Food Waste Campaign at Staff Cafeterias

Our staff cafeterias serve thousands of employees daily. While our organic waste, including from staff cafeterias, is diverted to farms to be cooked and used as animal feed, we are mindful that preventing waste at source is more effective in waste reduction.

A clean plate challenge for staff was launched in November 2022. Educational posters and motivational messages were put up in the staff cafeterias to encourage employees to take what they can finish. During NAGA FM235, our in-house edutainment platform, live talk shows on food and nutrition were held and curated videos on the lifecycle of food waste in Cambodia and healthy eating habits were shared with employees.



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Resource Stewardship

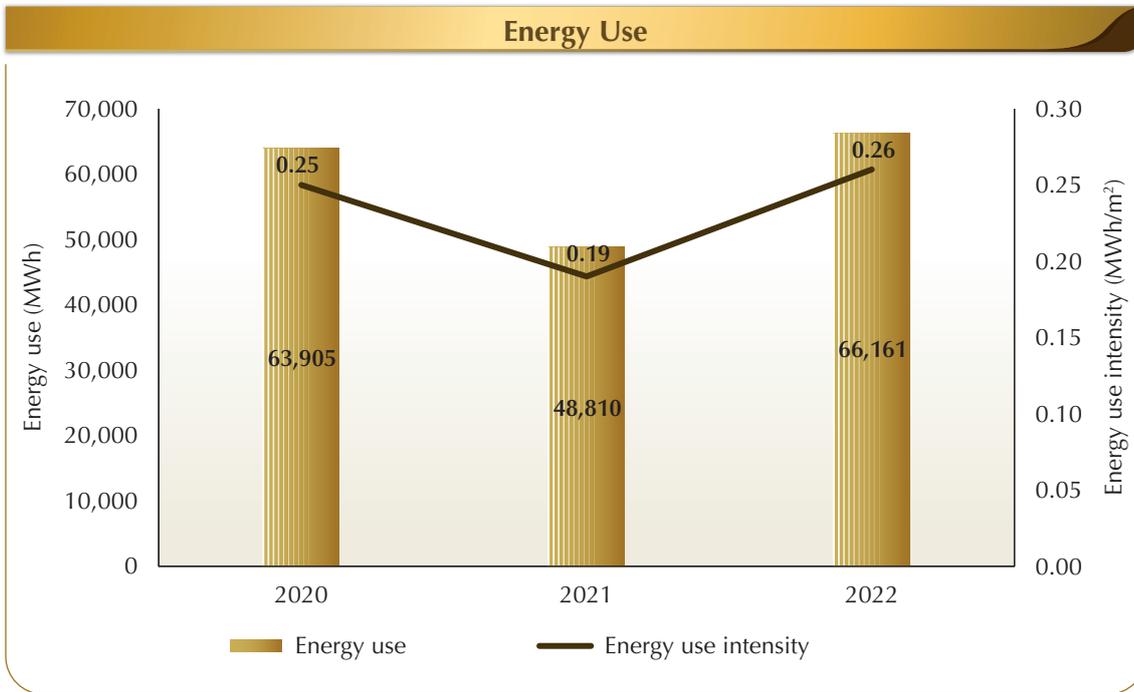
Energy Usage

The majority of our energy consumption goes towards operating the air conditioning and lighting of our properties. The primary source of our electricity is supplied by the Phnom Penh city grid managed by the Electricite Du Cambodge (“EDC”). EDC’s grid energy mix comprises hydropower, coal, fuel oil, biomass, solar and purchased energy from neighbouring countries. Besides the grid, we also use diesel for operating backup generators and hot water boilers, and LPG in our kitchens for cooking.

Phnom Penh experiences periodic power shortages during the dry season and EDC’s maintenance period. During these periods, our backup diesel electric generators are activated immediately to maintain our round-the-clock operations.

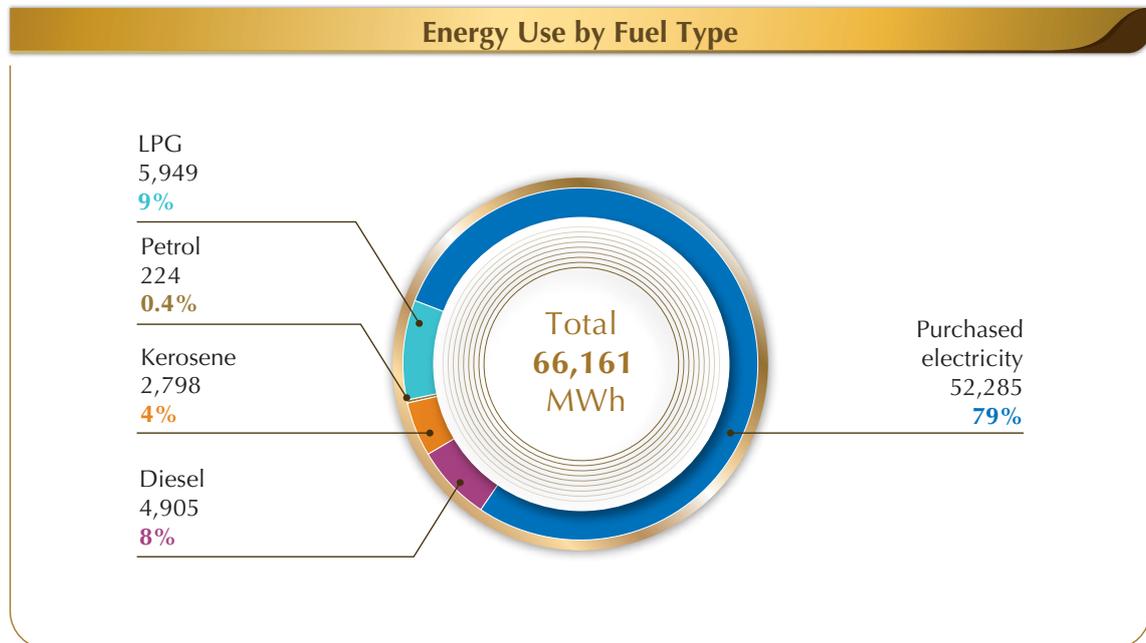
Total energy consumption in 2022 was higher as compared to 2021 as we operated for 5.5 months in 2021 due to a temporary closure of business operations related to the COVID-19 pandemic. For a more accurate analysis of our energy use, we compared the average monthly energy use intensity. In 2022, the average monthly energy use intensity was 21.7 kWh/m², 38% lower than that of 35.0 kWh/m² in 2021.

With the business gradually returning to normalcy in 2022, we experienced higher hotel room occupancy and visitorship than 2021. We also resumed holding Meetings, Incentives, Conferences and Exhibitions (“MICE”) events and international poker tournaments. During the Year, operations for Central Laundry commenced and additional diesel was consumed by the hot water boilers.



Notes:

- (1) In 2022, we adopted the Greenhouse Gas (“GHG”) Conversion Factors for Company Reporting from the UK Department for Business, Energy and Industrial Strategy (“BEIS”). For consistency and comparability, 2020 and 2021’s absolute and intensity figures were restated using their respective year’s fuel-to-energy conversion rates.
- (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.
- (4) Energy use intensity is expressed in energy use per the aggregate gross floor area of Naga 1, Naga 2, NagaCity Walk and Central Laundry.



Energy Reduction Initiatives

We are constantly exploring ways to save energy, especially for heating, cooling and lighting as they consume significant amounts of energy.

Our initiatives include:

- Replacing most of the halogen bulbs in Naga 1 with more efficient LED lights
- Minimising indoor lighting and setting the air conditioning to 27°C on non-operational hotel floors
- Removing unnecessary LED lighting at some of our F&B outlets
- Adjusting the operational hours of chillers, chilled water pumps, AHUs (using timers), walkway fan coil units ("FCUs"), laundry boilers, and cooling tower operations according to ambient comfort and occupancy levels at front of house and back of house
- Installing diesel flow meters to test the efficiency of generators
- Enhancing the water efficiency of pumps in toilets of hotel rooms, and hence reducing the energy consumption of the transfer pumps

- Installing additional switches at cooking stations for kitchen exhaust fans to be turned off when there is no cooking

These initiatives are estimated to cumulatively save at least 1,465 MWh in energy usage and US\$233,000 in energy costs annually.

Hotel room fittings and housekeeping protocols are also designed to save energy:

- Hotel rooms are equipped with card-activated power switches
- Standard operational room temperature is 23°C
- Using natural light for morning room cleanings
- Keeping curtains closed to reduce cooling loss in unoccupied hotel rooms

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.

Sustainability Report

Carbon Emissions

The global activism for decarbonisation calls for the rapid reduction of carbon emissions and the adoption of renewable energy to avoid further exacerbation of climate change impacts. According to the World Green Building Council, the building sector contributes 39% of global energy-related carbon emissions, of which 28% is from operational emissions (*Source: World Green Building Council, 2022*). Besides direct emissions, the majority of GHG inventories are embedded in supply chains.

At NagaWorld, we are committed to minimising our carbon footprint by reducing our direct and indirect emissions, while pursuing customer satisfaction and operational efficiency. This entails seeking green technologies and reviewing our current practices.

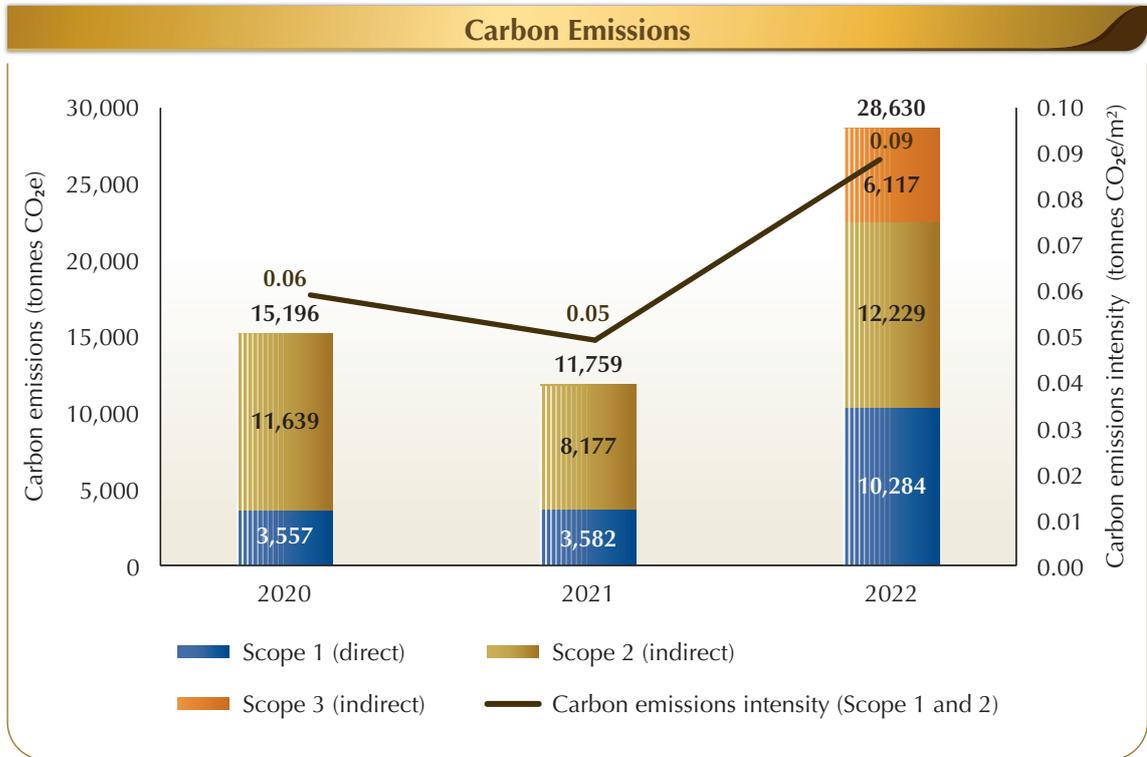
In calculating our carbon footprint, we referred to the GHG Protocol, ISO 14064 – Greenhouse Gases and “Appendix 2: Reporting Guidance on Environmental KPIs” of “How to prepare an ESG Report” issued by the Stock Exchange.

In 2022, enhancements were made to our carbon accounting methodology. For Scope 1 emissions, fugitive emissions from refrigerants were newly-disclosed. The latest 2012 nationwide grid emission factor for Cambodia from the Institute for Global Environmental Strategies (“IGES”) replaced the previously adopted 2009 grid emission factor for Phnom Penh from IGES. Scope 2 emissions in 2020 and 2021 were restated for a more accurate comparison. This resulted in lower Scope 2 emissions than previously reported. We also expanded our carbon reporting to include four categories of Scope 3 emissions by adopting the GHG Protocol’s Corporate Value Chain (Scope 3) Standard.

In 2022, total Scope 1 and Scope 2 carbon emissions increased by 91%. This was due to the resumption of our operations for the full year and the additional disclosure on fugitive emissions from refrigerants. For a more accurate comparison of our carbon footprint, we compared the average monthly carbon emissions (Scope 1 and 2) intensity. In 2022, our average monthly carbon emissions intensity was 7.4 kgCO₂e/m², 12% lower than 2021’s 8.4 kgCO₂e/m² where we operated for 5.5 months due to a temporary closure of business operations related to the COVID-19 pandemic.

Carbon emissions from purchased electricity (Scope 2) represented more than half of carbon emissions that are owned or controlled by NagaWorld. Scope 1 (direct) emissions increased significantly in 2022 due to the new disclosure of fugitive emissions from refrigerants and the increased use of LPG for cooking.

To reduce our carbon footprint, we will continue to seek out and implement energy-monitoring and energy-saving practices and technologies.



Notes:

- (1) Direct, or Scope 1, emissions are attributed to sources and activities within our operational control. It includes LPG used in kitchens and fuels consumed by backup generators, hot water boilers, owned vehicles and fugitive emissions from refrigerants.
- (2) Indirect, Scope 2 and Scope 3, emissions are produced outside of our immediate operations as a consequence of our activities. Scope 2 emissions refer to purchased grid electricity from the EDC. For Scope 3 emissions, they are attributed to sources owned or controlled by other entities in our value chain, both upstream and downstream.
- (3) In 2022, we adopted the GHG Conversion Factors for Company Reporting from the UK Department for BEIS. For consistency and comparability, 2020 and 2021 Scope 1 emissions were restated using the conversion factors from their respective years.
- (4) The intensity figure is expressed in energy use per the aggregate gross floor area of Naga 1, Naga 2, NagaCity Walk and Central Laundry.
- (5) Temporary suspension of casino operations between 2 April and 7 July 2020 following RGC's instructions.
- (6) Voluntary temporary suspension of business operations between 2 March and 14 September 2021.

Sustainability Report

Source of carbon emissions	Carbon emissions (in tonnes CO ₂ e)		
	2022	2021	2020
(i) Scope 1¹	10,284	3,582	3,557
Stationary fuel combustion	2,546	1,832	2,008
Mobile fuel combustion	928	1,750	1,549
Fugitive emissions from refrigerants ²	6,810	NA	NA
(ii) Scope 2 (location-based)			
Purchased electricity ³	12,229	8,177	11,639
(iii) Scope 3²	6,117	NA	NA
Category 3:			
Fuel and energy-related activities (not included in Scope 1 or Scope 2) ^{1,4}	5,156	NA	NA
Category 5:			
Waste generated in operations ^{1,5}	761	NA	NA
Category 6:			
Business travel ⁶	57	NA	NA
Category 7:			
Employee commuting ^{6,7}	142	NA	NA
Total – Scope 1 and 2	22,513	11,759	15,196
Total – Scope 1, 2 and 3 emissions	28,630	11,759	15,196

1 Calculated using the GHG Conversion Factors for Company Reporting from the UK Department for BEIS.

2 New disclosure from 2022 onwards.

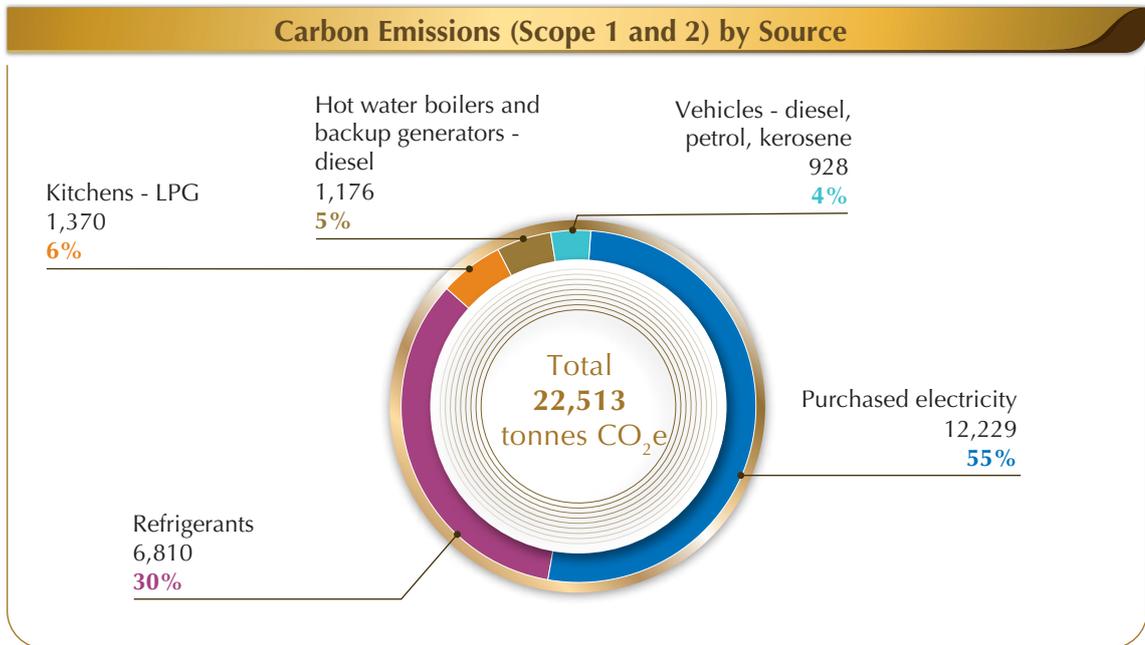
3 The latest 2012 nationwide grid emission factor for Cambodia published by IGES was adopted.

4 Refers to the upstream emissions of purchased fuels, purchased electricity and transmission and distribution loss. Sources of emission factors: Well-to-Tank (“WTT”) – fuels and WTT – UK and overseas electricity (global average) from the UK Department for BEIS, and EDC.

5 Refers to non-recycled waste that is sent to the landfill.

6 Flight emissions from business trips were calculated using the International Civil Aviation Organization Carbon Emissions Calculator.

7 Due to insufficient data on employee commute between their homes and the workplace, we disclosed emissions from the roundtrip flights of expatriate staff’s annual home leave, which is provided for by the Company.



Carbon Reduction Initiatives

On top of our energy reduction initiatives which would contribute to decreased carbon emissions, we are looking into reducing our usage of refrigerants as they constitute a sizable portion of our carbon footprint.

Our action plan includes:

- Installing a refrigerant leak monitoring, notification and alarm system to detect leaks between regular leak inspections
- Increasing preventive maintenance frequency for equipment that use refrigerants, including pressure loss detection and leak detection
- Ensuring optimal heat exchange and pipes protection for damages, including re-insulation of all pipes
- Converting to chilled water system for some areas that are using split units
- Switching off refrigeration units not in use
- Reducing internal Freon volume by optimising piping
- Utilising more efficient compressors

Climate Risk Assessment



In understanding how climate change affects our business and its underlying financial impacts, we undertook an internal climate risk assessment that is based on the TCFD framework. It guides our development of climate mitigation and adaptation strategies, with the overall aim to advance a low-carbon strategy.

Physical risks

Types of physical risk	Potential financial impacts	Climate strategies to manage risks
<p>Acute</p> <ul style="list-style-type: none"> Increased frequency and severity of extreme weather events (e.g. droughts, storms and floods) <p>Chronic</p> <ul style="list-style-type: none"> Increased warming in average temperatures, leading to chronic heat waves Water stress Rising sea levels 	<ul style="list-style-type: none"> Building wear-and-tear contributing to higher maintenance costs Increase in property insurance premiums Increase in energy and water utility costs due to additional cooling required to maintain the comfort of guests and employees Flight cancellations due to disruptive weather, resulting in lower tourists volume and revenue Lower employee wellness and productivity due to heat stress experienced by employees who are stationed outdoors (e.g. security staff) Rising cost of F&B supplies due to disruptions to agriculture and food supply chain 	<ul style="list-style-type: none"> Investments into more energy- and water-efficient equipment and cooling systems Inculcate climate-positive behaviour in employees and guests Implement a Smart Building Management System to predict and automate cooling and heating needs Regular building inspections Risk assessments on heat stress and its impact on employees' wellness Set up flood mitigation measures (e.g. flood barriers)

Transition risks

Types of transition risk	Potential financial impacts	Climate strategies to manage risks
<p>Policy and legal risks</p> <ul style="list-style-type: none"> Carbon pricing Rise in utility tariffs More stringent building standards Regulatory requirements for increased transparency in ESG reporting 	<ul style="list-style-type: none"> Increase in utilities costs Increase in building costs for new buildings, and cost of asset enhancement initiatives for existing buildings Increase in compliance costs <p>Note: Currently, Cambodia does not practise carbon tax. In end-2022, the National Energy Efficiency Policy was approved by the RGC. It advocates for the adoption of a Building Energy Code for residential and commercial buildings (<i>Source: Khmer Times, 28 December 2022</i>)</p>	<ul style="list-style-type: none"> Inculcate climate-positive behaviour in employees and guests Identify and monitor equipment that consumes significant energy and water use Use more sustainable building materials Align ESG reporting against international reporting standards and frameworks
<p>Technology risk</p> <ul style="list-style-type: none"> Accessibility to climate mitigation and adaptation solutions 	<ul style="list-style-type: none"> Investment costs in adopting green solutions such as green infrastructure, renewable energy certificates and carbon credits 	<ul style="list-style-type: none"> Support and participate in cross-sector collaborations that promote decarbonisation solutions
<p>Market risk</p> <ul style="list-style-type: none"> Consumer preference for more sustainable products and services 	<p>While gaming and hotel guests and visitors are primarily drawn by economic factors (e.g. pricing, product/service offerings and service excellence) compared to climate-related considerations, we do not disregard the rising demand for sustainable tourism.</p>	<ul style="list-style-type: none"> Increase and improve the communication of our sustainable practices in our business operations or product/service offerings Engage customers on their preferences
<p>Reputation risk</p> <ul style="list-style-type: none"> Erosion of goodwill and customer loyalty Lower investor confidence 	<ul style="list-style-type: none"> Lower revenue and share value 	<ul style="list-style-type: none"> Track and monitor environmental performance Set environmental targets that are credible and aligned with global sustainability goals Practise transparency in ESG disclosures through the sustainability report

Sustainability Report

Air Quality

The right to live in a clean, healthy and sustainable environment was declared a human right by the UN General Assembly in July 2022. This includes having access to clean air, both indoors and outdoors.

In 2022, the Ministry of Environment (“MoE”) launched the Clean Air Plan as part of climate action. NagaWorld supports the national plan to reduce air pollution and continues to comply with the relevant Cambodian rules and regulations governing air pollution.

The air emissions data comprises emissions from the use of diesel in our backup generators and hot water boilers, LPG in kitchens and fuels used in vehicles.

	2020	2021	2022
NOx emissions (kg)	25,871	21,012	8,686
SOx emissions (kg)	1,878	3,338	3,048
PM emissions (kg)	1,598	1,234	569

Note: Gaseous fuel consumption (e.g. LPG) is not a significant source of PM emissions. Emission factors obtained from “Appendix 2: Reporting Guidance on Environmental KPIs” of “How to prepare an ESG Report” issued by the Stock Exchange and the United States Environmental Protection Agency’s Uncontrolled Emission Factor Listing for Criteria Air Pollutants.

Air Quality Improvement Initiatives

As part of our commitment to ensure the safety and comfort of our building users (e.g. customers, visitors and employees) and communities where we operate, preventive measures are implemented to remove air pollutants from operating our backup diesel generators and premises where smoking is allowed.

During 2022, our primary focus was ensuring the air handling systems functioned effectively to reduce the risk of the air-borne coronavirus spreading, should there be any infections on our properties.

Other air quality improvement initiatives include:

- Performed a microbiological test of air quality through the Institut Pasteur du Cambodge (“IPC”) research lab during the Year
- Deep cleaning on all AHUs to ensure all air filters were cleaned regularly
- Furnishing common areas with plants to boost greenery and air quality

Water Usage

Water is a precious resource that must be stewarded responsibly. According to the World Resources Institute’s Aqueduct Water Risk Atlas, Cambodia is a high-water-stress country. This further highlights the importance of proper water management in Cambodia.

Our water supply comprises treated freshwater from the Phnom Penh Water Supply Authority (“PPWSA”). The PPWSA complies with the drinking water standards of the World Health Organization and national drinking water standards.

NagaWorld is committed to the responsible usage and management of water. Being conscientious about our water usage also brings about utility savings. Most of the water used is for the cleaning and maintenance of our properties.

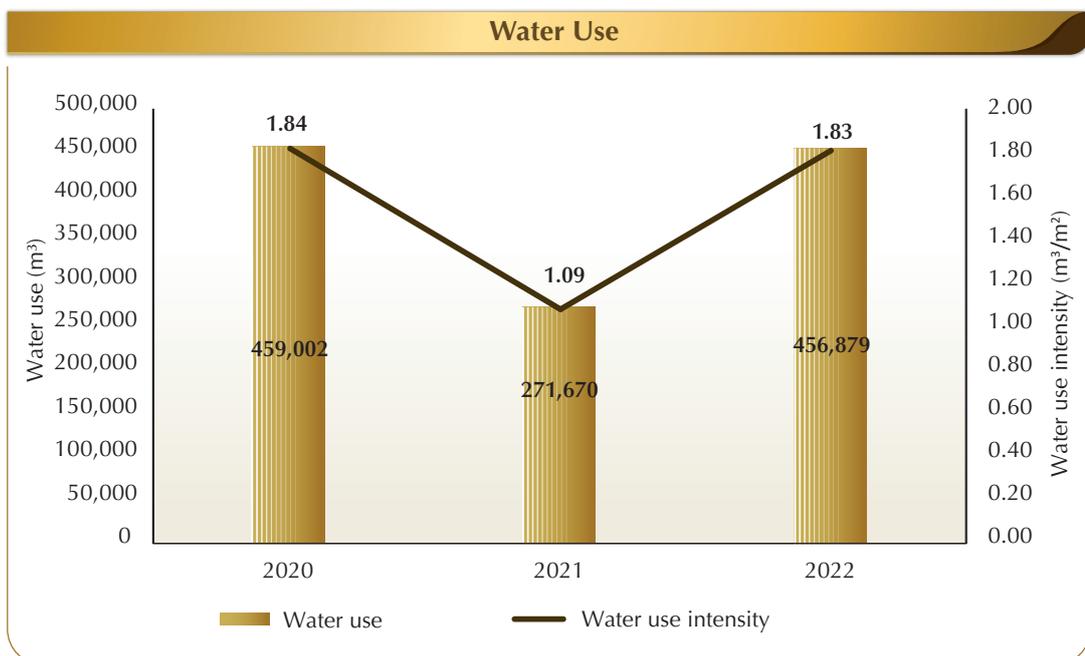
As part of our environmental strategy, we develop strategies to reduce our water consumption by optimising our mechanical systems and processes and fostering responsible user behaviour. In addition, we monitor our water consumption and

intensity closely to identify opportunities for improvement. We perform regular and preventive maintenance, such as cleaning the ventilation filters and condenser tubes and optimising the operation and scheduling of the chiller systems and air conditioning units to further reduce our water consumption. During the dry months in Phnom Penh, we monitor our water usage and ensure sufficiency of water for operations using our water storage tanks. As such, we have not encountered any major issue in sourcing water that is fit for purpose.

In 2022, our water consumption increased by 68% compared to 2021. This was primarily due to the running of our operations for the entire year; in 2021 we experienced a temporary closure of more than six months.

For a more accurate analysis of our water footprint, we compared the average monthly water use intensity. In 2022, our average monthly water use intensity was 0.15 m³/m², 23% lower than 2021’s 0.20 m³/m²; despite operating for 5.5 months in 2021.

As the business recovers from the pandemic, we will continue to monitor our water usage.



Sustainability Report

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.
- (3) Changes to water use intensity were made retrospectively due to recalculations in the relevant gross floor area.

Water Conservation Initiatives

Water conservation features and practices are incorporated into the building design and maintenance to enhance water conservation.

- Water-saving toilets in hotel guest rooms
- Automatic sensor faucets at Naga 2's common area toilets
- Regular inspections and maintenance of hotel rooms
- Training employees on water management during cleaning
- Implementing a preventive maintenance schedule for air conditioning filters, FCUs and AHU coil cleaning, which includes the chiller condenser and evaporator tube cleaning

We also educate our guests and employees on the importance of saving water through water-saving messages in the hotel rooms and the toilets in common areas and offices.

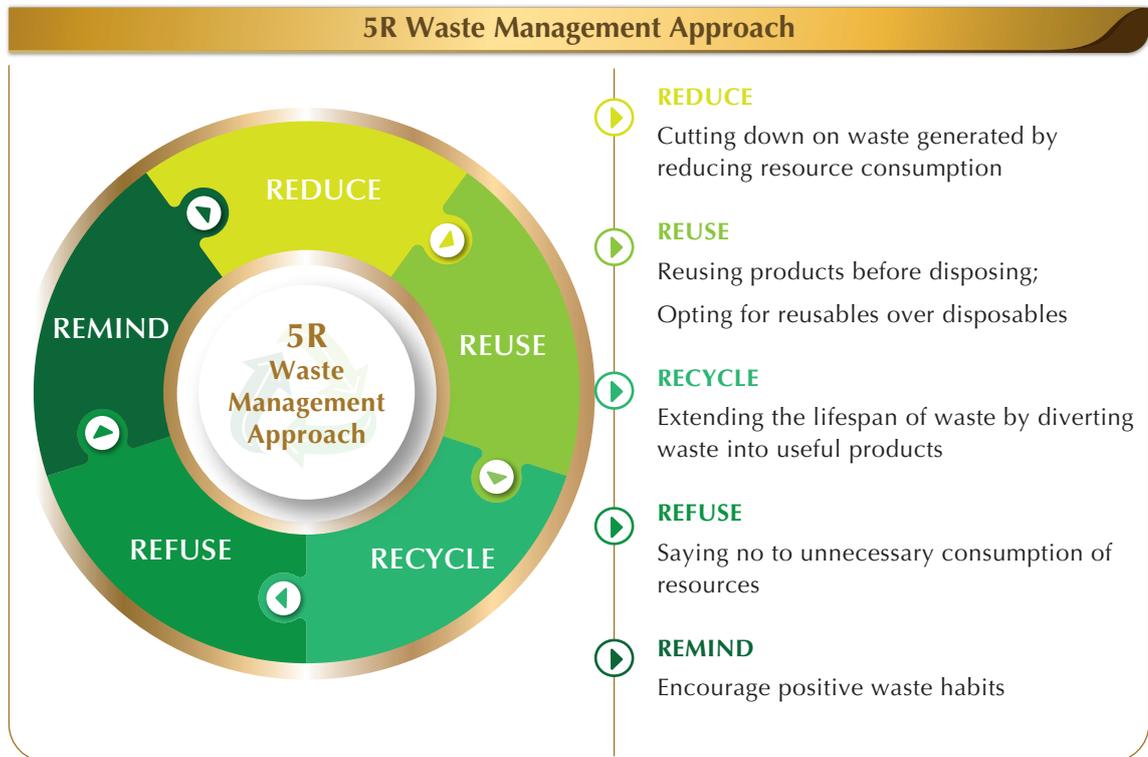
Waste and Effluent Management

In Phnom Penh, municipal solid waste is sent to the landfill. The improper disposal of waste can lead to land and water pollution. Public health issues can arise from the leaching of contaminants into groundwater and other water channels.

In addition, minimising waste generated helps to conserve resources – a stark reminder of our Earth's limited resources. As such, it is paramount to inculcate a zero-waste mindset in how we conduct our business and ensure that our waste is disposed of responsibly.

Our environmental policy encourages the use of goods that have a lower environmental and social impact and seeks to instil life cycle thinking into our decision-making process. For example, chemicals used in cleaning are cross-checked with the Occupational Safety and Health Administration ("OSHA") and Hygiene department before procurement. Chemical suppliers are also required to provide the Material Safety Data Sheet of their products for review before receiving approval from the Purchasing department.

We embrace the "5R" strategic approach in our waste management – Refuse, Reduce, Reuse, Recycle and Remind. We also aim to minimise resource use and maximise reuse, recycling, and recovery in business operations. From building construction, water use, energy use, packaging, or food waste, we focus on uncovering opportunities for responsible consumption.



As we are primarily a service business, we do not produce material amounts of hazardous waste, nor major waste relating to product packaging. Most of the waste generated in NagaWorld is derived from our hotel and F&B operations.

boxes, hotel soap bars, plastic drinking water bottles and food waste. Our food waste from staff cafeterias, restaurants and kitchens is sent to local farms to be cooked and used as animal feed. Used cooking oil is also taken by a contractor for recycling.

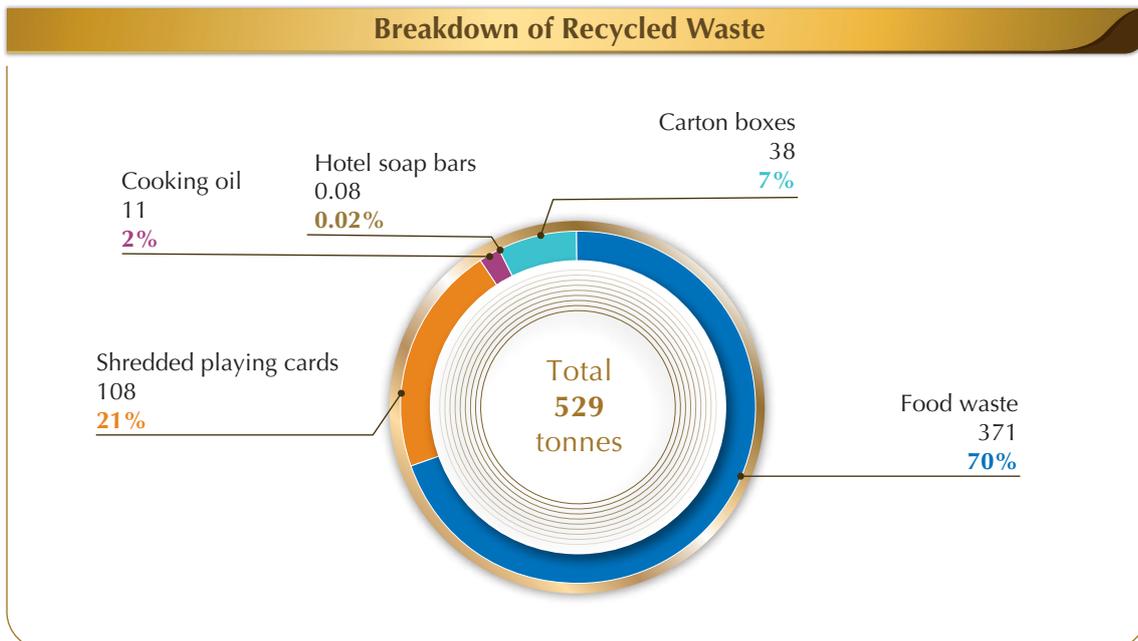
For diverted waste, we work with local companies to ensure our waste is handled, recycled and disposed of appropriately. They comprise shredded playing cards, carton

In 2022, the amount of waste generated increased due to the resumption of full-year operations. We also resumed receiving more accurate waste data from the waste management company.



Note:

In November 2019, the RGC suspended the license of Cintri (Cambodia) Ltd (“Cintri”), which was the appointed service provider of waste collection and disposal in Phnom Penh. Until a new service provider was appointed, the weight of waste disposed was not available. Hence, 2019 to 2021 waste disposed figures were based on our internal best estimates. With the reinstatement of Cintri, we have been receiving data on the weight of non-recycled waste since 2022.



Waste Management Initiatives

We continue to focus on reducing paper-based transactions and moving towards online automation during the Year. This includes 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 online migration of administrative tasks. These initiatives have improved operational efficiency while reducing our paper usage.

We also withdrew single-use plastic straws and takeaway plastic cutlery in December 2018 by replacing them with biodegradable alternatives at most of our F&B outlets.

Old hotel bed linens that have become unsuitable for use are upcycled and used for general cleaning purposes.

Both Naga 1 and Naga 2 are fitted with

aerobic wastewater treatment systems to safely discharge effluents within allowable limits. In conformance with the Sub-Decree on Water Pollution Control in Cambodia and maintaining our permit for effluent discharge, inspections and water sampling were conducted by the government authorities during the Year. The remaining sludge from the wastewater treatment is removed by a contractor for safe disposal.

In 2022, we embarked on a partnership with EcoBatt Energy Cambodia to recycle spent alkaline batteries from our operations. Starting from 2023, collection bins will be installed at our properties and employees can also drop off their personal spent alkaline batteries. This initiative will help to reduce the amount of e-waste going to landfills, which can cause the leaching of toxic metals into the ground and affect public health.

“

Closed Loop System to Reduce Glass Bottles

In 2022, we engaged ecoSPIRITS as a supplier of spirits. ecoSPIRITS is an innovative closed-loop distribution system that nearly eliminates packaging waste in the premium spirits supply chain. Through their refill system, we reduced our consumption of new glass bottles.

To commemorate this initiative, we launched two cocktails – Eco Stormy and Garden of Eden – using base spirits supplied by ecoSPIRITS. For every cocktail sold, a tree is planted through ecoSPIRITS’s Forest Programme.

In 2022, NagaWorld contributed to the planting of 605 trees (equivalent to 13,310 kgCO₂e carbon offsets per year) in Thailand and Indonesia and 151 hours of community upliftment through job creation at a co-op. Guests can view our environmental impact with ecoSPIRITS through a QR code on the “Cocktails of the Month” menu.



Eco Stormy cocktail

”

NURTURING OUR PEOPLE

FY2022 PERFORMANCE



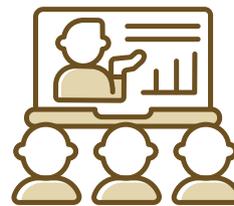
FY2022 INITIATIVES



MyPortal v2.0
mobile app
for staff

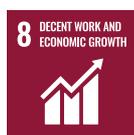


Employee
wellness
programmes



Enhanced
training and
development

Supporting UN SDGs



Cultivating a skilled and adaptive workforce is essential to remain competitive and support NagaWorld's growth. Retaining and developing our people, looking after their well-being, and ensuring we have an engaged workforce, remain vital levers of our human capital development strategy.

Developing a Growth Mindset

Our human capital development strategy creates alignment around our people, processes, and operating philosophies. We embrace a four-step framework to develop our human capital – Start With Us, Engage With Us, Grow With Us and Stay With Us. The framework communicates our aspirations for our employees to forge fulfilling careers at NagaWorld and our commitment towards employee engagement. The engagement and retention of our employees are critical to our success as a

multi-award world-class integrated resort. We are dedicated to growing our human capital by supporting every aspect of the business, in order to continually improve our organisational effectiveness.

The COVID-19 pandemic has demonstrated the importance of corporate agility and flexibility to tackle sudden disruptions. The silver lining is that workplace solutions such as digitalisation has gained greater acceptance and adoption. Besides this, discussions on work-life harmony, mental well-being and collaborations across different ecosystems have become more important than before. To nurture our transformation for growth, we aim to build a corporate culture at NagaWorld that can take on change and new challenges with a positive mindset.



START WITH US

Laying the Foundation

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 contracts executed in Cambodia, governing an employment relationship between the Company and employees regardless of age, race, gender, religion, social status, sexual orientation, marital status, or disability. The law also provides protection for Trade Unions and Shop Stewards and prohibits all forms of discrimination in an employment.

NagaWorld has a zero-tolerance stance towards child and forced labour. Our Talent Acquisition team screens job applicants thoroughly to ensure that they are of legal working age and that they are not at risk of exploitation. This can include verifying identification documents and conducting background checks. If child labour or forced labour is discovered in NagaWorld, HR will take immediate action to investigate and develop a remediation plan to address the underlying causes and prevent recurrences. There were no local laws and regulations relating to child and forced labour that had a significant impact on the Company during the Year.

Our focus is to attract skilled workers in alignment with our broader business goals. We ensure every new hire is set up for success right from the start. During orientation, we equip new employees not only about the job but also about the company culture and how they can contribute to and thrive in it.

We foster a positive work atmosphere to promote engagement, show appreciation to employees, provide competitive pay and benefits, and encourage a healthy work-life balance.

It is our mission to embrace diversity and inclusivity in our workforce, practise transparency and open communication and continuously invest in our people.

Equality and Diversity

As we value the contributions of our employees, we commit to protecting their rights and welfare. We listen to employees' opinions on workplace issues and uphold their best interests. Moreover, our hiring process is wholly based on merit. NagaWorld prides itself as an Equal Opportunity Employer that does not discriminate in any form. Likewise, we prioritise promoting from within the Company whenever possible.

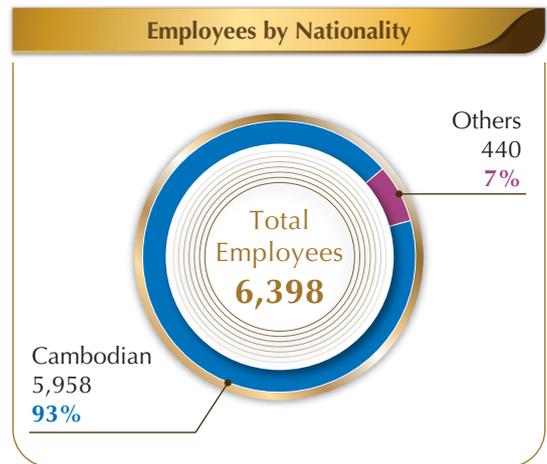
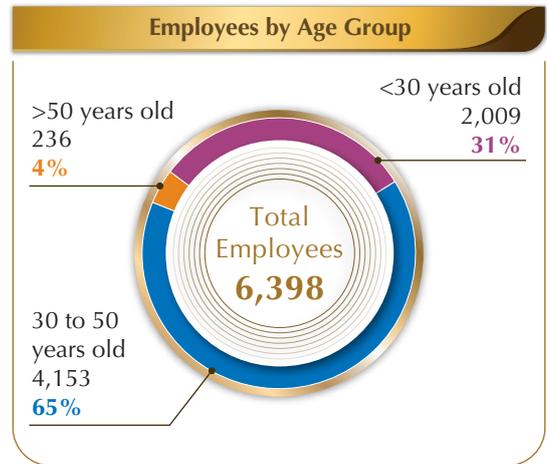
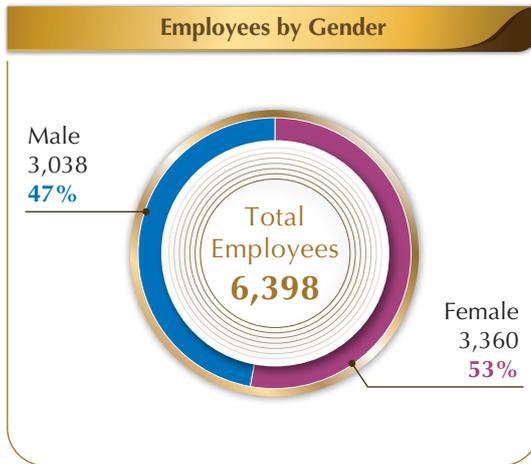
As of 31 December 2022, we had a total staff strength of 6,398; of which 93% are Cambodians and 7% are expatriates. Our culturally-diverse workforce is formed of 35 nationalities. By gender, our workforce is fairly balanced. Women comprise 53% of our workforce while 47% are men. For manager and above positions, women form 33%.

We have a good mix of young and experienced employees – Below 30 years old (31%), between 30 to 50 years old (65%) and above 50 years old (4%). Our workforce also comprise 6,270 (98%) full-time staff and 128 (2%) trainees from the Executive Trainee Programme (“ETP”).

Grooming local talent remains a vital part of NagaWorld's long-term pursuit as an employer of choice in Cambodia. As of 31 December 2022, 22% of managerial roles were held by locals.

As our business grows and our guest portfolio becomes ever more diverse, evolving our work culture will stay a priority. We will continue to foster an inclusive and empowered culture, where our employees feel comfortable to voice their opinions.

In a multi-phased process, we are looking into how diversity and inclusion can be better embedded within our business. For a start, two-way dialogue sessions such as the Leadership Breakfast Series and HR Updates have been conducted on unconscious bias and inclusive leadership.



Sustainability Report

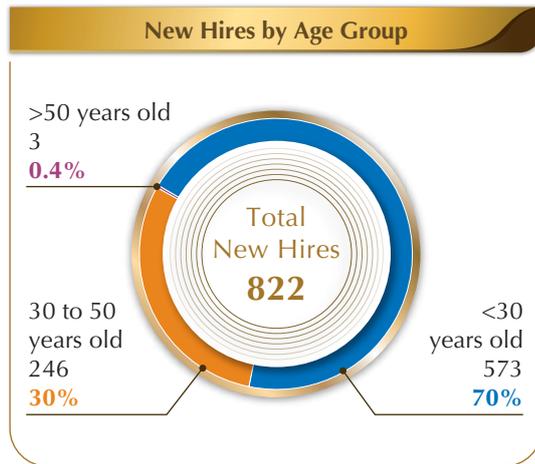
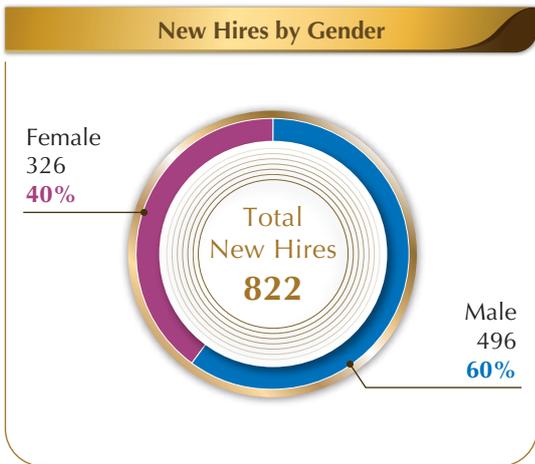
New Hires

In 2022, our focus was on localising the labour demands. As of 31 December 2022, we made 822 new hires (2021: 131). 94% of new hires were Cambodians and 6% were expatriates. Amongst 2022's new hires, 40% were women and 60% were men.

Cambodia is a vibrantly young and growing nation. Youth under the age of 30 represent two-thirds of the country's population, which continues to grow at around 1.6% per year. NagaWorld aims to promote and

expand decent employment among youths in Cambodia. This involves providing avenues for young people to develop fulfilling careers.

We held weekly walk-in recruitment fairs at our NAGA Academy, where young applicants can submit their resumes, be interviewed on the spot and be matched to a job opening. In 2022, an average of 70 job-seekers participated in the weekly recruitment fair.



ENGAGE WITH US

Connecting Hearts, Engaging Minds

We recognise employee engagement as a critical driver of business success in today's competitive marketplace. We aim to improve efficiency in the workplace, encourage feedback and improve communication. In 2022, the Human Resources ("HR") department organised a lineup of employee engagement programmes to encourage interaction between departments, focus on employee well-being, and accord recognition.

Leadership Breakfast Series

The Leadership Breakfast Series was inaugurated in May 2022, sparking off a total of five sessions for the Year. Staff of various grades across departments engage in open and lively dialogues with senior managers on pressing topics impacting their daily operations and provide suggestions on improving processes.

Each 90-minute series featured a current issue, an engaging Q&A session and a chance to network with colleagues from other job functions.



NAGA FM235

NAGA FM235 serves as a fitting microcosm of the way we get things done at NagaWorld. When the idea of NAGA FM235 was first mooted, staff from various departments stepped up to execute the idea.

Every week, departments such as CSR, Fire Safety, OSHA, Hygiene and Training and Development present educational topics or company announcements at the staff cafeterias in Naga 1 and Naga 2. Employees participate in quizzes and win prizes alongside the fun and games. This edutainment "live" channel is one of the ways we foster new bonds and improve communication across the Company.



NagaWorld Children's Day

On 30 June 2022, around 200 employees brought their children to work for "Take Your Child to Work Day". This event was organised to enhance workplace culture by making employees feel more connected and inclusive. Our employees had an enjoyable day showing their children around their workplace and what they do for work. We arranged meals and a series of activities to enrich, entertain and allow the children to bond with one another.



NAGA Sports Challenge - Badminton

NagaWorld's inaugural badminton sports challenge received an overwhelming response from our staff. Beyond the competitive nature of the event, it brought staff closer to each other where they celebrated each other's successes regardless of their scores.

The final match was telecast "live" on MyPortal and at the staff cafeterias in both Naga 1 and Naga 2. The event clocked an audience of around 1,500 online viewers on MyPortal.



NagaWorld Got Talent

We injected some fun and lightness to work by organising a talent competition for employees in October 2022. Around 1,000 staff attended the finals of the talent competition to support their colleagues and favourite contestants. The finalists put up a dazzling showcase of singing and dancing to much anticipation and pride of their supporters, including their family members who attended. The “live” telecast via MyPortal was appreciated by staff who could not join in person.

To honour the dedication of the finalists in bringing joy into our hearts and to encourage their passions, no finalists left the stage empty-handed. Special prizes – *MyPortal People’s Choice Award*, *Darling of the Crowd*, and *Best Supporters’ Choice* – were also awarded to the deserving winners.

The ballroom was brimmed with supporters and the stage was drowned in cheers when each winner was announced.



GROW WITH US

Training and Development

To enable our employees to stretch their potential and attain their career goals, we developed a comprehensive employee training development programme to strengthen the skills of our workforce and to build up knowledge where it is lacking. We aim to continue providing quality training to our employees that are aligned with the industry's evolving demands.



Our Approach

In 2022, we embarked on a journey to redesign our approach to enhancing our employees' learning experience. This initiative has become even more important given the impact of COVID-19 and the need to reintegrate employees back into the workplace. This is a key pillar of our HR strategy.

In the face of COVID-19, we adapted our learning and development practices. Our changing business needs have further accelerated towards online and hybrid learning. It uncovered new and innovative ways for us to organise our learning activities. During the Year, one of our Management Essentials courses – *Developing Critical Thinking Skills in Employees* – was administered online.

Employees can find a range of other courses on their work-related needs at NagaWorld's Learning Management System ("LMS"). In addition to easy access and scalability, our staff can track their learning performance and progress.

Skills Made Even Better

As part of our Talent Development 2022 blueprint, we introduced the Certificate in Workplace Trainer Programme to 27 departmental trainers over three months, or 26 training hours, in early-2022. The goal is to standardise and streamline workplace learning plans across the Company. The programme serves as a core guideline for all business units to aid the delivery of training and development in an effective, systematic, and comprehensive way.

Essential Elements of Our Culture of Learning

Our Training Roadmap is a suite of mandatory programmes for the four employee categories – Support staff, Supervisor, Executive, and Assistant Manager and above.

Mandatory	Corporate	Elective
<ul style="list-style-type: none"> • New Employee Induction Programme • Anti-corruption Training • Anti-money Laundering • First Aid Training • Fire Safety Training • Food Safety Programme 	<p><i>Hospitality Essential Skills (Service Excellence)</i></p> <ul style="list-style-type: none"> • Grooming • Social Skills • Guest Relations • Complaint Handling • Effective Selling Skills • Effective Communication Skills • Happy Nest: Team Building & Motivation <p><i>Supervisory/Leadership</i></p> <ul style="list-style-type: none"> • Effective Communication • Coaching for Improved Work Performance • Supervising for Service Excellence • Delegation • Conducting Briefing • Team Building • Coaching • Business Acumen • Handling Conflicts and Problem-solving • SWOT <p><i>Management Essentials</i></p> <ul style="list-style-type: none"> • Critical Thinking • The Leadership in Me • Strategic Communication • Managing and Leading Change 	<ul style="list-style-type: none"> • Computer Skills • Workplace English • Mandarin Enhancement • Khmer for Everyday Use • Business Communication

Sustainability Report

Training Hours

As of 31 December 2022, our workforce, including ETP staff, achieved 255,013 training hours. Each employee received an average of 40 training hours during the Year.

With tourism opening up in Cambodia in 2022 and the resumption of business for the full year, we stepped up on reskilling and upskilling our workforce.

Employee category	Average training hours
Male	29
Female	49
Manager & Above	20
Assistant Manager & Below	39

Executive Trainee Programme

Our ETP offers mentoring, training and networking opportunities with on-the-ground experience either in the hotel or casino division. Trainees work alongside department supervisors who are experts in their field and passionate about their work. With the vast array of business functions, there are numerous opportunities for trainees to learn and grow.

New ETP trainees undergo a rigorous training for 12 months on occupational skills, English language and communication skills. Additionally, they are required to attend Grooming, Social Skills and Hygiene trainings.



OPERACY Workshop

As part of post-COVID-19 business recovery, we held a workshop on “OPERACY” which was conducted by Mr. Christopher Lee, the author of OPERACY book and training, and HEDC International Human Development Specialist. The workshop served to establish the capacity development of our workforce. In the process of building operating-model resilience, it is crucial our employees adapt their skills and roles to the post-pandemic ways of working.

114 employees in managerial positions were invited to attend 32 hours of training over eight days. They picked up concepts on success and development, personal empowerment and methods to improve performance and productivity.



Positive Mindset Workshop

At NagaWorld, we aim to promote and encourage positive outlooks in the workforce through our employee engagement programmes. In 2022, we organised a one-day workshop on “Positive Mindset for More Productivity” and “Basic Financial Literacy” for more than 600 employees in supervisory and managerial roles.



Sustainability Report

MyPortal v2.0

We understand that continual improvements and regular updates are crucial components of a strong mobile application development strategy. Since the launch of the MyPortal application in 2020 for employees, we are constantly surveying ways to improve its performance.

In 2022, we introduced new features to enhance our employees' user experience and to improve company-wide communication.

New features in MyPortal v2.0:

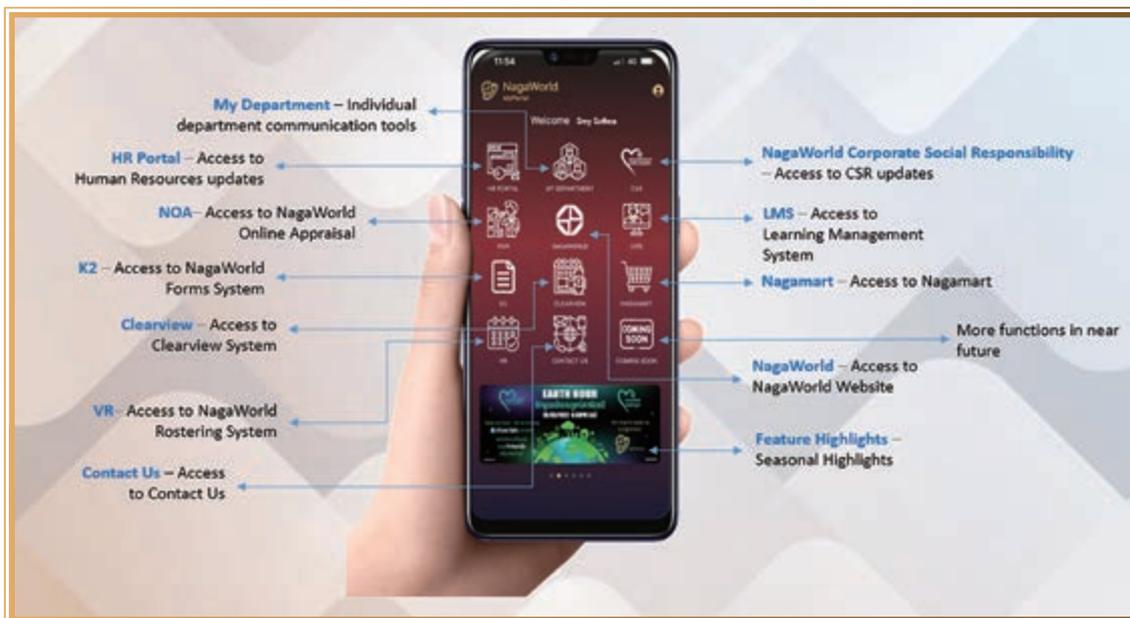
- New Look, New Features – All functions on one page
- My Department
- Feature Highlights
- Online Survey
- Online Declaration Form
- Personal Information Update

- Live Broadcast
- MyPortal Challenge
- iChat

Performance Management

Our success is centred on our ability to recruit and retain the brightest and best talents. We design our performance, pay, promotion and succession processes to engage and reward talented and committed individuals and reinforce our culture and values.

Annual employee evaluations include feedback from line managers on job performance, conduct, risk behaviour and contributions to our culture – all of which factor into compensation and promotion decisions. The yearly exercise allows the design of development programmes to minimise or seal any performance gaps.



STAY WITH US

Building an Engaged Workforce

We strive to offer multiple channels to keep our employees engaged and connected to NagaWorld's mission. The HR department works together with all departments to cultivate an environment where every employee can be passionate about their work and committed to the Company's values and goals.

We build an environment of employee engagement, empowerment and participation where our staff can perform at their best ability and managers are equipped with the tools and resources that facilitate an effective operating environment.

Caring for Our People

We provide competitive remuneration that is merit-based by performing annual benchmarking exercises. We believe in equal remuneration where employees are remunerated equally for work of a similar nature, regardless of their gender.

To attract and retain talent, we continuously review the employee benefits and opportunities that we provide. For full-time employees, our suite of employee benefits supports our people's physical, mental, financial and social well-being:

- 18 days of paid annual leave (increases based on the length of service)
- 14 days of paid sick leave annually
- 90 days of fully-paid maternity leave; above the legislated 50% wage entitlement
- Three days of fully-paid paternity leave
- Free medical care through two dedicated in-house clinics
- 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%
- Monthly cash incentive for enhancing language skills

The Company provides parental leave for all full-time employees. In 2022, 253 female staff utilised their maternity leave, totalling 17,631 salaried days.

Sustainability Report

Employees also enjoy the benefits of our in-house supermarket, Naga Mart, and staff cafeterias. These initiatives support our employees by helping to lower their daily expenses. Naga Mart is a not-for-profit supermarket where employees can purchase daily essentials such as toiletries, snacks and drinks. Employees benefit by paying up to 59% less compared to market prices. For meals during work hours, our staff cafeterias are curated to provide a variety of nutritious dishes, including a salad bar.

Through the National Social Security Fund, we contribute to the healthcare and pension of our employees. The nationwide pension system aims to provide social security on healthcare and retirement for private sector employees. Operating on a co-funding model between employer and employee, NagaWorld makes monthly contributions to our employees' pension.

The Company is in compliance with the Cambodian Labour Law in ensuring a regular work week is not exceeding 48 hours. All overtime work must be consensual and not requested on a regular basis.

Improving Employees' Safety and Welfare

In 2022, we enhanced the security and convenience of staff parking. Employee parking lots at Naga 1 and Naga 2 were expanded to improve their accessibility and the safety of our staff.

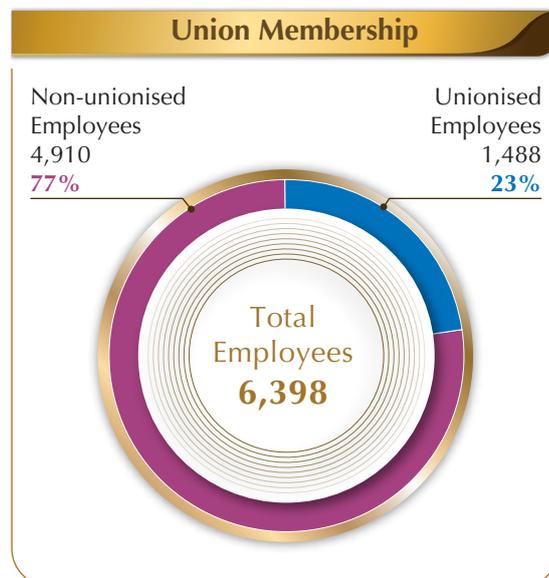


We understand the significance of storage lockers in providing employees with a safe and private place to store their belongings and valuable items while at work. Looking ahead into 2023, revamping employees' lockers is one of the areas we will be looking into.

Labour Relations

NagaWorld respects the right of all workers to join a trade union of their choice without fear of intimidation or reprisal, in accordance with Cambodia's Labour Law. We put in place non-discriminatory policies and procedures with respect to trade union organisation, union membership and activities such as applications for employment and decisions on advancement, dismissal, or transfer.

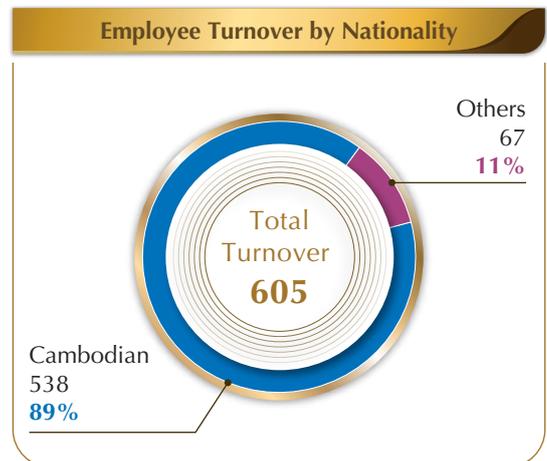
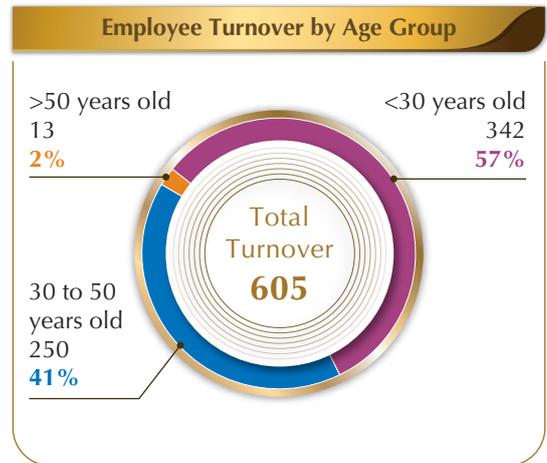
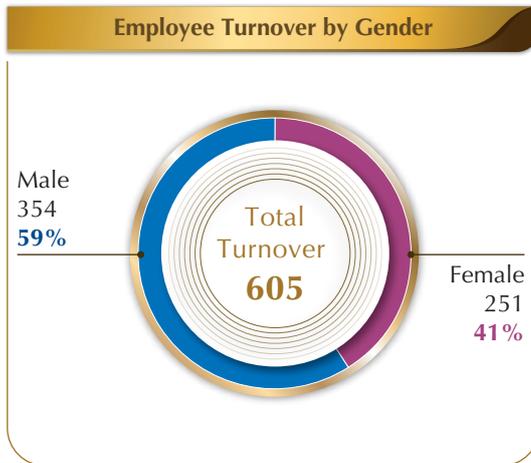
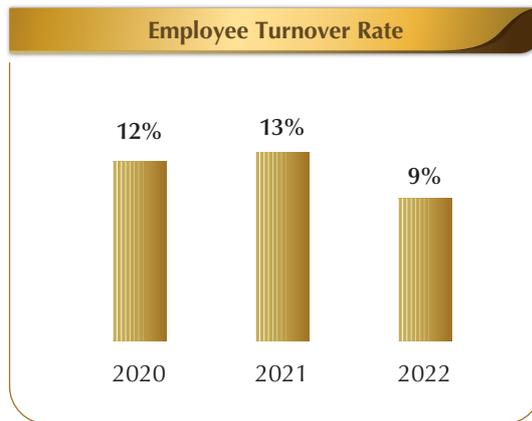
In 2022, 23% of employees were unionised, where the union is legally registered with the Ministry of Labour and Vocational Training ("MoLVT").



Employee Turnover

Over time, we identify trends in turnover and take steps to improve the morale of our workforce.

As of 31 December 2022, the Company had 605 employees turnover (2021: 775). The attrition rate for the Year was 9%.



FOSTERING A RESPONSIBLE CULTURE

FY2022 PERFORMANCE



lost time injury frequency rate



work-related fatality



local sourcing for procurement

FY2022 INITIATIVES



Enhanced health and safety training for staff



>2,400 food safety inspections



Food safety workshop for F&B suppliers

Supporting UN SDGs



As a provider of jobs, hospitality and entertainment experiences, it is our responsibility to provide a safe environment for our employees, guests and on-site contractors.

Besides our direct operations, we strive to foster a responsible supply chain through supplier engagement on best practices. In addition to establishing Standard Operating Procedures (“SOPs”) for the safety and hygiene of daily operations, we also educate relevant stakeholders on our expectations and implement mitigating and corrective actions.

Health and Safety

We are committed to providing a healthy and safe environment for our employees, guests and on-site contractors. To achieve this, we adopt a systematic approach to identify and assess health and safety risks and allocate appropriate resources to manage those risks. As our baseline, NagaWorld complies with all relevant laws and regulations on health and safety set out in the Cambodian Labour and Employment Law. We equip our employees with adequate means of protection, ensure their occupational safety and hygiene, and look into improving their work environment.

For continuous improvement, we maintain an effective OSHA communication system. Our OSHA policies and SOPs are constantly reviewed to align closely with the International Labour Organization standards and disseminated to employees.

As part of our due diligence, we investigate all work accidents and occupational diseases.

When an employee gets injured or sick, he or she shall report to the in-house clinic:

1. The in-house clinic will escalate the case to the OSHA department
2. The OSHA department will interview the employee/witnesses
3. The OSHA department will review the area where the incident took place
4. The OSHA department will create the investigation report and include photographs
5. The related department is responsible for the implementation of corrective actions and communication with the other employees within the affected department
6. The OSHA department will monitor the follow-up implementations through daily walk-downs

The Law on Social Security provides a system of protection regarding work-related accidents for workers under the scope of the Labour Law. To minimise the likelihood of work-related accidents, daily walk-downs by the OSHA department are practised and safety issues of concern are raised to the relevant departments and the OSHA committee. In consultation with the departments, the interventions are communicated, tracked and distributed to the relevant departments twice a month. During the Year, we recorded more than 1,000 interventions.

As far as possible, we also equip our employees with tools which conform to standards such as the American National Standards Institute (“ANSI”), International Safety Equipment Association (“ISAE”) or Conformité Européenne (“CE”) mark. We also ensure that our employees are provided with the appropriate types of personal protective equipment and are using them correctly.

Sustainability Report

Safety Culture

To foster a safety culture, our goal is for every employee to be knowledgeable about the safety protocols in their daily operating procedures and to develop the ability to make sound decisions that do not compromise their safety and the safety of others.

Awareness training is provided to all employees. Safety standards of daily operations are monitored and maintained. Due to COVID-19 safety distancing measures, the annual Safety Awareness Campaign was not held in 2022. Nonetheless, safety videos were shared with employees during their lunch break through NAGA FM235, an edutainment platform at our staff cafeterias.

Led by the Head of OSHA, an OSHA committee comprising representatives from key departments, such as Housekeeping, F&B, Stewarding and Maintenance meet twice a month to review safety incidents and the progress of the proposed corrections.

Safety Performance

Lost Time Injury Frequency Rate ("LTIFR") remained low in 2022. 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. Common work-related injuries are associated with hand injuries, slips, trip and fall, especially in kitchens.

There were no work-related fatalities or high-consequence injuries during the Year.

Safety performance	2020	2021	2022
Man-hours ('000)	68,947	20,963	66,940
Number of work-related injuries	12	3	15
Lost days due to work-related injuries	58	36	74
LTIFR	0.17	0.14	0.22
MTI	20	6	16
MTIFR	0.29	0.37	0.23
Work-related fatality	0	0	0

Notes:

- (1) Total man-hours were low in FY2021 due to the voluntary temporary suspension of business operations between 2 March and 14 September 2021.
- (2) LTIFR = number of Lost Time Injury ("LTI") x 1,000,000/total man-hours. LTIs are events where the employee cannot return to work within two days, after being checked by the in-house clinic and referred to a panel clinic for additional treatment.

MTIFR = number of Medical Treatment Injury ("MTI") x 1,000,000/total man-hours. MTIs are events where the employee cannot return to work the same day or the next day after being checked by the in-house clinic and referred to a panel clinic for additional treatment.

Besides workplace accidents, we are also concerned with the safety of our employees during their commute to and from work. Traffic accidents are one of the highest causes of injuries and fatalities in Cambodia (*Source: Khmer Times, 2 January 2023*) and most of our employees commute to work on motorbikes. We advocate for safe motoring amongst our employees by promoting responsible road user behaviour at our annual safety campaign and the NAGA FM235 edutainment platform.

COVID-19 Safety Measures

In October 2022, Cambodia lifted all COVID-19 restrictions for inbound visitors. While the COVID-19 pandemic situation improved during the Year, ensuring our employees' and guests' safety and well-being remains paramount. We continued to implement safety measures such as mask-wearing, thermal cameras and disinfectant spray units at entrances and the sanitisation of guest and employee areas.

Product Responsibility

Being a service-driven business, NagaWorld does not produce any products other than the F&B prepared by our restaurants, bars and kitchens. Policies and standards are in place to ensure these F&B products and our services meet high-quality standards. There were no local laws and regulations relating to aspects of our products and services in health and safety, advertising and labelling that had a significant impact on the Company during the Year. We strive to uphold data protection in our operations; currently there is no data privacy law in Cambodia.

To promote inclusivity for persons with disabilities ("PWDs"), both Naga 1 and Naga 2 buildings are accessible by wheelchair via the wheelchair ramps at the entrances and have specially-fitted toilets for PWDs.

Responsible Gaming

Embodied in our commitment to the ethical operations of our business is our effort to promote responsible gaming due to the inherent societal concerns associated with gaming activities. We are committed to promoting responsible gaming practices to proactively mitigate the potential harm gaming may have on some guests. Our responsible gaming initiatives include age verification procedures to prevent minors from accessing our gaming facilities, as well as providing guests with a voluntary self or third-party exclusion option which is supported by advanced facial recognition systems.

NagaWorld also has a duty towards our employees; and thus, maintains a strict code of conduct prohibiting employees and their family members from engaging in gaming activities operated by the Company.

Food Safety

We take food safety seriously and abide by relevant local and international standards and regulations. From the gate (i.e. our receiving area where suppliers deliver the food supplies) to the plate, we adopt strict standards and practices that go above regulatory compliance. We serve food prepared to the highest standards, using only the best quality products and ingredients.

Led by a Hygiene team comprising 11 trained personnel, we believe NagaWorld is one of the leading hotels in Cambodia with robust internal controls on food safety.

Sustainability Report

Poor management of food safety can lead to food contamination and affect the health of our guests. Some of the common food safety issues that we check for include the freshness of fruits and vegetables, the absence of expiration dates, and the improper storage and packaging of food items during delivery.

To ensure best practices are enforced uniformly, we developed a common set of operating standards and procedures on food preparation and handling that are implemented in all our kitchens and F&B outlets. Inspection processes include:

- Inspecting all food products received for quality
- Conducting various lab and microbial tests on raw ingredients, cooked food, water, ice, contact surfaces and air monitoring
- Implementing corrective actions for non-conformance, lab test failures and complaints

Our employees are equipped with the necessary resources such as annual refresher training and the tools to perform their job effectively while observing good hygiene practices. Monthly inspections and sampling are regularly carried out in our bars, F&B outlets, staff canteens, kitchens and housekeeping areas.

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



1,008

food handlers trained

3,569 training hours



34 kitchens

28 restaurants and bars

9 pantries



2,447

food safety inspections
conducted

* Food receiving area,
kitchens and F&B outlets

Fire Safety

NagaWorld has an in-house fire safety department (“FSD”) managed by a team of experienced firefighters and fire safety professionals specialising in various fields of emergency response and management.

The FSD operates round the clock to provide immediate emergency assistance and support. Since 2012, all members of the FSD are required to complete and pass the National Fire Protection Association (“NFPA”) 1001 International Standard Training – a firefighter professional qualification. To remain response-ready, the FSD conducts weekly in-house training and live fire drills.

In May 2022, 28 firefighters completed the first aid training and were certified by the Cambodian Red Cross. During the same month, a fire evacuation drill was conducted at China Duty Free (“CDF”) (located at NagaCity Walk). About 50 CDF staff attended the fire extinguisher training conducted by the FSD in November 2022. An evacuation drill was also conducted at Naga 1 where more than 260 staff participated. More than 300 F&B kitchen and Stewarding staff were trained on how to use a fire extinguisher.

As of 31 December 2022, a total of 554 new hires attended the fire safety induction as part of onboarding.

Customer Engagement

We strive to provide top-quality experiences and services to all our customers. Engaging with our customers on their experiences, both positive and negative, helps us to continuously improve and raise our standards to exceed their expectations. Our commitment to provide high service standards are embodied in our Guest Service Policy.

We treat any complaints seriously. All complaint cases are swiftly attended to; active incident logs are monitored until the case is resolved. To reduce recurrences of complaints, guest profiles are also updated for future reference. In 2022, we received 46 hotel and F&B-related complaints.

Our engagement with customers takes place via various channels, such as our website, social media and rewards programme. In addition to conventional face-to-face engagement, we leverage social media (e.g. Facebook, Instagram, Weibo) and messaging applications (e.g. WeChat and Telegram). These digital platforms provide a direct channel for us to interact with our customers on our latest offerings and also allow us to address any concerns instantly. We also review and address customer feedback on online review platforms such as Tripadvisor, Ctrip, Agoda, Google, Booking.com, JP Travel, and Expedia.

Our NagaWorld Rewards loyalty programme has been successful in forging stronger customer relations through targeted promotions and unique product offerings. Through this programme, we understand our customer’s needs and preferences better, leading to higher customer satisfaction and retention.

Customer Privacy and Data Protection

We collect both physical and digital personal information from our hotel guests and members of the NagaWorld Rewards loyalty programme. Physical data records are securely stored in a central location by our Document Control team, while digital data records are securely maintained on our IT servers. Our IT systems adopt best practices from ISO 27000 – Information security management systems and the Information Technology Infrastructure Library (“ITIL”).

A multi-level control system is in place to ensure safe and secure access and storage of our customer’s digital data. SOPs are followed regarding the handling of sensitive information such as personal data, which is implemented and monitored at a departmental level. Customer’s personal data is used for marketing and promotion purposes only with their consent.

In 2022, there were no complaints related to the breach of customer privacy and loss of customer data.

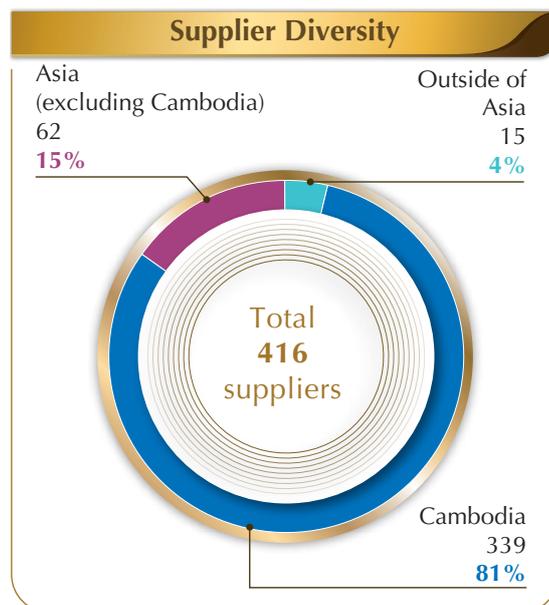
Supply Chain Management

Global disruptions caused by climate change and the COVID-19 pandemic have tested the resilience of supply chains. Shortage of supplies, quality inconsistencies and price inflation are some of the impacts arising from supply chain disruptions. To support our operations and deliver our promise of quality experiences, it is vital to ensure the reliability of our supply chain. In addition, we are cognisant that our true social and environmental footprint is attributed to our procurement decisions. By wielding a positive influence on our supply chain, we foster a multiplier effect for a more sustainable ecosystem.

Commitment to Local Sourcing

We are committed to procuring locally as this benefits the Cambodian economy where we operate and promotes the creation of jobs for locals. Furthermore, procuring locally is more environmentally friendly due to lower emissions from transportation.

In 2022, by supplier count, 81% of our suppliers were from Cambodia.



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Naga Farm – A Sustainable Aquaculture Farm Supplying Local Produce

Situated in the Ang Snuol district, Naga Farm was established with a vision to be a sustainable and renewable agricultural facility that supports the supply of natural produce for our kitchens.

The farm-to-table concept helps to reduce our carbon footprint through direct sourcing. The aquaculture farm breeds freshwater fish and snails in manmade lakes, as well as a variety of vegetables using an aquaponics method.

The facility utilises environmentally-friendly aquaculture techniques such as symbiosis or synergy method. The waste from the fish interacts with the effective microbes and converts into ammonia and then nitrates. Edible plants such as morning glory and salad varieties absorb the nitrates as a fertiliser, resulting in a self-sustaining system.



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Scaling Impact through Procurement Practices

All our suppliers must meet our procurement requirements. In Cambodia, child labour is a social concern. Our Purchasing Terms and Conditions communicate our zero-tolerance stance on child labour. Suppliers are required to acknowledge their acceptance of the document. For service providers such as on-site maintenance vendors, our security protocol includes checking if they are of legal age to work before issuance of the visitor pass.

To our best knowledge, no case of child labour was found in our supply chain in 2022.

With the mounting problem of plastic pollution, we have switched most of our takeaway cutlery and plastic straws to biodegradable alternatives since December 2018. For the printing of paper, only Forest Stewardship Council (“FSC”)-certified paper is used. All tissue paper products in our hotel rooms are produced using FSC and Programme for Endorsement of Forest Certification-certified pulp.



No child labour



**Biodegradable
takeaway cutlery
and straws**



**FSC paper for
printing and
tissue products**

Supplier Hygiene Audits

Annually, we conduct supplier hygiene audits on F&B suppliers that supply perishables, ready-to-eat items, and chilled and frozen food products. This includes a physical inspection of their premises. We consider these food categories as high risks in food safety. For new F&B suppliers, inspection audits are conducted during supplier onboarding. These audits allow us to communicate our expectations and identify suppliers who may not meet our strict standards for food safety.

As part of the audit assessment, we monitor the performance of our suppliers through an internally-developed scoring methodology. Our assessment includes the cleanliness of the premise, hygiene of the supplier’s staff and inventory practices. In 2022, 60 food suppliers were audited. Out of which, 36 were considered high-risk food suppliers.

If a supplier fails an audit, we will suspend their supply of products, request corrective actions and re-audit the supplier. The supplier will be reinstated only when we are satisfied with the improved conditions.

Food Safety Supplier Workshop



In 2022, a supplier food safety workshop was held as part of our annual F&B supplier engagement. Attended by 36 F&B Small and Medium Enterprises (SMEs), the workshop serves to improve the food safety and hygiene practices of our supply chain. We imparted knowledge on NagaWorld's food receiving requirements and delivery conditions, exchanged

ideas on hygiene evaluation methods, conveyed Cambodia's new Law on Food Safety and demonstrated the use of hygiene inspection tools.

We also honoured three suppliers with "Best Supplier Awards" for frozen products, fruits and vegetables and seafood, based on our regular assessments of their products. In 2023, we will introduce the "Most Improved Supplier Award" to motivate our suppliers to raise their food hygiene standards.

Besides a series of lectures delivered by the Hygiene department, suppliers had the opportunity to experience hand cleaning effectiveness through the Adenosine Triphosphate ("ATP") swab testing and Glo Germ booths. At the end of the workshop, participants completed a quiz on hygiene practices and provided feedback that the workshop was beneficial to their learning.



MAINTAINING EFFECTIVE GOVERNANCE

FY2022 PERFORMANCE



FY2022 INITIATIVES



Anti-corruption training for employees



Compulsory AML training for all new hires

Supporting UN SDGs



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.

Maintaining Effective Governance

NagaCorp’s corporate governance framework and practices are set out in this report. It details how we applied the principles of our ethical standards – integrity, honesty and transparency – in conducting our business to maintain the trust and confidence of our customers, employees, investors, business partners and other stakeholders.

We operate with the belief that corporate governance and ethical standards provide an established framework to operate efficiently and manage our risks effectively. Throughout the Year, the Board considers the Company to be 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 to create long-term value for our shareholders and other stakeholders.

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 failure to operate with transparency, integrity, ethical conduct and lawful behaviour, is taken seriously as they undermine our business success, license to operate, and reputation.

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

We are proud to receive several awards that attest to our leadership in governance. In 2022, we were recognised as the Most Honored Company in the Small & Mid-Cap category in Asia (ex-Japan) by the renowned financial publication *Institutional Investor* for outstanding leadership and investor relations, including “Best CEO”, “Best CFO”, “Best IR Professional”, “Best IR Team” and “Best Overall ESG” in the Gaming & Lodging sector. This recognition is part of *Institutional Investor’s* 2022 Asia (ex-Japan) Executive Team annual rankings which are regarded globally as the financial industry’s benchmark for excellence. We also received the “Best IR Company” (Mid-Cap) award from the Hong Kong Investor Relations Association (HKIRA)’s 8th Investor Relations Awards 2022.

These accolades reflect our comprehensive and transparent approach to 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.

Sustainability Report

Code of Conduct

We have a clear set of standards and principles incorporated in our Code of Conduct (the “Code”). Published on our corporate website, the Code provides the foundation for establishing a corporate culture of high integrity, both real and perceived, and sets out our expectations for legal and ethical behaviour for all employees. The Code not only outlines the legal responsibilities and ethical tone for the expected behaviour of all employees but also guides daily interactions with fellow

employees, customers, vendors, government officials and business partners.

We encourage the reporting of any malpractice and misconduct. The Code sets out our principles in 11 areas. We have also devised and benchmarked our policies and procedures to ensure compliance with all relevant laws and regulations concerning anti-corruption, anti-money laundering (“AML”), extortion, fraud and combatting terrorist financing. All employees are required to comply with all corporate policies and the Code.

- | | | |
|-----------------------------------|---|---|
| 1. Personal conduct | 6. Gifts, entertainment and political contributions | 9. Responsibility for reporting violations of the Code |
| 2. Company books and records | 7. Employee betting | 10. Relationships with suppliers, contractors and third parties |
| 3. Compliance programme | 8. Safeguard assets and use of confidential and proprietary information | 11. Employment practices |
| 4. Conflict of interest | | |
| 5. Bribery, kickbacks and rebates | | |

Anti-corruption

NagaCorp has zero tolerance for involvement in corruption or bribery activities of any kind. Our Anti-corruption Policy reinforces the Code and provides additional guidance regarding compliance with laws and regulations related to bribery and corruption. We also published the Anti-corruption Handbook to help our employees and subsidiaries achieve a better understanding of corruption, how to avoid it, and what to do when confronted with it. Both the Anti-corruption Policy and Handbook are publicly available on our corporate website.

NagaCorp complies with the 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.

The Code sets out the legal and ethical responsibilities of, and the expected behaviour of our employees. It prohibits employees from soliciting, accepting, or offering bribes or any other form of current or future advantage. 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.

We are sensitive to the risks of unsuitable associations and the need to comply with legal and regulatory requirements. Due diligence is conducted to avoid impropriety and even the appearance of impropriety by employees engaged in business dealings.

Our 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 ensure they are informed and clear about their responsibilities surrounding the Anti-corruption Policy.

In 2022, 89% of our employees completed the annual anti-corruption training. Conducted online in English and Khmer on our LMS, the contents of the training covered NagaCorp's zero-tolerance stance on corruption, various acts of corruption (e.g. bribery, extortion, fraud, collusion, money laundering and other related offences), legal penalties and reporting mechanisms.

During 2022, no legal case regarding corruption was brought against the Company or our employees.

Whistleblowing

NagaCorp provides multiple channels for our employees and third party (e.g. suppliers and customers) to raise serious concerns about suspected fraud, malpractice, misconduct or irregularity, and disclose related information confidentially. We do not permit retaliation of any kind against any individual who in good faith reports actual or suspected wrongdoing.

Employees, suppliers and other business partners can report potential allegations anonymously through email or made in person to the Head of Internal Audit. Alleged issues may range from but are not confined to:

- Non-compliance with legal or regulatory obligations
- Malpractice, impropriety or fraud relating to internal controls, accounting, auditing and financial matters
- Non-compliance of the Group's rules of conducts
- Improper conduct or unethical behaviour likely to prejudice the standing of the Company
- Deliberate concealment of any of the above

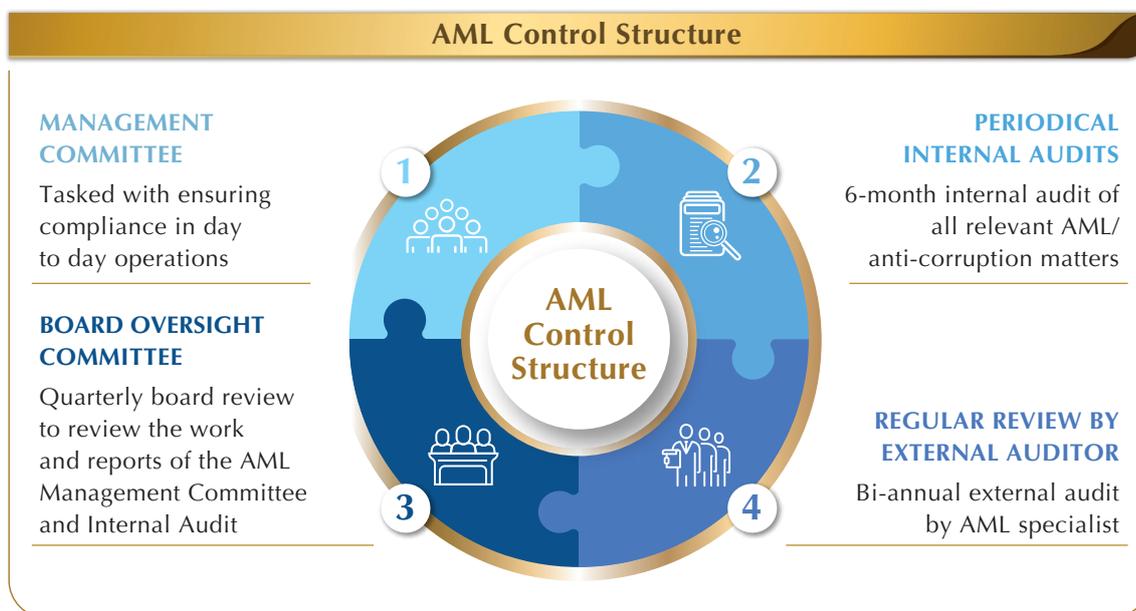
Whistleblowing reports are reviewed, and investigated promptly. Reported matters of significance are referred to the Audit Committee for further assessment, and the next course of appropriate action.

Anti-money Laundering

Internal controls on AML are firmly in place to ensure that we maintain a high standard for compliance and integrity. 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 from an independent AML specialist firm.

The AML Oversight Committee formulates the development and implementation of AML programmes’ policies and strategies, ensures quality control, and oversees AML matters.

To ensure a high standard for compliance and integrity on AML, we 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, is tasked with ensuring that policies and procedures as governed by the AML Procedure Manual are adopted in day-to-day operations.

Tier 2 – Internal audit of AML procedures ensures that AML policies are complied with, and audit results are reported to the Audit Committee and AML Oversight Committee.

Tier 3 – An AML Oversight Committee established at the Board level, and chaired by the chairman of the Board, meets every quarter to review the work and reports of the AML Management Committee and Internal Audit. Matters of significance are escalated to the Board for further deliberation.

Tier 4 – External audit of AML procedures. We engage an AML specialist firm to conduct a bi-annual audit of our AML procedures, which includes work conducted by the AML Management Committee. The report of this external AML audit is reported in our 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 Certified Anti-Money Laundering Specialists (“CAMS”) -certified compliance team overseeing all AML-related compliance practices and reporting. A threshold recording (“TR”) for cash transactions 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. We believe NagaCorp is the first Cambodian casino company that makes Cash Transaction Reports (“CTRs”) and STR filing electronically since the system was in place in July 2018.

All new employees are required to complete AML training as part of orientation training. The training covers the identification of fraudulent banknotes and IDs, to filling out TR and STR forms. Since 2020, all front-line employees must participate in annual refresher training. Due to the nature of shift work and the large number of employees, the annual AML refresher training is conducted via the Train-the-trainer approach. We also provide an AML Procedure Manual, available in Khmer and English, to equip employees to deal with money laundering matters in daily operations. In 2022, 3,060 employees underwent AML training.

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 thorough review of our internal controls and documentation and external consultations. The Year’s review found 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 147 to 150 of this annual report.

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

SUPPORTING OUR COMMUNITY

FY2022 PERFORMANCE



FY2022 INITIATIVES



Community farming



Football development programme



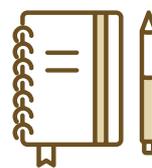
Community cleanup



Best practices to reduce waste

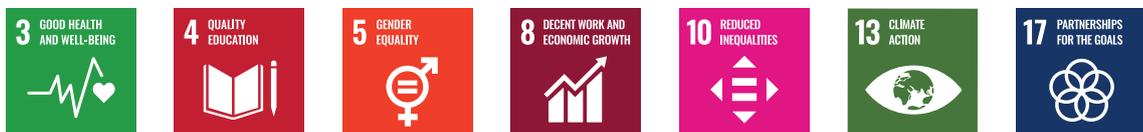


Digital literacy rural upliftment



Stationery set distribution

Supporting UN SDGs



“

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 Senior CEO,
Tan Sri Datuk Dr Chen Lip Keong***

At NagaWorld, we are committed to being a socially-responsible company that strives for positive and sustainable change amongst our stakeholders, including the wider community. As part of the social fabric of Cambodia, we believe we only thrive as our communities prosper in the long run.

We are the first foreign-invested private company in Cambodia and the country’s largest private sector company in the region. Since the inception of our business in 1995, NagaWorld has been steadfast in supporting and collaborating with our community partners and the public sector, especially during times of crisis such as the COVID-19 pandemic.

As we look ahead into the future, we remain committed to identifying the needs of our communities and to generating positive and sustainable impacts on our communities and the environment.

NagaWorld Kind Hearts



NagaWorld Kind Hearts was established with a mission to develop CSR projects that give back to the community and empower our employees through volunteerism. We aspire to foster the belief that their contribution counts – even if it is the smallest of things.

Since 2014, NagaWorld Kind Hearts has amassed a community of employee volunteers dedicated to giving back to our society. Its programmes are driven by four purposeful pillars:

- **Education Enhancement**
- **Community Engagement**
- **Sports Development**
- **Environmental Care**

To date, NagaWorld Kind Hearts has benefited **more than 496,540 children and members of the community**. Alongside this, several charitable donations and in-kind community contributions made by the Group that fulfil our CSR focus areas in Cambodia during the Year totalled **US\$2.2 million**.

Sustainability Report

We are honoured to achieve multiple international awards, including the prestigious International Business Awards (Stevie® Awards), which is considered to be the Oscars or Emmys of the corporate world, that recognise our efforts for supporting the economic and social development of Cambodia in 2022.

Award	Awarded by	Category	NagaWorld Kind Hearts Programme
<p>Stevie® Award – 4 Silvers</p> 	The 19th Annual International Business Awards®, USA	CSR Programme of the Year in Asia, Australia and New Zealand	<p>“Bound But Determined, NagaWorld’s Unwavering Approaches in the Face of COVID-19 in Cambodia” for overall CSR initiatives focusing on four pillars</p> <p>“A Sustainable Cambodia to Make Planet Cleaner and Greener” – for CSR initiatives focusing on Environmental Care & Community Engagement pillars</p> <p>“Sports – A Formidable Nation Building Tool” - for CSR initiatives focusing on Sports Development & Education Enhancement pillars</p> <p>“Sweating For Seeds: Organic Farming - NagaWorld Kind Hearts Steps Up” - for Virtual Challenge programme focusing on Sports Development & Community Engagement pillars</p>
<p>Global CSR & ESG Awards – Platinum</p> 	14th Annual Global CSR & ESG Summit and Awards 2022	Best Country Award for Overall CSR Excellence (Companies with market capitalisation more than US\$1 billion)	“Bound But Determined, NagaWorld’s Unwavering Approaches in the Face of COVID-19 in Cambodia” for overall CSR initiatives focusing on four pillars
<p>Global CSR & ESG Awards – Bronze</p> 		Best Community Programme	<p>“Sports – A Formidable Nation Building Tool” – for CSR initiatives focusing on Sports Development & Education Enhancement pillars</p> <p>“NagaWorld’s Significant Contribution and Initiatives in Managing COVID-19” – for CSR initiatives focusing on Community Engagement pillar</p>

Award	Awarded by	Category	NagaWorld Kind Hearts Programme
PRNEWS Platinum Awards - Honorable Mentions 	2022 PRNEWS Platinum Awards, USA	Campaign of the Year – Sports Campaigns	“Sports – A Formidable Nation Building Tool” – for CSR initiatives focusing on Sports Development & Education Enhancement pillars

Education Enhancement



Why We Care

Education is the passport to a better future.

Our Aim

We want to provide a pathway to educational opportunities for underprivileged students and communities and to further enhance the knowledge and skills of the next future generations in Cambodia.

In January 2022, the Ministry of Education, Youth and Sport (“MoEYS”) recognised NagaWorld Kind Hearts’ notable contributions and positive impact on education in Cambodia by awarding us with a Certificate of Appreciation and a medal. The honours were bestowed following the successful completion of obligations relating to a 2019 Memorandum of Understanding for our two school outreach programmes – Stationery Set Distribution and Fire Safety Awareness.

Stationery Set Distribution

Launched in 2014, our educational project of distributing stationery sets has benefited **over 167,000 children** from over 115 primary schools in 12 provinces/cities in Cambodia. These contributions help to shoulder the cost of educational necessities for students who are unable to afford them.



Sustainability Report

In 2022, **more than 25,500 students** from 60 primary schools received writing books and pens. Students who excelled at the top of their class also received new school bags.

During the distribution sessions, our staff volunteers also shared their work and life experiences with the students to spur their learning. Through our “Green Education at School” programme, our staff volunteers shared the importance of waste management and personal hygiene.

In 2022, NagaWorld employees contributed over **3,560 volunteer hours** to this initiative. Our employees appreciate the opportunity to serve the community and to build on their confidence levels in public speaking; a win-win for our volunteers and beneficiaries.

“

I have always wanted to work in an international company because of the vast opportunities in different areas that it provides. I also love doing charity work as I believe doing good things will enable us to receive ‘good’ back to my family and me. I remember when I was young, times were hard.

Signing up for NagaWorld Kind Hearts’ CSR activities gave me new opportunities to be more confident and to learn new skills like helping to motivate other children who were like me. Thanks to NagaWorld Kind Hearts for creating this volunteer programme for employees to participate in and to give back. I feel happy to help our community. It is a wonderful feeling! I encourage everyone to try it out for themselves and see!



”

Ms. Sin Manith, Dealer, Casino Operations

Fire Safety Awareness

To raise awareness about fire safety amongst school children and local communities, we partnered with MoEYS to conduct fire safety classes at schools. Organised by NagaWorld Kind Hearts and our FSD, we also donated fire extinguishers for their homes and to the schools. Essential real-world fire safety and prevention techniques were imparted, including how to operate a fire extinguisher.

The fire safety classes saw **24,016 participants** at secondary and high schools across five provinces in Cambodia. A total of **85 fire extinguishers** were donated in all, including six fire extinguishers for the communities.



Children@Risk Programme

Through the Children@Risk programme, NagaWorld Kind Hearts has been providing children from impoverished backgrounds with financial aid to cover their expenditures – including food, study materials and daily living needs. We are elated that the children whose grades were previously behind in school have all achieved good grades. This was particularly commendable as their studies were interrupted by school closures in 2021 due to the pandemic.

This programme is a collaboration between NagaWorld Kind Hearts and Cambodia Outreach, an NGO. Together with donations from NagaWorld employees, we supported 10 children from marginalised communities to complete their high school education.

In August 2022, we provided six young adults with internships at NagaWorld to learn vocational skills.

“

I was born in Hab Village, Kampong Trabaek District, Prey Veng province. Currently, I am studying Electrical Engineering at the National Technical Training Institute, thanks to the opportunity from NagaWorld. It was a different story when I was younger. I wanted to give up on my studies because of the difficulties my family had even with daily living expenses. The low income was not enough to support my studies, and at times, we went without food.

After I was selected for the Children@Risk programme, it meant that NagaWorld would sponsor my education and encourage me to complete high school. I am thankful for this generosity.

I studied hard and passed the National Exam in 2021. NagaWorld also offered me an internship opportunity with their Maintenance Department. I learnt a lot from my supervisor who guided me on the technical aspects of electrical engineering.

I never thought I would be able to complete high school and go on to university. I would sincerely like to thank NagaWorld for their kind support and for encouraging me to reach my dreams.

”

Chai, Intern, NagaWorld
Participant from Children@Risk Programme



Digital Literacy Rural Upliftment

In this digital age, learning extends beyond the physical walls of classrooms and digital skills are essential skill sets. We believe that developing digital literacy is vital in children's education and will go on to help them secure better jobs in the future. The COVID-19 pandemic's disruption to in-person learning in schools also highlighted the resource gaps in transitioning to online learning. With the Digital Literacy Rural Upliftment programme, our IT staff volunteers provided IT training courses to two NGOs that support marginalised children. We also donated desktop computers which will enable the children to continue their learning and improve their computer skills.



As of 2022, we have donated **87 computer sets** which benefited close to **3,000 children** from 11 NGOs/communities.

Give the Gift of Reading

To share the gift of reading and promote learning among children, we organised an internal book donation drive for employees, and their families and friends, to drop off pre-loved school textbooks and reading materials. These books were donated to children from marginalised communities. Apart from leaving a book, employees can also exchange any book for their children to read. Over 320 books were collected since the programme’s launch in August 2022.



This programme also aims to spread awareness about reusing. Instead of discarding used children’s books, which would end up in landfills, they are donated to children most in need.

Community Engagement



Why We Care

To serve is to love.

Our Aim

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

NagaWorld works closely with local and international NGOs on several programmes to help those in need, with a particular focus on underprivileged children and youth. We seek to adopt and encourage responsible business practices that consider the social and environmental needs of the community. We aim to lead by example and engage with employees, business partners, suppliers and other stakeholders.

Community Farming in Ang Snuol District

NagaWorld Kind Hearts, together with Naga Farm, launched a community farming programme with selected farmers in the Ang Snuol district, Kandal province. The initial programmes launched include a vermiculture project and a vegetable seed distribution initiative.

- **Earthworm Farming Project**



Vermiculture is the practice of rearing earthworms for use in the composting of organic materials. The earthworms consume decaying organic materials, such as leftover rice straw, and excrete vermicast. The farmers will use the nutrient-rich vermicast to fertilise and replenish dried-out soil. Through this circular approach, leftover rice straws that would have been burnt acquire a new life as food for earthworms. This eco-friendly farming method helps to reduce resource wastage, as well as unnecessary burning, which is harmful to the environment and the farmers' health.

In addition to the low start-up cost for farmers, excess earthworms can also be sold as fish feed, creating another source of income for the farmers.

- **Vegetable Seed Distribution**



The Vegetable Seed Distribution initiative is a novel initiative to encourage employees to exercise in exchange for vegetable seeds to be donated to families in the Ang Snuol district. NagaWorld employees recorded the number of hours spent exercising, or distances walked, run, or cycled, during 2021's COVID-19 lockdown. Their total efforts were then converted to the weight of vegetable seeds to be donated.

In total, 92 volunteers contributed over 1,000 hours of exercise and **over 150kg of seeds** were donated to the farming communities.

“

This programme is more than meaningful for farmers in villages like mine. I have learnt so many things about earthworm farming. It is a good project to support villagers because earthworm farming uses raw materials from sources that villagers already have which include paddy straws. Also, we do not have to worry too much about whether it will sell in the markets because Naga Farm will buy the stock back from us. I believe the agricultural market now is a growing market in Cambodia!



”

Mrs. Roeun Sophal, Farmer
Pongtek Village, Domnak Ampil Commune, Ang Snuol District

Festive Celebration

The festive celebration for marginalised communities brought together 19 volunteers who brought festive joy to more than 60 children from the People’s Improvement Organisation. Our volunteers spent time with them, putting up festive decorations and bringing daily necessities such as rice, canned food and special gifts donated by the employees.



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 longstanding 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 was donated to the Cambodian Red Cross.

Sustainability Report

Bears of Hope

We continue to support the Bears of Hope initiative – a collaboration with Cambodia Knits and Free the Bears Cambodia to create free and fair employment opportunities for women and support wildlife conservation respectively.

Cambodia Knits assists around 80 women, including single mothers, from Phnom Penh, Kandal, Kampong Thom and Siem Reap, by creating opportunities for their livelihood such as this.

The knitted Bears of Hope by Cambodia Knits are available at our NagaWorld Souvenir Store where a dollar from every knitted bear sold will be donated to wildlife conservation and animal welfare at Free The Bears Cambodia. The donation will help provide shelter, food and daily care to 120 rescued bears at Phnom Tamao Wildlife Rescue Centre in the Takeo Province.



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.

We believe in the role of sports in nation-building and its catalytic ability to unite people towards a common goal. Not only do sports contribute positively to better health and well-being, but it also promotes sportsmanship virtues such as mutual respect, discipline, persistence and fair play.

To nurture young athletes with sporting talents to represent Cambodia on the global stage, we initiated wide-ranging programmes under our Sports Development pillar through partnerships with the MoEYS, Union of Youth Federation of Cambodia, Football Federation of Cambodia (“FFC”) and the National Olympic Committee of Cambodia (“NOCC”).

Supporting National Sports Excellence

NagaWorld is a longstanding corporate supporter of Cambodian athletes. We were the first company to sign a sponsorship agreement with the NOCC to support the Cambodian contingent in 2011. This agreement covers major sporting events including the Southeast Asian (“SEA”) Games, Asia Games and the Olympics. We also sponsored apparel for Cambodian athletes and coaches as well as cash incentives for medalists.



In 2019, we extended the partnership agreement with the NOCC for another four years to honour Cambodian athletes’ successes at major international sporting events, including the 2019 SEA Games in the Philippines, the 2020 Tokyo Olympic Games and the 2022 SEA Games in Hanoi.

At the 2022 SEA Games held in Hanoi, a record number of over 700 athletes, coaches and officials representing Cambodia attended the event. Cambodia achieved its best medal haul in recent history with a record of 9 Gold, 14 Silver and 41 Bronze medals. Under NagaWorld’s “Go For Gold” scheme, a total of US\$88,000 was awarded to athletes, coaches and NOCC for achieving the Gold medals.

Cambodia will host the SEA Games for the first time in May 2023.

2022 ASEAN Para Games



The 11th ASEAN Para Games is a biennial multi-sport event for athletes with physical disabilities in Southeast Asia.

Held from 30 July to 6 August 2022 in Surakarta, Indonesia, NagaWorld’s sponsorship of nearly US\$31,000, including charter flights, promoted the development of this sports genre in Cambodia – in collaboration with the State Secretariat for Civil Aviation (“SSCA”) under the Cambodian government.

Sustainability Report

#WeThe15

To commemorate the International Day of Persons with Disabilities and the launch of #WeThe15 Cambodia, NagaWorld's outdoor LED screen was lighted in purple, the international colour for disability, on 3 December 2022.

Initiated by the International Paralympic Committee, #WeThe15 aspires to be the biggest-ever human rights movement aimed at creating awareness of persons with disabilities and advocating for governments, businesses and the public to commit to an inclusive society.

NagaWorld Football Club

NagaWorld Football Club ("NagaWorld FC") is one of the founding clubs of the Cambodian Premier League and is one of the best-known clubs in the country.

Competing as one of the eight clubs in the Cambodian Premier League, the team finished fifth in 2022. NagaWorld FC also won a pre-season tournament at the Cambodia Airway Cup in February 2022.

In 2022, the team moved to its new home stadium at the Kampong Speu Provincial Stadium. The two games played by the team at the stadium saw record league attendance of 2,000 and 2,400 fans.

The youth teams of NagaWorld FC participated in tournaments organised by the FFC. The U-18 team reached the quarter-finals of the U-18 Tournament while the U-15 team finished fourth in the U-15 Tournament.

Six of NagaWorld FC's women team players were invited to join the National Team in China for training from September 2022 to February 2023 as Cambodia prepares to host the SEA Games in 2023. An open call was held to select players for the NagaWorld FC women's team on 2 October 2022, where over 150 women participated in the trial.

Football Development Programme in Kampong Speu

The Football Development Programme aims to raise the professional coaching competency of football coaches in Kampong Speu. The programme is estimated to benefit **almost 78,270 students and 120 teachers.**

Launched in 2018, the programme kicked off with a training course for 120 sports teachers from all 93 secondary and high schools in Kampong Speu to get them up to the D-Licence (grassroots) coaching level. Their training skills were put to the test at the U-18 Mini Tournament, held in Kampong Speu. In 2018, around 600 male and female students competed over four days and showcased their skills from improved football training.

Coaching performances were evaluated, and the top 14 were selected to progress to C-Licence training along with six coaches from local NGO, Indochina Starfish Foundation. Led by FFC Technical Director Ohara Kazunori, the two-week course taught the teachers advanced coaching techniques up to the professional level. Coaches learned how to plan, organise and deliver training sessions and scout and nurture potential football stars of the future. Successful course participants received official C-Licence certificates issued by the FFC during the ceremony.

“



Since I was young, I like to play football. It's one of the sports that I enjoy after school. I wanted to play for the Kampong Speu team. Of course, at that time, I never dared to dream of becoming a Football Coach.

So I was delighted when my school registered me to upgrade my football coaching skills through NagaWorld Kind Hearts' "Football Coaching of Sports Teachers" at Kampong Speu – in pursuit of obtaining a D-License Level in football coaching. The training was conducted by the Football Federation of Cambodia (FFC), no less! Then on, NagaWorld Kind Hearts organised a Football Coaching Refresher Course and I was lucky enough to be selected to enrol in the C-License Football Coaching as well. Having these licenses with me, I feel I have improved a lot compared to the past. Now, I share that knowledge with my school football team when I train them. I have even led my football team in the U-16 Boys category to become Semi-Finalists in the National Football Tournament U-16 Tournament organised by the FFC!

This is a fruitful achievement in my life. I want to support this programme to accelerate the level of improvement of football in Cambodia, and for the next generation of footballers. Thank you, NagaWorld!"

”

**Mr. Pheng Kimhong, Sports Teacher
Am Laing Secondary School**

“

I am 19 years old, and I am the only child in my family. I started playing football in 2018. Before that, I never had an interest in playing football. I thought it would affect my studies. I played for fun and was eventually chosen to play for my Phnom Srouch High School – and my team became the second runner-up winner! Due to the good result and my role in defending on the football field, the Kampong Speu-NagaWorld women's football team supported my team with jerseys. I am happy to say that I now play for a professional football club, and I am currently upgrading my football skills in China with their national team.



”

**Ms. Vann Linda, Footballer
Kampong Speu-NagaWorld**

Sustainability Report

Football Training Programme with NGOs

Besides professional playing, NagaWorld Kind Hearts also uses football to engage youths in sports.

In 2022, a football training programme was conducted for around 60 children from various NGOs such as Cambodian Children's Fund, Happy Tree Social Service, Charity Association Helping Cambodia's Children Happyland and Agape. It was conducted by NagaWorld FC Technical Director, Jose Alves Borges, Head Coach, Khim Borey and Forward Kouch Sokumpheak. Both the coaches and children enjoyed an active day of fun and camaraderie together.



Inauguration of Kampong Speu Stadium

Supported by a US\$2 million donation from NagaWorld in 2019, the Kampong Speu Stadium was officially unveiled on 6 September 2022. With a seating capacity of 2,500 spectators, the stadium will help boost the development of football and other sports in the Kampong Speu community, and host all of NagaWorld FC's home games.

Guests for the inauguration event included Deputy Prime Minister Chea Sophara, National Assembly member Hun Many, Kampong Speu Governor Vei Samnang, Minister of Environment Say Samal, Minister of Education, Youth and Sport Hang Chuon Naron and FFC President Sao Sokha.



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.

To support the greening of communities, we promote the awareness of environmental conservation through education and participating in joint environmental efforts with green NGOs. We also engage our employees through numerous activities to improve their waste management knowledge to create ripples of change within our organisation and their communities.

Community Cleanup 2022

In support of the RGC’s effort to create a cleaner, healthier and tourist-friendly destination in Cambodia, NagaWorld Kind Hearts has been supporting the Historical River Cleanup Mission – launched in March 2022 and jointly organised by River Ocean Cleanup and everwave GmbH.

At the Community Cleanup Project, a total of **653kg of trash** was collected from the Chroy Changvar district by over 140 volunteers including students, officials and NagaWorld Kind Hearts volunteers, whilst the river cleanup was undertaken by the everwave team using their CollectiX boat.

World Cleanup Day

In addition, 30 NagaWorld Kind Hearts volunteers participated in World Cleanup Day on 17 September 2022. World Cleanup Day is the biggest civic action combating the global waste problem with millions of volunteers across 191 countries. Collectively, **272kg of trash** was collected from the streets of Chroy Chongvar by our volunteers.



“

I participated in the community cleanup because I want to become a role model for the community. Many people don’t realise that a lot of rubbish is thrown outside the bin and not inside the bin. It makes it harder for the garbage trucks and rubbish collectors to collect the trash here. We would like to call on the residents living in this area to help dispose of and manage their trash properly!



”

Ms. Sok Sinath, Account Supervisor, Finance Department

Sustainability Report

Best Practices to Reduce Waste

Together with Little Green Spark, a zero-waste and eco-consulting firm, and the OSHA department, NagaWorld Kind Hearts organised an environmental sustainability workshop over multiple sessions. It aimed to raise awareness of the negative impacts of waste, including single-use plastics. The workshop was attended by 115 NagaWorld employees and representatives from eight NGOs in Phnom Penh.

Upon completion, all attendees were appointed as Green Ambassadors and are encouraged to share what they have learned with their colleagues and communities, including students at 60 primary schools through our “School Outreach Programme”.



Soap for Hope

Launched in 2017, we support the “Soap for Hope” initiative to recycle used hotel soap by diverting them from landfills, providing alternative livelihoods to marginalised communities, and raising hygiene standards.

To date, **over 1,460kg** of used soap were recycled and distributed to **458 needy families**.



Digital Waste Cleanup 2022

Annually, the digital carbon footprint of the internet and its supporting systems (e.g. emails, cloud storage and streaming services) is estimated to be about 900 million tonnes of carbon dioxide; more than the entire annual output of Germany.

Similar to the environment, there is a vast amount of trash in the digital world. Unused applications and files including duplicate photos, videos and old emails are all considered digital waste. This waste creates digital pollution, which can consume electricity by clogging up backups on servers.

Digital Waste Cleanup is a global movement that aims to reduce global carbon emissions by deleting unnecessary files and applications on computers and mobile devices. Since 2021, we have been supporting this initiative by calling for our employees to participate in this digital uncluttering exercise. We encouraged our employees to:

- Uninstall mobile applications that are rarely used
- Delete unnecessary or duplicate files (e.g. photos and videos)
- Clear cache
- Unsubscribe from newsletters that have become irrelevant
- Archive or delete old emails

In 2022, together with 198 volunteers, we cleared 2,108 gigabytes of cloud data, equivalent to **109kg of carbon emissions**.

Slaprea 2022

NagaWorld continues to support “Slaprea 2022”, the biggest food festival in Cambodia, by educating the general public about waste management as well as health and personal hygiene awareness.

We provided bin signages at the venue to encourage waste segregation. Close to 60 employee volunteers shared best practices on waste management to promote a cleaner environment including the 3Rs (reduce, reuse, recycle). They also advocated for civic mindedness and hygiene by encouraging festival-goers to clean up their trash and wash their hands.

Also, NagaWorld had two booths selling delicious dishes and drinks during the event.



Repurposing Items

Through upcycling, NagaWorld Kind Hearts organised donations of repurposed items, including clothings, wheelchairs, kettles and cups to Phnom Penh-based NGO, Bright Hope Cambodia.

Another environmentally-friendly initiative by NagaWorld Kind Hearts is the Bed Linen Upcycling Programme where old hotel bed linens were washed and turned into reusable cloth bags. The bags are used for carrying study materials to school or shopping from the market, helping to eliminate the use of single-use plastic bags.

Sustainability Report

Our employees volunteered about **600 hours** turning old hotel bed linens into **300 tote bags** for kids at **four NGOs** – Bright Hope Cambodia, Cambodia Community Children's Home in Phnom Penh and New Hope for Cambodian Children at Kampong Speu Province, and The Sharing Foundation at Kandal Province.



Earth Hour 2022

Initiated by the World Wide Fund for Nature, Earth Hour is one of the most widely known environmental movements. Through the simple act of switching off lights for an hour, millions of people around the world display their support for climate action and are reminded on conserving energy daily.

During Earth Hour 2022 in Cambodia, we turned off non-essential lighting and other electrical appliances at our premises. More than 120 of our employees also pledged their support to Earth Hour by switching off lights at home.



No Plastic Straws, Please! Campaign

Our staff canteens have stopped using plastic straws since June 2018 and single-use plastic straws were removed from our operations since the beginning of 2019.

NagaWorld eliminated around 3.17 million straws in the first year of the campaign. This commitment has been upheld through the years.



GRI Content Index

Statement of use NagaCorp Ltd has reported the information cited in this GRI Content Index for the period 1 January 2022 to 31 December 2022 with reference to the GRI Standards.

GRI 1 used GRI 1: Foundation 2021

GRI Standard	Disclosure	Stock Exchange ESG KPIs	Location and Comments
Material Topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics		Pg 36
	3-2 List of material topics		Pg 36
Energy Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	General Disclosure: A2, A3	Pg 37, 43, 45-47
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	A3.1	Pg 46-47
	302-2 Energy consumption outside of the organisation	A2.1	Not applicable.
	302-3 Energy intensity		Pg 46
	302-4 Reduction of energy consumption	A2.3	Pg 45, 47 Target setting will be a focus in 2023.
Water Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	General Disclosure: A2, A3	Pg 37, 55-56
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	A2.4, A3.1	Pg 55
	303-2 Management of water discharge-related impacts		Pg 59
	303-3 Water withdrawal	A2.2	Pg 55

Sustainability Report

GRI Standard	Disclosure	Stock Exchange ESG KPIs	Location and Comments
Climate Change and Carbon Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	General Disclosure: A1, A3, A4, A4.1	Pg 37, 43-44, 48-53 In 2022, we expanded our carbon emissions reporting by disclosing additional
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions 305-3 Other indirect (Scope 3) GHG emissions 305-4 GHG emissions intensity 305-5 Reduction of GHG emissions	A1.2, A1.5	Scope 1 and Scope 3 emissions. Updated grid emissions factors and conversion factors were also adopted. 2020 and 2021 figures were restated for comparability, where possible.
Waste and Effluent Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	General Disclosure: A1, A3	Pg 37, 56-59
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts 306-2 Management of significant waste-related impacts 306-3 Waste generated 306-4 Waste diverted from disposal 306-5 Waste directed to disposal (non-GRI) Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	A3.1 A1.3, A1.4 A1.6 A2.5	Pg 56-59 We do not produce material amounts of hazardous waste or packaging waste. Due to insufficient large-scale recycling facilities in Cambodia, we prioritise waste reduction in our waste minimisation strategy. Not applicable to NagaCorp as a service business.

GRI Standard	Disclosure	Stock Exchange ESG KPIs	Location and Comments
Air Quality			
GRI 3: Material Topics 2021	3-3 Management of material topics	General disclosure: A3	Pg 38, 54
GRI 305: Emissions 2016	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	A1.1	Pg 54
Employee Attraction and Retention			
GRI 3: Material Topics 2021	3-3 Management of material topics	General disclosure: B1, B4	Pg 38, 61-62, 65-74
GRI 201: Economic Performance 2016	201-3 Defined benefit plan obligations and other retirement plans		Pg 74
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community		Pg 62
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	B1.2	Pg 64, 75
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		Pg 73-74
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	B1.1	Pg 63, 119
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	B4.1, B4.2	Pg 83

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GRI Standard	Disclosure	Stock Exchange ESG KPIs	Location and Comments
Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	General disclosure: B2	Pg 39, 77-79
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	B2.3	Pg 77
	403-2 Hazard identification, risk assessment, and incident investigation		Pg 77-79
	403-3 Occupational health services	B2.3	Pg 73, 77
	403-4 Worker participation, consultation, and communication on occupational health and safety		Pg 65, 69, 78, 81
	403-5 Worker training on occupational health and safety	B2.3	Pg 69, 78, 81
	403-6 Promotion of worker health		Pg 44, 74
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	B2.3	Pg 77-79
	403-8 Workers covered by an occupational health and safety management system		Pg 77 All employees and on-site contractors are covered under an occupational health and safety management system that complies with the legal requirements. We are in the process of implementing ISO 45001: Occupational Health and Safety certification.
	403-9 Work-related injuries	B2.1, B2.2	Pg 78

GRI Standard	Disclosure	Stock Exchange ESG KPIs	Location and Comments
Training and Development			
GRI 3: Material Topics 2021	3-3 Management of material topics	General disclosure: B3	Pg 39, 68-69
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	B3.2	Pg 70
	404-2 Programs for upgrading employee skills and transition assistance programs	General disclosure: B3	Pg 69
	(non-GRI) The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	B3.1	Pg 81, 89, 91
Community Investment and Engagement			
GRI 3: Material Topics 2021	3-3 Management of material topics	General disclosure: B8 B8.1	Pg 41, 93
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	B8.2	Pg 93, 170, 199
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported		Pg 104

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GRI Standard	Disclosure	Stock Exchange ESG KPIs	Location and Comments
Customer Well-being and Satisfaction			
GRI 3: Material Topics 2021	3-3 Management of material topics	General disclosure: B6	Pg 79-81
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories		Pg 79-80
	(non-GRI) Percentage of total products sold or shipped subject to recalls for safety and health reasons.	B6.1	Not applicable to NagaCorp.
	(non-GRI) Description of practices relating to observing and protecting intellectual property rights	B6.3	Our intellectual property is protected through a variety of methods, including by trademark laws, as well as by means of signing confidentiality agreements with suppliers, gaming promoters and others who have access to our proprietary information.
	(non-GRI) Description of quality assurance process and recall procedures.	B6.4	Not applicable to NagaCorp as a service business.
Responsible Gaming			
GRI 3: Material Topics 2021	3-3 Management of material topics		Pg 39, 79
Sustainable Supply Chain			
GRI 3: Material Topics 2021	3-3 Management of material topics	General disclosure: B5 B5.2, B5.3, B5.4	Pg 40, 82-85
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	B5.1	Pg 82 We disclosed the proportion of local suppliers by supplier count, in accordance with the Stock Exchange's requirements.

GRI Standard	Disclosure	Stock Exchange ESG KPIs	Location and Comments
Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics	General disclosure: B7 B7.2	Pg 40, 88-89
GRI 205 Anti-corruption 2016	205-1 Operations assessed for risks related to corruption		Pg 147-150
	205-2 Communication and training about anti-corruption policies and procedures	B7.3	Pg 89
	205-3 Confirmed incidents of corruption and actions taken	B7.1	Pg 89
Anti-money Laundering			
GRI 3: Material Topics 2021	3-3 Management of material topics		Pg 40, 90-91
Data Privacy and Security			
GRI 3: Material Topics 2021	3-3 Management of material topics	General disclosure: B6 B6.5	Pg 41, 82
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	B6.2	Pg 82

Corporate Governance Report

Corporate Strategy and Culture

The principal activity of the Group is the management and operation of a hotel and entertainment complex, NagaWorld. The purpose of the Company is to operate a world class corporation and be the leading lifestyle integrated resort in the Mekong region. We believe in public-private sector partnerships and blending economic and environmental concerns as a sustainable and responsible way for a corporation to move forward in the 21st century. We are guided by the followings:

Values:

Contributing to local economic and social growth, improving lives of local community and operating in environmental and sustainable manner.

Strategy:

To drive long-term sustainable growth by offering a comprehensive suite of lifestyle gaming and non-gaming products and services at competitive price.

Culture:

To create an inclusive environment that supports recruitment, retention and advancement of all employees, in efforts to develop a diverse and inclusive workforce.

The Board is satisfied that the purpose, values and strategy of the Company aligned with its culture and such culture instilled and continually reinforced across the organization values.

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 as set out in the Corporate Governance Code contained 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 and should ensure that the Directors devote sufficient time and make contributions to the Company that are commensurate with their role and board responsibilities.

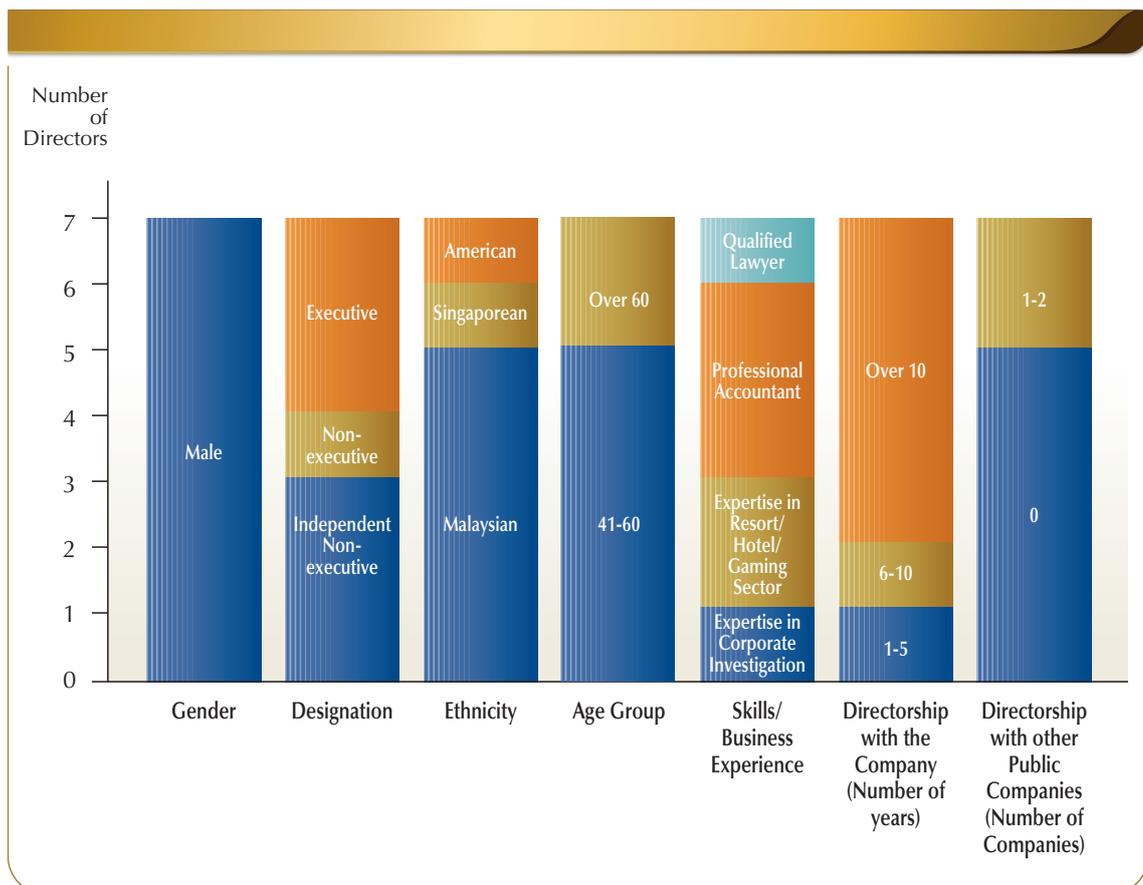
Corporate Governance Report

The Board currently consists of three executive Directors, namely Tan Sri Dr Chen Lip Keong (senior chief executive officer), Mr. Philip Lee Wai Tuck (executive deputy chairman) and Mr. Chen Yiy Fon (chief executive officer – Operations); one non-executive Director (“NED”), 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.

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:



Corporate Governance Report

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, the chief executive officer – Operations, is a son of Tan Sri Dr Chen Lip Keong, the senior 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 in particular, among the chairman and the chief executive officers. 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. Directors are also given an opportunity to include matters in the agenda for regular board meetings. Papers for Board meetings and committee meetings together with all relevant information are normally sent to all Directors or committee members at least three 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. All minutes have been recorded in sufficient detail the matters considered and decision reached, including any concerns raised by Directors or dissenting views express. Draft minutes are circulated to the Directors for comments within reasonable time after each meeting and the final version thereof, as approved formally by the Board or the relevant committee, is filed for record purposes. All Directors have access to the minutes of the Board and its committee meetings.

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

During the Year, six 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>(Senior Chief Executive Officer)</i>	3/6	0/2
Mr. Philip Lee Wai Tuck <i>(Executive Deputy Chairman)</i>	6/6	1/2
Mr. Chen Yiy Fon <i>(Chief Executive Officer – Operations)</i>	6/6	2/2
Non-executive Director		
Mr. Timothy Patrick McNally <i>(Chairman)</i>	6/6	2/2
Independent Non-executive Directors		
Mr. Lim Mun Kee	6/6	2/2
Mr. Michael Lai Kai Jin	6/6	2/2
Mr. Leong Choong Wah	6/6	2/2

Board Independence

The Company recognises that Board independence is key to good corporate governance. During the Year, the Company has established a mechanism to ensure independent views and input are available to the Board and the Board is responsible to review the effectiveness of this mechanism on an annual basis. The Board tries to ensure independent views by (1) monitoring the composition of the Board and Board Committees; (2) conducting independence assessment; and (3) providing necessary support and adequate information to the INEDs (as to other directors) to allow independent inputs.

The current composition of the Board (comprising more than one third independent non-executive directors) and the Audit

Committee (comprising all INEDs) exceed the independence requirements under the Listing Rules. The Nomination Committee and Remuneration Committee are both chaired by INED.

Each of the INEDs has made a confirmation of independence pursuant to rule 3.13 of the Listing Rules. The Nomination Committee has conducted an annual review of the independence of all INEDs of the Company for the Year. Having taken into account the factors as set out in rule 3.13 of the Listing Rules in assessing the independence of INEDs, the Nomination Committee (with the relevant committee member abstaining from voting on the resolutions concerning his own independence) concluded that all of the INEDs satisfied the criteria of independence as set out in the Listing Rules.

Corporate Governance Report

In addition, the INEDs do not participate in the day-to-day management of the Company and do not engage in any business dealing or other relationships with the Group (other than in situations permitted by the applicable regulations) in order to ensure that they remain truly capable of exercising independent judgement and act in the best interests of the Company and its shareholders.

The Chairman and the Chief Executive Officers

The roles of the chairman and the chief executive officers 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.

For the purpose of injection of new vitality into the management of the Group, on 5 April 2022, Tan Sri Dr Chen Lip Keong was re-designated from the position of chief executive officer to senior chief executive officer, Mr. Chen Yiy Fon, Mr. Chen Cherchi and Mr. Chen Yiy Hwuan have been appointed as chief executive officer – Operations, chief executive officer – Finance and Treasury and chief executive officer – Hotels respectively.

The senior executive officer, Tan Sri Dr Chen Lip Keong is responsible to lead the Group and remains actively, strongly and firmly in grip to lead and manage the Group by providing directions and strategies as well as overseeing the day-to-day operations of the Group. Together with the chief executive officers, namely Mr. Chen Yiy Fon, Mr. Chen Cherchi and Mr. Chen Yiy Hwuan, they shall work together as a team to lead and manage the Group to bring the Group to the next level of success.

The Chairman, Mr. Timothy Patrick McNally is responsible for overseeing the function of the Board and conforms to good corporate governance practices and procedures. In addition, as the Chairman of the Board, he is also responsible for ensuring that all Directors are properly briefed on all issues currently on hand, and that all Directors receive adequate, accurate and reliable information in a timely manner and make a full and active contribution to the Board's affairs. There is a clear division of responsibilities among the chairman and chief executive officers.

Non-executive Directors

The NED 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, reviewing and considering policies, 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 NED and INEDs bring external perspectives, constructively challenge and help develop proposals on strategies, scrutinize the management in meeting agreed goals and monitor performance reporting. Through their wealth of experience across a number of industries and business sectors, our NED and INEDs contribute valuable views and proposals for the Board's deliberation and decision.

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.

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.

Corporate Governance Report

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 the new Corporate Governance Code and 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. The terms of reference for the Audit Committee clearly define the role, authorities, duties and responsibilities of the Audit Committee. The updated terms of reference of the Audit Committee are available on both the websites of the Stock Exchange and the Company. The Audit Committee is further delegated with the task of reviewing the Group's anti-corruption and whistleblowing policies and practices. 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.

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.

Whistleblowing Policy

A Whistleblowing Policy for employees and those who deal with the Group (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matter related to the Group, has been adopted in the Year.

The Audit Committee has the overall responsibility for the Whistleblowing Policy and it has delegated the day-to-day responsibility for overseeing and implementing this Whistleblowing Policy to the Head of Internal Audit of the Internal Audit Department. The Audit Committee is responsible for monitoring and reviewing the effectiveness of this Policy and the actions resulting from the investigation.

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 Mum 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; (6) the effectiveness of the Group's risk management and internal control systems; (7) the recommendation to the Board for the (i) adoption of Whistleblowing Policy of the Company; and (ii) approval of the revised terms of reference of the Audit Committee.

The Audit Committee recommended to the Board that, subject to the approval of the Shareholders at the 2023 AGM, BDO Limited be re-appointed as the independent auditor of the Company.

Remuneration Committee

The Company has established written terms of reference for the Remuneration Committee in accordance with the requirements under the Listing Rules. The terms of reference for the Remuneration Committee clearly define the role, authorities, duties and responsibilities of the Remuneration Committee. The updated terms of reference of the Remuneration Committee are available on both the websites of the Stock Exchange and the Company. The Remuneration Committee is further delegated with the task of reviewing and/or approving matters relating to share schemes under Chapter 17 of 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, to make recommendations to the Board regarding the remuneration of non-executive directors and the remuneration packages of individual 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 and to review and/or approve matters relating to share schemes under the Listing Rules. 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.

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 2022 annual general meeting ("2022 AGM"); (3) reviewing the remuneration package of re-designated senior management and recommending the Board for approval (4) recommending the formal adoption of the Company's Director and Employee Remuneration Policy; and (5) reviewing and endorsing: (i) the Remuneration Committee Report including in the 2021 annual report of the Company; and (ii) the revised terms of reference of the Remuneration Committee and recommending the Board for approval.

During the Year, three 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	2/3
Independent Non-executive Director Mr. Michael Lai Kai Jin (Chairman)	3/3
Mr. Lim Mun Kee	3/3
Mr. Leong Choong Wah	3/3

Director and Employee Remuneration Policy

The Company has adopted a Director and Employee Remuneration Policy, it sets out the general principles which guide the Group to deal with the remuneration matters. This remuneration policy aims to provide a fair market level of remuneration to retain and motivate high quality directors, senior management and employees of the Group and attract experienced people of high calibre to oversee the business and development of the Group.

Executive Directors' remuneration packages shall comprise fixed and variable components linking to individual and the Group's performance and comparable to those companies with special emphasis on gaming and hospitality industry. For Non-executive Directors, they shall receive fixed remuneration/fee to be set at an appropriate level to attract and retain first-class non-executive talent by reference to the relevant time commitment and the size and complexity of the Group and benchmarked against a peer group.

Employees (including senior management) shall comprise fixed and variable components with reference to a mix of local and regional professional firms and major corporations.

Remuneration of Directors and Senior Management

Details of Directors' remuneration and senior management's remuneration for the Year are set out in the note 10 to the consolidated financial statements.

Share Option Scheme and Share Award Scheme

The Remuneration Committee is responsible to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules. The Company has adopted a Share Option Scheme and a Share Award Scheme. Details of the Share Option Scheme and Share Award Scheme are set out in the Report of the Directors in this annual report.

As no grant was made under the Share Option Scheme or Share Award Scheme during the Year, there was no material matter relating to such share schemes that were reviewed and/or approved by the Remuneration Committee during the Year.

Nomination Committee

The Company has established written terms of reference for the Nomination Committee in accordance with the requirements under the Listing Rules. The terms of reference for the Nomination Committee clearly define the role, authorities, duties and responsibilities of the Nomination Committee. The updated terms of reference of the Nomination Committee are available on both the websites of the Stock Exchange and the Company. The Nomination Committee is further 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. 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, composition and the balance of skills, knowledge, experience and diversity of perspectives of the Board and make recommendations on any proposed changes to 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 the implementation and effectiveness of the Board Diversity Policy and the Nomination Policy on an annual basis.

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 and updated during the Year.

Selection criteria

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

- the strategy of the Company, the structure, size, composition and needs of the Board and its respective Board committees at the time, taking into account succession planning and the diversity of the Board
- the required skills, which should be complementary to those of the existing Board members
- the Board Diversity Policy of the Company as adopted/amended by the Board from time to time
- any other factors that may be used as reference in assessing the suitability of a proposed candidate, including but not limited to the candidate's reputation for integrity, qualifications, accomplishments, likely commitment in terms of time and interest, and expected contribution to the Company

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. The papers to Shareholders accompanying that separate re-electing resolution should state why the Board (or the Nomination Committee) believes that the Director is still independent and should be re-elected, including the factors considered, the process and the discussion of the Board (or the Nomination Committee) in arriving at such determination.

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

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 and updated during the Year, which ensures diversity in its broadest definition. Under the policy:

- (a) formalize, 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, ethnicity, professional experience, skills, knowledge and length of service), having due regard for the benefits of diversity; and
- (c) selection of candidates will be based on the Company's nomination policy by the Nomination Committee and will take into account this policy, the ultimate decision will be based on merits and contribution that the selected candidates will bring to the Board.

Corporate Governance Report

The Board will take opportunities to increase the proportion of female members over time when selecting and making recommendation on suitable candidates for Board appointments, with the ultimate goal of bringing the Board gender parity. The Board also aspires to having an appropriate proportion of directors who have direct experience in the Group's core markets, with different ethnic backgrounds, and reflecting the Group's strategy. The Board's current target for gender representation is to achieve at least a director of different gender no later than 31 December 2024. In striving to attaining gender diversity, the Nomination Committee is delegated with authority to identify potential candidates through different means and channels, including use of external recruitment agencies and any other means that it deems appropriate.

The Company is also committed to maintaining an environment of respect for people regardless of their gender in all business dealings and achieving a workplace environment free of harassment or discrimination on the basis of gender, physical or mental state, race, nationality, religion, age, family status or sexual orientation, or any other attribute recognized by the laws of countries in which the Company operates. A diversity policy for senior management and employees has been set up and is formulated as part of the Group's human resources policy. As at 31 December 2022, the Group maintained gender balance in workforce with 53% female and 47% male employees, details of the gender ratio and relevant data are set out in the Sustainability Report on pages 28 to 117 of this annual report.

During the Year, the Board has reviewed and updated the Board Diversity Policy and believed that it has been implemented effectively.

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, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

In accordance with the Articles of Association, Mr. Timothy Patrick McNally, Mr. Chen Yiy Fon and Mr. Michael Lai Kai Jin 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.

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 2022 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: (a) the renewal of term of office of a NED and three INEDs; and (b) the re-designation of senior management and recommending to the Board for approval; (6) reviewing and endorsing: (i) the Nomination Committee Report included in the 2021 annual report of the Company; (ii) the revised Board Diversity Policy; (iii) the revised Nomination Policy; and (iv) the revised terms of reference of the Nomination Committee and recommending to the Board for approval.

Through the reviewing of the current Board composition, 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.

During the Year, three 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	2/3
Independent Non-executive Directors Mr. Michael Lai Kai Jin <i>(Chairman)</i> Mr. Lim Mun Kee Mr. Leong Choong Wah	3/3 3/3 3/3

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.

Corporate Governance Report

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 Company, as a gaming operator, complies with the best international standards and practices in dealing with anti-corruption and anti-bribery issues. The Company has developed and implemented an Anti-corruption Policy. Details of the Anti-corruption Policy and the related control systems are set out in the Sustainability Report in this annual report.

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:

- 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 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. 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.

Corporate Governance Report

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	2/4
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; (3) report from its sub-committee AML Management Committee; and (4) the recommendation of the revised terms of reference of the AML Oversight Committee for the Board's approval.

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 officers' leadership and supervision.

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

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

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

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

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:

	2022 US\$'000
Audit services	
– Current year	445
– Over-provision for prior year	40
Non-audit services	
– Carrying out agreed-upon -procedures on interim financial information and fixed charge ratio related to the Company's senior notes and	334
– Tax filing services to certain subsidiaries incorporated in Hong Kong	25

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 1.7% 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 has maintained a Shareholders' Communication Policy to enable the Shareholders and investment community at large are provided with ready, equal and timely access to balance and understandable information about the Company in order to enable Shareholders to exercise their rights in an informed manner. It is the Company's general policy to maintain ongoing dialogue with Shareholders and investment community.

General meetings are held at least annually whereby there are opportunities for the Company to have direct interactions with Shareholders. Board members, in particular, the chairmen of Board committees or their delegates, appropriate management executives and external auditor will attend the annual general meetings to answer questions from Shareholders and their appointed proxies.

Investor/analyst briefings, one-on-one meetings and road shows will be available on a regular basis to facilitate communication between the Company, Shareholders and the investment community.

Shareholders can contact the Company's Hong Kong Branch Share Registrar and Transfer Office - Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for their questions about shareholdings.

Information of the Company is also communicated to Shareholders through the Company's interim reports, annual reports, announcements and circulars. Such publications are available on the websites of the Company and the Stock Exchange as soon as practicable.

The Company recognises the importance of Shareholders' privacy and will not disclose Shareholders' information without their consent, unless required by law to do so.

Enquiries put to the Board

If 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 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. Upon receipt of the enquiries, the Company Secretary will forward the Shareholders' enquiries and concerns to the Board, Board committees or the management for handling as appropriate.

The Shareholders' Communication Policy will be reviewed by the Board on a regular basis. During the Year, the Board reviewed and updated the Shareholders' Communication Policy. Having considered the multiple channels of communication and engagements in place, the Board is satisfied that the Shareholders' Communication Policy has been properly in place and is effectively implemented.

Shareholdings as at 31 December 2022

As at 31 December 2022, the Company had around 300 registered Shareholders. Details of registered Shareholders by aggregated shareholding are listed below:

Shares Held by Registered Shareholders	Number of Registered Shareholders	% of Registered Shareholders	Aggregate Number of Shares	% of Total Issued Shares
1 – 1,000	105	31.72%	4,619	0.00%
1,001 – 10,000	164	49.55%	404,763	0.01%
10,001 – 100,000	33	9.97%	945,067	0.02%
100,001 – 500,000	13	3.93%	3,187,191	0.07%
Over 500,000	16	4.83%	4,377,594,714	99.90%
Total	331	100.00%	4,382,136,354	100.00%

According to publicly available information and as far as the Directors are aware, as at 31 December 2022, approximately 30.74% of the issued share capital of the Company was held by the public and the public float capitalization was approximately HK\$9,267,737,038.

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 twenty-one (21) clear days, if a special resolution is to be passed at the extraordinary general meeting; and
 - notice of not less than fourteen (14) clear days 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 ten (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.

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

2022 Final Results Announcement	:	8 February 2023 (Wednesday)
Closure of Register of Members	:	(i) 18 April 2023 (Tuesday) to 21 April 2023 (Friday) (for ascertaining Shareholders' entitlement to attend and vote at the 2023 AGM) (ii) 28 April 2023 (Friday) (for ascertaining Shareholders' entitlement to the 2022 Final Dividend)
2023 AGM	:	21 April 2023 (Friday)
Record Date for 2022 Final Dividend	:	28 April 2023 (Friday)
Despatch of Scrip Shares Certificates	:	16 May 2023 (Tuesday)

Independent Review of Investment Risks in Cambodia

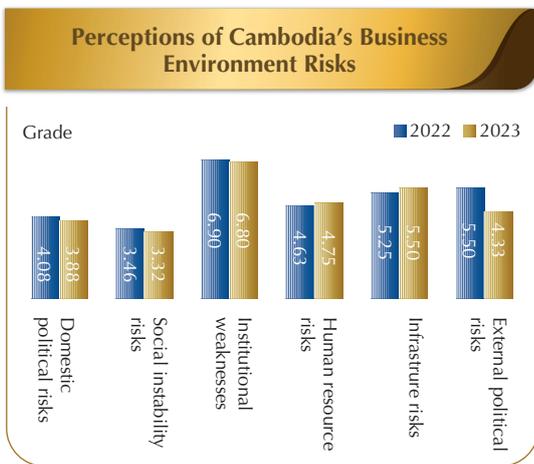
Political and Economic Risk Consultancy, Ltd.
 (“PERC”)
 Room 2302, 23/F, Lee Garden Two
 28 Yun Ping Road, Causeway Bay
 Hong Kong

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.

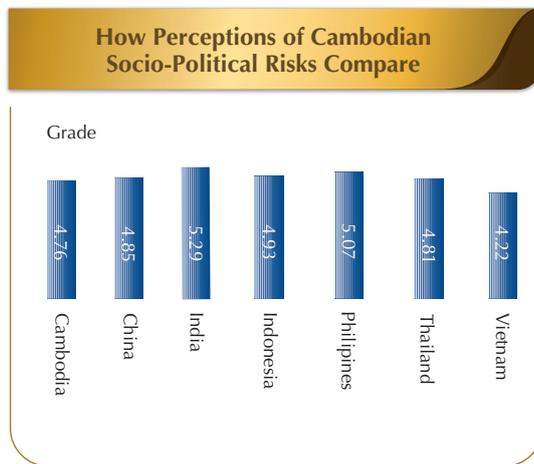
Based on the assessments and reviews carried out between mid-November 2022 and the end of December 2022, we summarised our findings below:



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



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

Each of these variables is made up of several 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.

Independent Review of Investment Risks in Cambodia

SUMMARY

Last year was better politically and economically than 2021, and 2023 should be better than 2022. Real GDP growth has been accelerating, supported by an upturn in export demand and a recovery in domestic consumption. Tourism is also growing again, improving conditions for services like restaurants, hotels, and many retail businesses.

Still, overall growth will remain below pre-pandemic levels for another one or two years. In addition, construction and several categories of real estate, such as luxury condominiums and office premises, are undergoing corrections. As a result, instead of leading the economy's expansion as they did in the years immediately preceding COVID, these industries were a drag on the economy in the second half of 2022 and are likely to remain so in 2023.

Deposit growth has slowed faster than credit growth. This has raised banks' loan-to-deposit ratios to levels where a correction is now due. Consequently, the rate of credit expansion is likely to slow considerably in 2023 as banks become more cautious, especially in lending for construction and specific categories of real estate. In addition, the growth of household consumer and mortgage loans could slow, while the high levels of household debt could limit the increase of private household consumption.

The good news regarding tourism is that the total number of foreign visitor arrivals increased sharply in 2022 and is likely to keep growing in 2023, with visitor arrivals from Mainland China finally picking up. The improvement in tourism that has taken place to date reflects a diversification in the sources of foreign visitors to Cambodia, with the increase in visitors from other ASEAN countries growing especially rapidly.

The one significant exception to this is Mainland China, Cambodia's largest single source of foreign tourists before the pandemic but now down to the third position. However, conditions should improve in 2023 since Beijing has recently announced its intention to resume travel into and out of the country. Still, this liberalization will be gradual. Moreover, a shortage of flights and other capacity constraints will have to be overcome before the total number of Cambodia's inbound visitors from China recovers to pre-pandemic levels.

Politically, Cambodia has moved in the direction of improved stability. Although general elections will be held in the middle of 2023, there is little doubt about the outcome. The ruling party will win a large majority. Hun Sen will be reappointed prime minister, but he will take more steps to prepare the country for his retirement in a few years.

Independent Review of Investment Risks in Cambodia

Three reasons political risks have decreased over the past year: First, support for the government headed by Prime Minister Hun Sen has increased due to the widespread perception held by the general population that it managed the COVID crisis well. Second, legal challenges and internal divisions have weakened the political opposition. As a result, it is in a very poor position to win many seats in the next elections. Third, Hun Sen has laid the ground for his eventual succession by his son, Hun Manet. This has reduced succession uncertainties and raised confidence in the business community and among foreign investors that there will be policy continuity.

Cambodia's diplomatic relations have improved. The country's most substantial bilateral relationship is with Mainland China, while its most critical multilateral relationship is with ASEAN. Cambodia has also signed a free-trade agreement with South Korea and plans to increase bilateral engagement with Japan. In addition, US President Biden's November 2022 trip to Phnom Penh helped stabilize Cambodian relations with the US. It reduced the risks that Cambodia might be caught in the middle of increased geopolitical tensions between China and the US.

POSITIVE DEVELOPMENTS

- The pandemic has been a test of fire for Cambodia. The country has demonstrated its ability to preserve social and political stability during booming economic times as well as when the economy is suffering a painful recession that has strained virtually every sector. There is now greater confidence in the country's stability, the system's ability to absorb shocks, and the leadership's capability to steer the country through difficult periods.
- Now that China is starting to permit foreign travel, Cambodia is positioned to present itself as a nearby destination that will welcome the return of Mainland visitors, in contrast to some destinations like Japan that will initially have procedures to screen visitors from China for COVID that Beijing considers unacceptable.
- Stable social and political conditions should make attracting foreign tourists and direct investment in different services and export-oriented industries easier. In addition, personal security today compares favorably with other countries in the region.
- National elections scheduled for mid-2023 are unlikely to produce any unsettling surprises. The ruling Cambodian People's Party will win a majority of seats. Hun Sen will be reappointed as prime minister. He will take the opportunity to reshuffle his Cabinet, bringing in a number of well-educated younger leaders as his ministers.

Independent Review of Investment Risks in Cambodia

- Cambodia benefits from the shift of garment and other export-oriented manufacturing out of China. This attracts more investor interest from China, Singapore, Japan, South Korea, and Taiwan and more buyer interest from the US and EU countries. COVID accelerated this shift, but it should continue even with COVID diminishing as a factor.
- The recovery of the economy and the decline of COVID as a problem have given the government the space it needs to curb its spending and increase its revenues. As a result, the fiscal deficit, which had shot up during the pandemic years, should start to contract.

THE CHALLENGES

- The country's institutions are young and weak. They are improving, but Cambodia's economy grew so rapidly for so long before the pandemic that the demands on many institutions outstripped their ability to meet those demands. The pandemic presented a new set of institutional challenges, particularly in the health and education sectors.
 - The main external challenges for Cambodia in 2023 will be high US interest rates and the possibility of weaker US demand for imports from Cambodia, the continuing fallout from the war in Ukraine, and China's continuing weak economic growth.
 - Tourist-related services are being held back by the lack of visitors from Mainland China, which had been the largest source of tourists before COVID.
- China's current policies are restricting visitor inflows to Cambodia. However, these restrictions are starting to be modified. It would not take much of an increase in visitor outflows from China to test the capacity limitations of infrastructure. The more significant challenge in 2023 and beyond will be to expand the Cambodian travel and tourism industries' capacity to cater to the additional demand while absorbing the higher costs of extra sanitation and safety precautions that foreign travelers will be expecting.
- Cambodia is experiencing significant real estate and construction downturns that will probably intensify in 2023 and create challenges for other industries like banking and finance. As a result, banks' non-performing loan ratios are likely to increase, suggesting a drop in credit quality.
 - The large size of the current-account balance of payments deficit will remain a challenge. Although the shortfall is likely to decline in both 2022 and 2023 from the peak hit in 2021, it will remain large by Cambodia's historical standards.
 - Cambodia faces two significant infrastructure challenges. One is that the pace of construction is falling behind schedule on important projects. The other is the high cost of energy and logistics. It is expensive to bring goods into and out of the country, store them in warehouses, and pay for vital inputs like energy.

Robert Broadfoot
Managing Director PERC
Hong Kong, 9 January 2023

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 13, 2023
Full Year 2022

Attention: Board of NagaCorp Ltd. ("NagaCorp" or "the Company")

JB Advisory Services Ltd. ("JBAS") noted the impact of the Covid 19 pandemic on the business of NagaCorp Ltd. throughout 2021. The gaming operations of NagaCorp were again suspended on March 2 2021 and recommenced on 15 September 2021.

Operations have been uninterrupted since 15 September 2021 and travel in the region has gradually recommenced throughout 2022 although China and Macau Special Administrative Region remained under stricter controls during 2022. Hong Kong Special Administrative Region gradually relaxed controls in the third and fourth quarters of 2022.

Given the ongoing restrictions, the independent review of the internal controls of NagaCorp with a focus on anti-money laundering ("AML") until the end of 2021 was conducted remotely but given the gradual relaxation of restrictions JBAS was able to conduct the review of the first half of 2022 and full year 2022 on site in Phnom Penh. The site visits were conducted between 22 June 2022 and 28 June 2022 and between 10 January and 13 January 2023.

As part of this site visit, JBAS participated in the on-site inspection by the Cambodia Financial Intelligence Unit ("CAFIU") which commenced on 27th June. This was the first on-site review of the operations of NagaCorp by CAFIU and JBAS briefed them on our involvement in providing twice yearly reviews of NagaCorp's AML controls details of which are enclosed in its annual report. The CAFIU inspection took place over several days. The comprehensive review took place over a few days with further clarification exchanges after the actual visit. As part of this outreach by CAFIU there were two AML training sessions conducted by CAFIU and attended by staff of Nagacorp compliance department on 19 September and 6 October 2022.

In summary, JBAS assesses that neither the pandemic nor the enforced closure of the gaming operations negatively impacted the AML controls applied by NagaCorp and since the reopening all AML controls remain firmly enforced.

JBAS conducted a thorough review of all documentation and examined records created by NagaCorp during 2022. As has been the case since 2019, our principal points of contact were Director of Compliance, Mr. Jason Ooi who joined the Company in May 2019 and Mahendran Supramaniam who has long term experience in AML controls supervision in NagaCorp. In addition, regular contact was maintained with NagaCorp staff both in Hong Kong and Phnom Penh throughout the first half of 2022 alongside external consultation on the progress of AML controls in Cambodia.

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

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.

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. In 2022, a total of 2,327 operations staff underwent refresher training and 733 new staff underwent New Employee Induction Training. This ongoing process is recognized by JBAS as providing substantial understanding of AML issues at all levels of NagaCorp.

NagaCorp, as of December 2022, has a total of eight CAMS (Certified Anti-Money Laundering Specialists) trained personnel including senior staff in Compliance,

Finance, Internal Audit and Casino Operations.

Director of Compliance, 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. He and Mr. Mahendran Supramaniam, the Head of Internal Audit are our regular points of contact during our reviews and they ensure that NagaCorp is fully compliant with all AML regulations.

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.

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 Financial Investigation Unit ("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 noted, in our last review, that the Suspicious Incident Records (SIRs) continued to record all necessary and relevant information. Since the reopening of casino operations, Cash Transaction Reports and Suspicious Transaction Reports continue to be submitted online to the FIU.

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

The AML Oversight Committee met four times in 2022, with the meetings taking place virtually due to the remaining impact on travel of the pandemic. 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.

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 in 2022. 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 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. The recent site visit by CAFIU is evidence of this progress.

In July 2021, the 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”.

JBAS also notes that a 2021 US Advisory including criticism of casinos in the country is not relevant to NagaCorp’s unique position. 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 Commercial Gambling Management Commission of Cambodia (“CGMC”) has also been pro-

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

active in tightening up the licensing of gaming operations throughout Cambodia. In June and August 2022, the CGMC cumulatively renewed seventy licenses of casinos and game of chance companies throughout Cambodia. 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.

An area that was addressed by the AML law was threshold reporting levels for gaming operators. On November 10, 2020, the Cambodia Financial Intelligence Unit 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.

The ongoing diligence of NagaCorp in applying its AML controls and the improving external environment further enhance the overall compliance environment and JBAS assesses that NagaCorp remains at the forefront of AML compliance both within Cambodia and within the global gaming industry.

John Bruce
Managing Director
January 13, 2023

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 118 to 141 and 142 to 146, 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 117 of this annual report.

Report of the Directors

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 117 of this annual report.

Apart from providing quality services and improved products to our players during their stay in NagaWorld, the Group via its NagaWorld Rewards loyalty programme 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 117 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	3%	7%
Five largest junket operators in aggregate	12%	35%

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 170 of this annual report.

The Board recommends the payment of final dividend of US cents 0.75 per Share (or equivalent to HK cents 5.81 per Share) for the Year to Shareholders whose names appear on the Company's register of members on 28 April 2023 by way of scrip shares without offering any right to Shareholders to elect to receive such dividend in cash in lieu of such allotment. This represents a payout ratio of approximately 60%, based on the net profit generated for the second half of 2022. Subject to the satisfaction of the conditions set out below, it is expected that the certificates for the scrip shares will be posted to the Shareholders at the risk of those entitled thereto on or about 16 May 2023. Dealings in the scrip shares on the Stock Exchange are expected to commence on or about 17 May 2023.

The Scrip Dividend Scheme is subject to (1) the approval of the Scrip Dividend Scheme at the 2023 AGM; and (2) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the new shares to be issued by the Company pursuant thereto. A circular giving full details of the Scrip Dividend Scheme will be despatched by the Company to the Shareholders on or around 24 March 2023.

The proposed Final Dividend together with the interim dividend for the six months ended 30 June 2022 of US cents 0.73 per Share (or equivalent to HK cents 5.66 per Share) paid on Thursday, 29 September 2022, amounts to a total dividend declared for the Year of US cents 1.48 per Share (or equivalent to HK cents 11.47 per Share).

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 244 of this annual report.

Transfer to Reserves

The profit attributable to equity shareholders of the Company, before dividends, of US\$107,254,000 (2021: loss of US\$147,022,000) have been transferred to the reserves. Other movements in reserves are set out in the consolidated statement of changes in equity on page 174 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\$2,000,000 (2021: US\$21,000,000), all of which were donated in Cambodia.

Share Capital

On 29 September 2022, the Company issued 41,128,313 ordinary shares under the scrip dividend scheme for 100% of the payment of the 2022 interim dividend. The market value for calculating the number of scrip shares allotted to the Shareholders pursuant to the scrip dividend scheme was US cents 77.1 per Share (or HK cents 597.4 per Share), which was the average of the closing prices per Share of the Company on the Stock Exchange for the 5 consecutive trading days up to and including 16 September 2022. The reasons for and purposes of the scrip dividend scheme were to:

1. reward the long-term Shareholders for their continuous support of the Company in particular during the difficult COVID-19 period;
2. conserve cashflow; and
3. improve the trading liquidity in the Company's Shares.

Reserves

Movements in the reserves of the Company and of the Group are set out in note 36 to the consolidated financial statements and the consolidated statement of changes in equity on page 174 of this annual report respectively.

Distributable Reserves

As at 31 December 2022, the Company's reserves available for distribution, calculated in accordance with the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately US\$510,982,000 (2021: US\$512,124,000).

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}
(Senior Chief Executive Officer)

Philip Lee Wai Tuck
(Executive Deputy Chairman)

Chen Yiy Fon ^M
(Chief Executive Officer - Operations)

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. Timothy Patrick McNally, Mr. Chen Yiy Fon and Mr. Michael Lai Kai Jin 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 2022 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:

(1) Interests in Shares and underlying Shares

Name of Directors	Capacity	Number of Shares and underlying Shares held	% of Total Issued Shares (Note 1)
Dr Chen	Founder of a discretionary trust ^(Note 2)	3,035,081,552 (L)	69.26 (L)
Dr Chen	Founder of a discretionary trust ^(Note 3)	1,142,378,575 (L)	26.07 (L)

Notes:

- (1) Based on the Company's issued share capital of 4,382,136,354 Shares as at 31 December 2022.
- (2) Such interest includes (i) 1,961,516,919 Shares directly held by SAKAI PRIVATE TRUST COMPANY PTE. LTD. (the "Trustee"), as trustee of a discretionary family trust named The Sakai Trust; and (ii) 1,073,564,633 Shares indirectly held by the Trustee through LIPKCO Group Limited, LIPKCO ENTERPRISES LIMITED and ChenLipKeong Capital Limited. As the founder of The Sakai Trust, Dr Chen is deemed to be interested in the Shares held by The Sakai Trust. Details of the interests in the Company held by the Trustee and LIPKCO Group Limited are set out in the section headed "Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares" below.
- (3) 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) will be issued to ChenLipKeong Fund Limited upon completion of the Guaranteed Maximum Sum Design and Build Agreement ("DBA") and the Subscription Agreement on or before 30 September 2025 or such other extended date as is agreed between the parties. ChenLipKeong Fund Limited is wholly-owned by the Trustee as a trustee of The Sakai Trust. As the founder of The Sakai Trust, Dr Chen is deemed to be interested in the Shares which will be held by ChenLipKeong Fund Limited.
- (4) The letter "L" denotes the entity's long position in the Shares.

Report of the Directors

(2) Interests in Debentures

Name of Director	Capacity	Amount of Debentures Held
Dr Chen	Founder of a discretionary trust ^(Note)	US\$45,000,000

Note:

ChenLipKeong Capital Limited which is wholly-owned by the Trustee 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. As the founder of The Sakai Trust, Dr Chen is deemed to be interested in the notes held by The Sakai Trust.

Save as disclosed above, as at 31 December 2022, 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 2022, 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)
SAKAI GLOBAL HOLDINGS LTD. ("Sakai Global")	Interest of controlled corporation ^(Note 2)	4,177,460,127	95.33 (L)
SAKAI PRIVATE TRUST COMPANY PTE. LTD. (the "Trustee")	Beneficial owner	1,961,516,919	44.76 (L)
SAKAI PRIVATE TRUST COMPANY PTE. LTD.	Interest of controlled corporation ^(Note 3)	1,073,564,633	24.50 (L)
SAKAI PRIVATE TRUST COMPANY PTE. LTD.	Interest of controlled corporation ^(Note 4)	1,142,378,575	26.07 (L)
LIPKCO Group Limited	Beneficial owner	797,015,214	18.19 (L)
ChenLipKeong Fund Limited	Beneficial owner ^(Note 4)	1,142,378,575	26.07 (L)

Notes:

- (1) Based on the Company's issued share capital of 4,382,136,354 Shares as at 31 December 2022.
- (2) Such interests include (i) Shares directly held by the Trustee; (ii) Shares indirectly held by the Trustee through ChenLipKeong Capital Limited ("CLK Capital"), LIPKCO Group Limited ("LGL") and LIPKCO ENTERPRISES LIMITED ("LEL"); and (iii) Shares to be held by ChenLipKeong Fund Limited ("CLK Fund") (please refer to note 4 below for details). All of CLK Capital, LGL, LEL and CLK Fund are in turn wholly-owned by the Trustee as the trustee of The Sakai Trust. The Trustee is in turn wholly-owned by Sakai Global. Hence, Sakai Global is deemed to be interested in the Shares held by the Trustee.
- (3) Such interests are held by CLK Capital, LGL and LEL which in turn are wholly-owned by the Trustee. The Trustee is therefore deemed to be interested in the Shares held by CLK Capital, LGL and LEL.
- (4) Upon the completion of the DBA and the Subscription Agreement on or before 30 September 2025 or such other extended date as is agreed between the parties, 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 development funding of the Naga 3 project will be issued to CLK Fund. The Trustee is deemed to be interested in the Shares which will be held by CLK Fund as it holds the entire issued share capital of CLK Fund.
- (5) 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 2022, 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, representing approximately 5.18% of the Shares in issue (i.e. 4,382,136,354 Shares) as at the date of this annual report).

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 5.18% of the Shares in issue (i.e. 4,382,136,354 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.

(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 2022, 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.

Report of the Directors

(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.

There is no specific limit on the new Shares to be granted to each participant under the Share Award Scheme. And no consideration is payable by the participants upon acceptance of the grant.

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

During the term of the Share Award Scheme and as at the date of this annual report, 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, representing approximately 4.95% of the Shares in issue (i.e. 4,382,136,354 Shares) as at the date of this annual report) 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.

No share option or award has been granted under the Share Option Scheme and Share Award Scheme since their respective adoptions and up to the date of this annual report.

Should the Company decide to grant any share option or award in the future, such grant(s) will be made in compliance with the amended Chapter 17 of the Listing Rules which took effect on 1 January 2023 (the "Amended Chapter 17").

The Company will amend the terms of the Share Option Scheme and Share Award Scheme to comply with the Amended Chapter 17 in accordance with guidance materials published by the Stock Exchange if and when the need arises.

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.

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

During the Year, the Company partially repurchased 2024 Senior Notes from the open market on the Singapore Exchange Securities Trading Limited in the aggregate principal amount of US\$8,300,000 for the consideration of US\$7,779,000.

On 4 November 2022, the Company made a tender offer to purchase for cash of the 2024 Senior Notes at a minimum purchase price of US\$880 per US\$1,000 principal amount of the 2024 Senior Notes. 2024 Senior Notes with a total of US\$69,545,000 in aggregate principal amount were purchased and redeemed for the consideration of US\$65,224,000 on 17 November 2022.

Report of the Directors

The repurchased 2024 Senior Notes had been cancelled. Please refer to the announcements of the Company dated 12 August 2022, 31 August 2022, 9 September 2022, 23 September 2022, 30 September 2022, 7 October 2022, 14 October 2022, 4 November 2022, 14 November 2022 and 17 November 2022 for details about the repurchase of the 2024 Senior Notes during the Year. Following cancellation of the repurchased 2024 Senior Notes, US\$472,155,000 in aggregate principal amount of the 2024 Senior Notes remains outstanding.

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 SAKAI PRIVATE TRUST COMPANY PTE. LTD. as the trustee of The Sakai Trust, a discretionary family trust of which Tan Sri Dr Chen Lip Keong, an executive director, the Senior chief executive officer and the controlling shareholder of the Company is the settlor, 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\$93,250,000 were settled by the Subscriber during the Year 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.

Disclosure under Rule 13.21 of the Listing Rules

On 6 July 2020, a written agreement (the "Notes Indenture") was entered into among the Company as issuer of US\$350 million 7.95% senior notes due 2024 (the "Original 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 Original Notes, pursuant to which the Original Notes were issued. The Notes Indenture provides that upon the occurrence of a Change of Control (as defined in the Notes Indenture), the Company will make an offer to repurchase all outstanding Original 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 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 Original Notes.

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

On 15 June 2021, the Company issued the additional US\$200 million 7.95% senior notes due 2024 (the "Additional Notes"). The Additional 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 Original Notes. Since the principal terms of the Additional Notes are the same as the terms of the Original Notes, the change of control provisions under the Notes Indenture remains unchanged and apply to the Additional Notes. Those Additional Notes will not be convertible into Shares. Please refer to the announcements of the Company dated 7 June 2021 and 15 June 2021 for details about the Additional 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.

Report of the Directors

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, 8 February 2023

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 170 to 243, which comprise the consolidated statement of financial position as at 31 December 2022, 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 2022 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 judgement, 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 non-current assets related to the gaming and resort project in Russia

Refer to notes 4(h), 15, 18 and 33(iii) to the consolidated financial statements.

At the reporting date, management performed an impairment assessment on the property, plant and equipment and prepayments for acquisition, construction and fitting-out of property, plant and equipment related to the Group's gaming and resort project in Russia (the "Assets") with net carrying amounts at 31 December 2022 of \$154,552,000 and \$126,982,000 respectively. The Assets are allocated to the cash-generating unit (the "CGU") of Russian operation and assessed for impairment together with other non-current assets related to the CGU. Based on the result of the impairment assessment, no impairment loss was recognised during the year.

In carrying out the impairment assessment, management, assisted by an external specialist, determined the recoverable amount of the CGU on fair value less cost of disposal basis using a discounted cash flows model. The valuation involves the exercise of significant judgement and estimates by the management in the adoption of the assumptions about the model inputs, including future gaming and non-gaming revenue, revenue growth rate and the discount rate from the perspective of market participants.

We have identified the impairment assessment of the Assets as a key audit matter as considerable amount of judgement and estimates are required for the impairment assessment in the current political climate in Russia.

Our response:

Our procedures in relation to the management's impairment assessment included:

- i) Obtaining an understanding of the management's control procedures of impairment assessment and assessing inherent risk of the material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors;
- ii) Evaluating the competence, capabilities and objectivity of the specialist;
- iii) Evaluating the methodology adopted by the management to estimate the recoverable amount;
- iv) Assessing appropriateness of the cash flow projection in determining the recoverable amount, challenging the reasonableness of key assumptions used in the cash flow projection including future buy-ins, win per day per machine, gross margin, operating costs and discount rate applied based on our knowledge of the business and industry and with the assistance of our specialist;
- v) Validating key inputs and assumptions adopted in the cash flow projection to supporting evidences; and
- vi) Checking the mathematical accuracy of the cash flow production.

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.

Independent Auditor's Report

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

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

Independent Auditor's Report

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, 8 February 2023

Consolidated Statement of Income

for the year ended 31 December 2022

(Expressed in United States dollars)

	Note	2022 \$'000	2021 \$'000
Revenue	6	460,693	225,857
Gaming tax	11	(25,129)	(12,234)
Cost of sales		(59,598)	(70,097)
Gross profit		375,966	143,526
Other income	7	9,400	5,633
Administrative expenses		(52,182)	(64,258)
Other operating expenses		(201,462)	(188,507)
Profit/(loss) from operations		131,722	(103,606)
Finance costs	8	(24,256)	(37,142)
Profit/(loss) before taxation	9	107,466	(140,748)
Income tax	11	(212)	(6,274)
Profit/(loss) attributable to owners of the Company		107,254	(147,022)
Earnings/(loss) per share (US cents)			(Restated)
Basic	13	2.45	(3.36)
Diluted	13	2.45	(3.36)

The notes on pages 177 to 243 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2022
(Expressed in United States dollars)

	2022 \$'000	2021 \$'000
Profit/(loss) for the year	107,254	(147,022)
Other comprehensive income for the year		
Item that maybe reclassified subsequently to profit or loss		
– exchange differences from translation of foreign operations	(700)	(1,054)
Total comprehensive income attribute to the owners of the Company for the year	106,554	(148,076)

The notes on pages 177 to 243 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

as at 31 December 2022

(Expressed in United States dollars)

	Note	2022 \$'000	2021 \$'000
Non-current assets			
Property, plant and equipment	15	2,070,090	1,931,729
Right-of-use assets	16	83,209	88,837
Intangible assets	17	62,480	65,197
Prepayments for acquisition, construction and fitting-out of property, plant and equipment	18	143,913	138,156
Promissory notes	19	–	9,583
		2,359,692	2,233,502
Current assets			
Consumables	20	2,897	1,793
Trade and other receivables	21	41,724	66,774
Promissory notes	19	10,139	–
Restricted bank balance and fixed deposits	22	19,200	22,350
Cash and cash equivalents	22	156,004	102,724
		229,964	193,641
Current liabilities			
Trade and other payables	23	177,256	124,417
Contract liabilities	24	8,777	8,626
Lease liabilities	16	10,838	13,499
Current tax liability		1,795	4,831
		198,666	151,373
Net current assets		31,298	42,268
Total assets less current liabilities		2,390,990	2,275,770

Consolidated Statement of Financial Position

as at 31 December 2022
(Expressed in United States dollars)

	Note	2022 \$'000	2021 \$'000
Non-current liabilities			
Other payables	23	5,829	5,348
Senior notes	25	468,827	542,952
Contract liabilities	24	13,000	20,500
Lease liabilities	16	54,007	57,447
		541,663	626,247
NET ASSETS		1,849,327	1,649,523
CAPITAL AND RESERVES	26		
Share capital		54,777	54,263
Reserves		1,794,550	1,595,260
TOTAL EQUITY		1,849,327	1,649,523

Approved and authorised for issue by the Board on 8 February 2023

Timothy Patrick McNally
Chairman

Philip Lee Wai Tuck
Executive Deputy Chairman

The notes on pages 177 to 243 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

(Expressed in United States dollars)

	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		-	-	-	-	-	-	-	(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	1,649,523

	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 2022		54,263	751,356	151	(12,812)	55,568	222,810	(2,989)	581,176	1,649,523
Profit for the year		-	-	-	-	-	-	-	107,254	107,254
Other comprehensive income										
– exchange differences from translation of foreign operations		-	-	-	-	-	-	(700)	-	(700)
Total comprehensive income for the year		-	-	-	-	-	-	(700)	107,254	106,554
Issue and allotment of scrip dividend shares under scrip dividend scheme	12, 26(a)	514	-	-	-	-	-	-	(514)	-
Recognition of equity-settled share-based payments	30(c)	-	-	-	-	-	93,250	-	-	93,250
		514	-	-	-	-	93,250	(700)	106,740	199,804
Balance at 31 December 2022		54,777	751,356	151	(12,812)	55,568	316,060	(3,689)	687,916	1,849,327

The notes on pages 177 to 243 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2022
(Expressed in United States dollars)

	2022 \$'000	2021 \$'000
Operating activities		
Profit/(loss) before taxation	107,466	(140,748)
Adjustments for:		
– Depreciation	110,977	116,455
– Amortisation of casino licence premium	2,717	2,717
– Interest income	(1,063)	(518)
– Finance costs	24,256	37,142
– Gain on repurchase of senior notes	(4,071)	–
– COVID-19-related rent concessions	(810)	–
– Unrealised exchange gain	(769)	(1,021)
– Impairment loss on trade receivables	2,400	2,000
– Loss on disposal of property, plant and equipment	18	2,155
– Write-off of property, plant and equipment	36	–
Operating profit before changes in working capital	241,157	18,182
(Increase)/decrease in consumables	(1,104)	191
Decrease in trade and other receivables	22,650	51,036
Increase/(decrease) in trade and other payables	54,433	(21,144)
Decrease in contract liabilities	(7,349)	(7,455)
Cash generated from operations	309,787	40,810
Tax paid	(3,248)	(4,856)
Net cash generated from operating activities	306,539	35,954
Investing activities		
Interest received	576	96
Decrease/(increase) in restricted bank balance and fixed deposits	3,150	(8,087)
Payment for the purchase of property, plant and equipment and for the construction cost of properties	(128,208)	(150,249)
Proceeds from disposal of property, plant and equipment	52	13,000
Net cash used in investing activities	(124,430)	(145,240)

Consolidated Statement of Cash Flows

for the year ended 31 December 2022

(Expressed in United States dollars)

	2022 \$'000	2021 \$'000
Financing activities		
Interest paid	(43,726)	(42,815)
Payment for lease liabilities	(12,100)	(3,851)
Repurchase of senior notes	(73,003)	(300,000)
Dividends paid	–	(81,677)
Net proceeds from issue of senior notes	–	202,612
Net cash used in financing activities	(128,829)	(225,731)
Net increase/(decrease) in cash and cash equivalents	53,280	(335,017)
Cash and cash equivalents at beginning of year	102,724	437,741
Cash and cash equivalents at end of year	156,004	102,724
Analysis of cash and cash equivalents		
Cash and bank balances	156,004	102,724

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 of Hong Kong Limited (the “Stock Exchange”).

The Company and its subsidiaries (collectively the “Group”) is engaged principally in the management and operation of a hotel and casino complex known as NagaWorld in Phnom Penh, the capital city of Cambodia.

Information about subsidiaries

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

Name of subsidiary	Place of incorporation	Place of business	Issued and paid up share capital	Effective equity held by the Company	Effective equity held by a subsidiary	Principal activities
NagaCorp (HK) Limited	Hong Kong	Hong Kong	HK\$10	100%	–	Investment holding
Naga Russia Limited	Cayman Islands	Russia	\$1	100%	–	Investment holding
Naga Russia One Limited	Cayman Islands	Russia	\$1	–	100%	Investment holding
Naga Hotels Russia Limited	Cayman Islands	Russia	\$1	–	100%	Investment holding
NAGAWORLD LIMITED (“NWL”)	Hong Kong	Cambodia	HK\$78,000,000	–	100%	Gaming, hotel and entertainment operations
Ariston Sdn. Bhd (“Ariston”)	Malaysia	Malaysia & Cambodia	Malaysian Ringgit (“RM”) 56,075,891	–	100%	Holding casino licence and Investment holding
Neptune Orient Sdn. Bhd.	Malaysia	–	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
Naga Retail Limited	Hong Kong	Cambodia	HK\$2	–	100%	Operation of retail business
Naga Entertainment Limited	Hong Kong	–	HK\$2	–	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 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
Primorsky Entertainment Resorts City LLC	Russia	Russia	Russian Ruble (“RUB”) 677,360,138	–	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
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

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
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	100%	-	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	Cambodia	\$1	100%	-	Agricultural production
HIGH CLASS (SINGAPORE) PTE. LTD.	Singapore	Singapore	Singapore dollar 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 amended International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (the "IASB"), that are effective for the current accounting period of the Group.

Annual Improvements to IFRS 1, IFRS 9, Illustration Examples accompanying IFRS 16 and IAS 41	Annual Improvements to IFRSs 2018-2020
Amendments to IFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRS 3	Reference to the Conceptual Framework

None of the new or amended IFRSs have a material effect on the reported results or financial position of the Group for both current and prior reporting years. The Group has not early applied any new or amended IFRSs or interpretations that are not yet effective for the current accounting period.

Notes to the consolidated financial statements

(Expressed in United States dollars)

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 Rules Governing the Listing of Securities on the Stock Exchange (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.

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)

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.

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.

4 Principal accounting policies (continued)

(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.

(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.

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

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 is one measurement category 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.

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 fair value through other comprehensive income 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 and other financial assets measured at amortised cost. 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 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.

(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.

Notes to the consolidated financial statements

(Expressed in United States dollars)

4 Principal accounting policies (continued)

(f) Financial instruments (continued)

(iii) Financial liabilities (continued)

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.

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.

4 Principal accounting policies (continued)

(f) Financial instruments (continued)

(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.

(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.

Notes to the consolidated financial statements

(Expressed in United States dollars)

4 Principal accounting policies (continued)

(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;
- intangible assets; and
- prepayments for acquisition, construction and fitting-out of property, plant and equipment.

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

- Calculation of recoverable amount

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

- Recognition of impairment losses

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

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

4 Principal accounting policies (continued)

(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.

(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.

Notes to the consolidated financial statements

(Expressed in United States dollars)

4 Principal accounting policies (continued)

(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, Employee Provident Fund and Social Security Scheme for Pension Fund for its employees in Hong Kong, Malaysia and Cambodia respectively. Contributions to these 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.

(m) Foreign currencies

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

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

(n) Dividends

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

4 Principal accounting policies (continued)

(o) **Related parties**

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

Notes to the consolidated financial statements

(Expressed in United States dollars)

4 Principal accounting policies (continued)

(o) Related parties (continued)

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

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

(p) 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

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.

(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.

Notes to the consolidated financial statements

(Expressed in United States dollars)

4 Principal accounting policies (continued)

(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.
- (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.

4 Principal accounting policies (continued)

(q) Revenue recognition (continued)

- (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.

(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.

Notes to the consolidated financial statements

(Expressed in United States dollars)

4 Principal accounting policies (continued)

(t) Joint arrangements (continued)

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.

(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 Royal Government of Cambodia (the “Cambodian Government”), for any reason, terminate or revoke the licence at any time before its expiry, it will pay Ariston, a subsidiary of the Company, the amount of monies invested in the business as agreed investment cost and additional mutually agreed damages for the termination and/or revocation of the Casino Licence at any time before the expiry of the period.

(b) Exclusivity

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

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

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

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.

Notes to the consolidated financial statements

(Expressed in United States dollars)

6 Revenue

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

	2022 \$'000	2021 \$'000
Casino operations – gaming tables	321,566	179,513
Casino operations – electronic gaming	124,315	43,986
Hotel room income, food and beverage and others	14,812	2,358
	460,693	225,857

7 Other income

	2022 \$'000	2021 \$'000
Interest income	1,063	518
Rental income	3,214	3,347
Gain on repurchase of senior notes	4,071	–
Others	1,052	1,768
	9,400	5,633

8 Finance costs

	2022 \$'000	2021 \$'000
Interest expenses and amortisation of transaction costs relating to senior notes (note 25)	43,684	52,066
Interest on lease liabilities	6,790	6,584
Other interest expenses	481	441
	50,955	59,091
Less: Interest expenses capitalised into capital work-in-progress	(26,699)	(21,949)
	24,256	37,142

Notes to the consolidated financial statements
(Expressed in United States dollars)

9 Profit/(loss) before taxation

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

	2022 \$'000	2021 \$'000
(a) Staff costs (including directors' remuneration):		
Salaries, wages and other benefits	87,231	69,400
Contributions to defined contribution retirement scheme [#]	170	67
Total staff costs*	87,401	69,467
(b) Other items:		
Auditor's remuneration		
– Current year	804	797
– Under provision for prior year	40	48
Amortisation of casino licence premium*	2,717	2,717
Depreciation*		
– Own assets	105,330	110,766
– Right-of-use assets	5,647	5,689
Exchange loss/(gain)*	367	(132)
Impairment loss on trade receivables	2,400	2,000
Write-off of property, plant and equipment	36	–
Loss on disposal of property, plant and equipment	18	2,155
Short term lease expenses	3,065	2,879

* 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	2022 Total \$'000
<i>Executive directors</i>					
Tan Sri Dr Chen Lip Keong	4,183	-	-	720	4,903
Philip Lee Wai Tuck	-	-	-	293	293
Chen Yiy Fon	-	-	-	286	286
<i>Non-executive director</i>					
Timothy Patrick McNally	-	-	240	132	372
<i>Independent non-executive directors</i>					
Lim Mun Kee	-	-	48	-	48
Michael Lai Kai Jin	-	-	36	-	36
Leong Choong Wah	-	-	36	-	36
Total	4,183	-	360	1,431	5,974

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	2021 Total \$'000
<i>Executive directors</i>					
Tan Sri Dr Chen Lip Keong	5,207	-	-	521	5,728
Philip Lee Wai Tuck	-	-	-	221	221
Chen Yiy Fon	-	-	-	166	166
<i>Non-executive director</i>					
Timothy Patrick McNally	-	-	240	54	294
<i>Independent non-executive directors</i>					
Lim Mun Kee	-	-	48	-	48
Michael Lai Kai Jin	-	-	36	-	36
Leong Choong Wah	-	-	36	-	36
Total	5,207	-	360	962	6,529

During the Year, no contributions were made to defined contribution retirement scheme for any of the directors (including past directors) (2021: 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 \$4,183,000 (the "2022 Performance Incentive Entitlement") for the Year. The 2022 Performance Incentive Entitlement amounting to \$4,183,000 was recognised in profit or loss during the Year.

(b) Five highest paid individuals

Of the five individuals with highest emoluments, two (2021: two) are directors whose emoluments are disclosed in note 10(a). The aggregate of the emoluments in respect of the three non-director individuals for the Year (2021: three) are as follows:

	2022 \$'000	2021 \$'000
Salaries, wages and other benefits	1,569	1,301
Contribution to defined contribution retirement scheme	–	–
Discretionary bonus	–	–
Total	1,569	1,301

10 Directors' remuneration and senior management remuneration

(continued)

(b) Five highest paid individuals (continued)

The emoluments of the three individuals (2021: three) with the highest emoluments are within the following bands:

	2022 Number of individuals	2021 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
\$387,001 - \$452,000 (approximately HK\$3,000,001 – HK\$3,500,000)	1	1
\$452,001 - \$516,000 (approximately HK\$3,500,001 – HK\$4,000,000)	1	–
\$516,001 - \$581,000 (approximately HK\$4,000,001 – HK\$4,500,000)	–	1
\$581,001 - \$645,000 (approximately HK\$4,500,001 – HK\$5,000,000)	–	–
\$645,001 - \$710,000 (approximately HK\$5,000,001 – HK\$5,500,000)	1	–
\$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)	–	–
	3	3

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 for the year ended 31 December 2021, 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.

Notes to the consolidated financial statements

(Expressed in United States dollars)

11 Gaming tax and income tax

Gaming tax

The gaming tax of \$25,129,000 for the Year (2021: \$12,234,000) 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.

	2022 \$'000	2021 \$'000
Gaming tax expense		
– Current year	29,288	12,234
– Over provision in prior year	(4,159)	–
	25,129	12,234

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

Income tax

	2022 \$'000	2021 \$'000
Current tax expense		
– Current year	212	6,274

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 of income tax are set out in note (a)(ii) below.

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

	2022 \$'000	2021 \$'000
Profit/(loss) before taxation	107,466	(140,748)
Tax calculated using Cambodian corporation tax rate of 20% (2021: 20%)	21,493	(28,150)
Tax effect of tax exempt (profits)/losses from Cambodian operations (note (a)(ii))	(36,292)	12,351
Tax effect of expenses not deductible for tax purpose	14,042	6,074
Tax loss not recognised	969	12,297
Under provision in prior year	–	3,702
	212	6,274

11 Gaming tax and income tax (continued)

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.

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

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

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.

Prior to 1 January 2021, the Ministry of Economy and Finance (“MOEF”) levied obligation payment (the “Obligation Payment”) in respect of the gaming activities of NWL. Since December 2003, the 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. 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 previous year’s Obligation Payment during the years ended 31 December 2019 and 2020. The MOEF has yet to confirm the amount of the gaming Obligation Payment for year 2019.

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

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 as mentioned in note 11(a)(i) above which include exemptions from all categories of taxes in respect of gaming activities including advance profits tax, minimum tax, dividend withholding tax, minimum profits tax, value-added tax and revenue tax.

Furthermore, according to a circular issued by the Senior Minister of the Council of Ministers of the MOEF to all casinos dated 7 December 2000, 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.

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)

Since the promulgation of the Casino Law, 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 for the Year.

In July 2002, the MOEF imposed a fixed sum monthly non-gaming Obligation Payment on NWL in respect of tax on non-gaming activities. The monthly rate of non-gaming Obligation Payment will be reviewed annually.

The above non-gaming Obligation Payment was considered as a composite of various 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 non-gaming activities of NWL Hotel and Entertainment Branch are subject to the applicable LoT. Accordingly, NWL Hotel and Entertainment Branch estimated the corporate and other taxes according to the LoT since 1 January 2021.

(b) Taxes on other businesses

Profits from the Group's operations in Cambodia, other than NWL Gaming 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.

(c) Withholding tax on distribution of dividend

Under 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%.

Notes to the consolidated financial statements

(Expressed in United States dollars)

11 Gaming tax and income tax (continued)

Notes: (continued)

(c) Withholding tax on distribution of dividend (continued)

NWL wrote a letter to the MOEF to clarify whether the withholding tax on distribution of dividend will apply to their gaming business and has received a reply dated 9 June 2003 that the withholding tax on distribution of dividend do not apply to casinos as they will be regulated by the Casino Law. However, the withholding tax on distribution of dividend 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. In the opinion of directors, with reference to a legal opinion obtained, 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. NWL is in compliance with all effective Casino Law and relevant supplementary guidance/regulations published such as Prakas issued during the year 2022. The directors will also closely monitor on any developments on Casino Law and its relevant supplementary guidance/regulations in the future.

(d) Deferred taxation

As at 31 December 2022, 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 \$23,610,000 (2021: \$1,559,000) and \$66,329,000 (2021: \$61,483,000) respectively. The tax losses can be carried forward for a period of five years from the year in which the losses arose.

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

	2022 \$'000	2021 \$'000
Interim dividend declared during the year:		
2022: US cents 0.73 per ordinary share	31,619	–
2021: US cents Nil per ordinary share	–	–
Final dividend proposed after the end of reporting period:		
2022: US cents 0.75 per ordinary share	32,733	–
2021: US cents Nil per ordinary share	–	–
	64,352	–

On 9 September 2022, the shareholders of the Company approved the payment of an interim dividend of US cents 0.73 (or equivalent to HK cents 5.66) per share for the six months ended 30 June 2022 to be satisfied wholly by way of scrip shares without offering any right to shareholders of the Company to elect to receive such dividend in cash in lieu of such allotment. As a result, 41,128,313 ordinary shares were allotted to the shareholders. Further details are set out in note 26(a).

The Board recommends the payment of final dividend of US cents 0.75 (or equivalent to HK cents 5.81) per share for the Year to the shareholders of the Company by way of scrip shares without offering any right to the shareholders to elect to receive such dividend in lieu of such allotment. The final dividend is subject to the approval by shareholders of the Company at the forthcoming annual general meeting of the Company and the listing committee of the Stock Exchange granting the listing of and permission to deal in the new shares to be issued by the Company pursuant thereto.

Notes to the consolidated financial statements

(Expressed in United States dollars)

13 Earnings/(loss) per Share

The calculation of basic earnings/(loss) per share is based on the consolidated profit attributable to owners of the Company of \$107,254,000 (2021: loss of \$147,022,000) and the weighted average number of shares of 4,382,136,354 (2021: 4,382,136,354 (Restated)) in issue during the Year.

The loss per share for the year ended 31 December 2021 is restated to reflect the effect of scrip shares issued during the Year (notes 12 and 26(a)).

There were no dilutive potential shares in issue during the Year (2021: 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.

(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.

Notes to the consolidated financial statements
(Expressed in United States dollars)

14 Segment information (continued)

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

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 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
Year ended 31 December 2022			
Timing of revenue recognition			
– At point in time	389,846	7,555	397,401
– Transferred over time	56,035	7,257	63,292
Revenue from external customers	445,881	14,812	460,693
Inter-segment revenue	(892)	6,530	5,638
Reportable segment revenue	444,989	21,342	466,331
Segment profit/(loss):			
Year ended 31 December			
2021	47,725	(15,285)	32,440
2022	273,850	(10,345)	263,505

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			
2021	2,075,078	729,053	2,804,131
2022	2,308,202	678,015	2,986,217
Segment liabilities:			
As at 31 December			
2021	(141,412)	(475,149)	(616,561)
2022	(168,500)	(499,583)	(668,083)
Net assets:			
As at 31 December			
2021	1,933,666	253,904	2,187,570
2022	2,139,702	178,432	2,318,134
Other segment information			
Capital expenditure:			
Year ended 31 December			
2021	380,903	3,030	383,933
2022	242,891	816	243,707
Impairment loss on trade receivables:			
Year ended 31 December			
2021	2,000	–	2,000
2022	2,400	–	2,400

Notes to the consolidated financial statements
(Expressed in United States dollars)

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:

	2022 \$'000	2021 \$'000
Revenue		
Reportable segment revenue	466,331	228,255
Elimination of inter-segment revenue	(5,638)	(2,398)
Consolidated revenue	460,693	225,857
Profit		
Reportable segment profit	263,505	32,440
Other revenue	4,092	49
Depreciation and amortisation	(113,694)	(119,172)
Unallocated head office and corporate expenses	(22,181)	(16,923)
Finance costs	(24,256)	(37,142)
Consolidated profit/(loss) before taxation	107,466	(140,748)
Assets		
Reportable segment assets	2,986,217	2,804,131
Elimination of inter-segment assets	(424,414)	(408,100)
	2,561,803	2,396,031
Unallocated cash and bank balances and restricted bank balance	23,307	24,337
Unallocated corporate assets	4,546	6,775
Consolidated total assets	2,589,656	2,427,143
Liabilities		
Reportable segment liabilities	(668,083)	(616,561)
Elimination of inter-segment payables	424,414	408,100
	(243,669)	(208,461)
Senior notes	(468,827)	(542,952)
Unallocated corporate liabilities	(27,833)	(26,207)
Consolidated total liabilities	(740,329)	(777,620)

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 2022, the Group had non-current assets other than financial instruments located in Cambodia and Russia of \$2,077,064,000 (2021: \$1,954,221,000) and \$282,628,000 (2021: \$269,698,000), respectively.

(c) Information about major customers

During the current and prior years, 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 is as follows:

	2022 \$'000	2021 \$'000
Casino operations		
Junket A	N/A*	55,341

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

Notes to the consolidated financial statements
(Expressed in United States dollars)

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 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
At 1 January 2022	185,746	846,458	617,193	744,089	6,206	51,831	80,000	2,531,523
Additions	1,054	-	242,381	294	68	-	-	243,797
Disposal	(251)	-	-	-	-	-	-	(251)
Written off	(148)	(1,040)	-	(174)	-	-	-	(1,362)
Transfer	271	-	(15,998)	15,727	-	-	-	-
At 31 December 2022	186,672	845,418	843,576	759,936	6,274	51,831	80,000	2,773,707

	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 and impairment loss:								
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
At 1 January 2022	147,014	87,659	-	346,565	5,875	12,681	-	599,794
Charge for the year	21,624	16,899	-	63,948	274	2,585	-	105,330
Disposal	(181)	-	-	-	-	-	-	(181)
Written off	(148)	(1,040)	-	(138)	-	-	-	(1,326)
At 31 December 2022	168,309	103,518	-	410,375	6,149	15,266	-	703,617

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
<i>Net book value:</i>								
At 31 December 2022	18,363	741,900	843,576	349,561	125	36,565	80,000	2,070,090
At 31 December 2021	38,732	758,799	617,193	397,524	331	39,150	80,000	1,931,729

Impairment testing of non-current assets of the gaming and resort project of the Group in Russia

In February 2022, Russia launched a full scale invasion of Ukraine and many western countries have imposed sanctions on Russia. The war has led to disruption on the development of the Group's gaming and resort project in Vladivostok, Russia (the "Project") and is an indication that the Group's non-current assets in Russia may be impaired.

As at 31 December 2022, included in the property, plant and equipment of the Group is property, plant and equipment with net carrying amount of \$154,552,000 related to the Project.

The property, plant and equipment is allocated to the cash-generating unit of the Russian operation (the "CGU") and assessed for impairment together with the prepayments for construction for the Project with carrying amount of \$126,982,000 (note 18) and other non-current assets of the CGU.

In performing impairment assessment for the non-current assets in the current year, the directors engaged Colliers International Consultancy & Valuation (Singapore) Pte Limited, an independent firm of qualified valuers, to determine the recoverable amount of the CGU at the end of the reporting period using the fair value less cost of disposal ("FVLCD") basis. The valuation is a level 3 fair value measurement.

FVLCD is the present value on future cash flows from a market participant's perspective of which it reflects the assumptions that market participants would use when pricing.

The Group entered into the Investment Agreement (defined in note 19) relating to development the Project in the Integrated Entertainment Zone ("the IEZ") of Vladivostok, Russia in prior years. At the end of the reporting period and during the Year, there are two hotel and casino resorts in the IEZ which are operated by local and overseas investors, respectively. According to the published information, there is another overseas investor from an Asian country who signed an agreement with the Russian government authorities in relation to investing in another hotel and casino resort in the IEZ. In the opinion of the directors, there are market participants who can operate similar investment projects in the IEZ.

15 Property, plant and equipment (continued)

Impairment testing of non-current assets of the gaming and resort project of the Group in Russia (continued)

FVLCD of the CGU is derived from discounted cash flows model based on a 12-year cash flows projection, with the first two years being the construction period followed by 10-year operation period. As the Project is located on a newly developing resort area in Vladivostok, Russia, it is expected that it needs a longer period for the Project to stabilise its growth. Key assumptions used in the cash flow projection include:

- Mass table buys-ins in the first year of operation of \$192 million
- Win per machine per day (“WUD”) in the first year of operation of \$280
- Average revenue growth rate for gaming revenue of 11%
- Average revenue growth rate for non-gaming revenue of 9%
- Operating expenses to revenue ratio of 30%
- Terminal growth rate of 4%
- Post-tax discount rate of 24%

Management estimated the first year of operation based on most recent financial data of comparable casinos adjusted for expected market development. The revenue growth rates and operating expenses to revenue ratio during the 10-year operation period are determined based on historical data of comparable casinos in the market. The discount rate used reflects the specific risk relating to the CGU. Cash flows beyond the 10-year operation period are extrapolated using a growth rate of 4%, which is the same as the long term inflation rate for Russia. The values assigned to the key assumptions used in the cash flow projection are consistent with external information sources.

Based on the result of the impairment assessment, the recoverable amount of the CGU (which comprises the property, plant and equipment, prepayments for construction and other non-current assets attributable to the Russian operation) exceeds the carrying amount of the CGU. As a result, no impairment loss was recognised during the Year.

Notes to the consolidated financial statements

(Expressed in United States dollars)

15 Property, plant and equipment (continued)

Impairment testing of non-current assets of the gaming and resort project of the Group in Russia (continued)

As significant judgements are used to estimate the mass table buys-in, WUD and post-tax discount rate, any adverse change in these key inputs used to calculate the recoverable amount would result in an impairment loss. Sensitivity of the impairment assessment to a reasonably possible change in these key assumptions is as follows:

	Change in assumptions holding other inputs constant	Impairment loss \$'000
Mass table buy-ins	Reduced by 10%	8,193
WUD	Reduced by 10%	5,591
Post-tax discount rate	Increased by 1%	14,691

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 integrated 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 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
As at 1 January 2022	49,777	22,634	16,426	88,837
Additions	–	19	–	19
Depreciation expense	(2,274)	(2,372)	(1,001)	(5,647)
As at 31 December 2022	47,503	20,281	15,425	83,209

(ii) Lease liabilities

	2022 \$'000	2021 \$'000
As at 1 January	70,946	63,883
Additions	19	4,332
Interest expense	6,790	6,584
COVID-19-related rent concessions	(810)	–
Payments	(12,100)	(3,851)
Exchange difference	–	(2)
As at 31 December	64,845	70,946
Less: Current portion	(10,838)	(13,499)
Non-current portion	54,007	57,447

Notes to the consolidated financial statements

(Expressed in United States dollars)

16 Leases (continued)

(a) The Group as lessee (continued)

(ii) Lease liabilities (continued)

Future lease payments are due as follows:

	2022			2021		
	Minimum lease payments \$'000	Interest \$'000	Present value \$'000	Minimum lease payments \$'000	Interest \$'000	Present value \$'000
Within 1 year	15,714	4,876	10,838	18,688	5,189	13,499
1 to 5 years	33,958	19,308	14,650	35,977	21,765	14,212
After 5 years	143,824	104,467	39,357	150,909	107,674	43,235
	193,496	128,651	64,845	205,574	134,628	70,946

(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 \$10,797,000 (2021: \$4,856,000).

(iv) Information in relation to short term leases

	2022 \$'000	2021 \$'000
Short term lease expenses	3,065	2,879
Aggregate undiscounted commitments for short term leases	268	577

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 and was extended for another 6 years during the Year. 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% (9.5% for the extended term) on turnover generated from the tenant plus 5% on turnover generated from its licences, operator or sub-tenants. Contingent rental of \$39,000 (2021: 185,000) 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:

	2022 \$'000	2021 \$'000
Within 1 year	2,742	2,724
1 to 5 years	11,751	10,576
After 5 years	13,710	–
	28,203	13,300

17 Intangible assets

	2022 \$'000	2021 \$'000
<i>Casino licence premium and extended exclusivity premium:</i>		
Cost:		
At 1 January and 31 December	123,002	123,002
<i>Accumulated amortisation:</i>		
At 1 January	57,805	55,088
Charge for year	2,717	2,717
At 31 December	60,522	57,805
Net book value	62,480	65,197

Notes to the consolidated financial statements

(Expressed in United States dollars)

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.

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.

Included in the balance are prepayments for construction of \$126,982,000 related to the development of the Project. Based on the impairment testing performed in note 15, no impairment loss was recognised during the Year (2021: Nil).

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 the Project.

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 \$10,139,000) (2021: \$9,583,000) 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. The Promissory Notes have been realised on the maturity date subsequently and the Group is in the process of purchasing new promissory notes issued by another Russian bank for a new bank guarantee to be issued by that bank.

20 Consumables

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

Notes to the consolidated financial statements

(Expressed in United States dollars)

21 Trade and other receivables

	2022 \$'000	2021 \$'000
Trade receivables	14,212	48,132
Less: Allowance for impairment loss	(5,109)	(8,489)
	9,103	39,643
Prepayments	10,135	5,944
Deposits and other receivables	22,486	21,187
	41,724	66,774

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:

	2022 \$'000	2021 \$'000
Within 1 month	4,052	36,072
1 to 3 months	842	779
3 to 6 months	2,356	–
6 to 12 months	1,853	1,784
More than 1 year	–	1,008
	9,103	39,643

22 Cash and bank balances

	2022 \$'000	2021 \$'000
Cash and bank balances	156,004	102,724
Restricted bank balance	18,768	22,000
Fixed deposits	432	350
	175,204	125,074
Less: – Fixed deposits with original maturity of more than three months when acquired	(432)	(350)
– Restricted bank balance	(18,768)	(22,000)
	(19,200)	(22,350)
Cash and cash equivalents	156,004	102,724

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

Notes to the consolidated financial statements
(Expressed in United States dollars)

22 Cash and bank balances (continued)

Restricted bank balance represents fund transferred to an escrow account for payment of interests for the 2024 Senior Notes (defined in note 25) on 6 January 2023.

As at 31 December 2022, fixed deposits bear interest at 4% (2021: 4%) per annum and mature at various times up to and including April 2023 (2021: various times up to and including April 2022).

23 Trade and other payables

	2022 \$'000	2021 \$'000
Trade payables (note)	34,259	25,043
Unredeemed casino chips	10,376	6,777
Deposits	14,756	7,267
Construction creditors	3,388	1,991
Interest payable	18,220	21,211
Accruals and other creditors	72,798	55,242
Gaming tax payables	29,288	12,234
	183,085	129,765
Less: current portion	(177,256)	(124,417)
Non-current portion	5,829	5,348

Note:

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

	2022 \$'000	2021 \$'000
Due within 1 month or on demand	1,461	5,908
Due after 1 month but within 3 months	9,803	6,120
Due after 3 months but within 6 months	15,586	–
Due after 6 months but within 1 year	7,393	13,015
Due after 1 year	16	–
Total	34,259	25,043

Notes to the consolidated financial statements

(Expressed in United States dollars)

24 Contract liabilities

	2022 \$'000	2021 \$'000
Customer loyalty programme	1,277	1,126
Licence fee	20,500	28,000
	21,777	29,126
Less: current portion	(8,777)	(8,626)
Non-current portion	13,000	20,500

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 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 1 January 2022	1,126	28,000
Decrease as a result of recognising revenue during the year	(2,733)	(7,500)
Increase as a result of award points earned	2,884	–
Balance as at 31 December 2022	1,277	20,500

The contract liabilities of \$8,626,000 (2021: \$8,480,000) 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.

25 Senior notes

On 6 July 2020 and 15 June 2021, the Company issued senior notes of an aggregate principal amount of \$350 million and \$200 million, respectively, with maturity on 6 July 2024 (the “2024 Senior Notes”). The 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. The 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.

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

During the Year, the Company repurchased the 2024 Senior Notes of an aggregate principal amount of \$77,845,000 with purchase price ranging from 91.83% to 92.10% in total amount of \$73,003,000. Please refer to the announcements of the Company dated 12 August 2022, 31 August 2022, 9 September 2022, 23 September 2022, 30 September 2022, 7 October 2022, 14 October 2022, 4 November 2022, 14 November 2022 and 17 November 2022 for details. Following the cancellation of the repurchased 2024 Senior Notes, the 2024 Senior Notes of an aggregate principal amount of \$472,155,000 remains outstanding.

In connection with the issue of the 2024 Senior Notes, ChenLipKeong Capital Limited, has subscribed the 2024 Senior Notes with principal amount of \$45,000,000. ChenLipKeong Capital Limited is directly and wholly-owned by SAKAI PRIVATE TRUST COMPANY PTE. LTD. as the trustee (the “Trustee”) of The Sakai Trust, a discretionary family trust of which Dr Chen is settlor for the benefit of himself and his family (“The Sakai Trust”). The interest expenses payable to the related company for the Year amounted to \$3,578,000 (2021: \$3,578,000).

Notes to the consolidated financial statements

(Expressed in United States dollars)

26 Capital and reserves

(a) Share capital

(i) Authorised:

	2022 \$'000	2021 \$'000
8,000,000,000 ordinary shares of \$0.0125 each	100,000	100,000

(ii) Issued and fully paid:

	2022		2021	
	Number of shares	\$'000	Number of shares	\$'000
Issued and fully paid:				
Ordinary shares of \$0.0125 each				
At 1 January	4,341,008,041	54,263	4,341,008,041	54,263
Issue and allotment of scrip shares	41,128,313	514	–	–
As at 31 December	4,382,136,354	54,777	4,341,008,041	54,263

The holders of the ordinary 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 ordinary shares rank equally with regard to the Company's residual assets.

Issue and allotment of ordinary shares during the year

On 29 September 2022, the Company issued 41,128,313 ordinary shares under the scrip dividend scheme for 100% of the payment of the 2022 interim dividend (note 12). The market value for calculating the number of scrip shares allotted to the shareholders pursuant to the scrip dividend scheme was US cents 77.1 per share (or HK cents 597.4 per share), which was the average of the closing prices per share of the Company on the Stock Exchange for the 5 consecutive trading days up to and including 16 September 2022. The allotment of the scrip shares during the Year resulted in transfer of \$514,000 (2021: Nil) from retained profits to share capital which represents the aggregate par value of these scrip shares.

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:

	2022 \$'000	2021 \$'000
Debt	468,827	542,952
Cash and bank balances	(175,204)	(125,074)
Net debt	293,623	417,878
Equity	1,849,327	1,649,523
Net debt to equity ratio	15.9%	25.3%

(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 174 of the consolidated financial statements.

Notes to the consolidated financial statements

(Expressed in United States dollars)

26 Capital and reserves (continued)

(c) Nature and purpose of reserves

(i) Share premium

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

(ii) 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.

(d) Distributable reserves

At 31 December 2022, the aggregate amount of reserves available for distribution to owners of the Company was \$510,982,000 (2021: \$512,124,000) within which \$751,356,000 (2021: \$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 (2021: \$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:

	2022 \$'000	2021 \$'000
Hotel and casino complex – contracted but not incurred	3,163,829	3,354,316

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 of the Company 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 (2021: Nil) and there are no outstanding share options at the end of the reporting period (2021: Nil).

Notes to the consolidated financial statements

(Expressed in United States dollars)

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.

(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 in policies affecting the industry in which the Group operates could have a significant negative effect on its operating results and financial condition.

Furthermore, due to the Russia-Ukraine war since late February 2022, a number of western countries have imposed sanctions against Russia. Although the Russian government is promoting domestic tourism as a counter-measure, the Russia-Ukraine war may cause significant long-term damage to the tourism industry there if the conflict between the two countries persists, which in turn adversely affects the future development and value of the Project.

(c) Credit risk

The credit policy on gaming receivables is five to thirty days (2021: five to thirty days) from the end of tour. The credit policy on non-gaming receivables is thirty days from end of month (2021: 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 19% (2021: 57%) 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 operators. Credit evaluations are performed on all customers/junket operators requesting credit facilities.

Notes to the consolidated financial statements
(Expressed in United States dollars)

29 Risk management (continued)

(c) **Credit risk** (continued)

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

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:

2022	Expected loss rate %	Gross carrying amount \$'000	Loss allowance \$'000
Current (not past due)	2.48	4,155	103
1 to 3 months past due	4.29	1,047	45
3 to 6 months past due	9.07	3,127	284
6 to 12 months past due	40.96	2,043	837
More than 1 year past due	100.00	3,840	3,840
		14,212	5,109

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

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.

Notes to the consolidated financial statements

(Expressed in United States dollars)

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:

	2022 \$'000	2021 \$'000
At 1 January	8,489	6,489
Impairment loss recognised	2,400	2,000
Bad debts written off	(5,780)	–
At 31 December	5,109	8,489

For the year ended 31 December 2021, increase in gross carrying amount of trade receivables in past due over 1 year age bracket has resulted in an increase in loss allowance of \$2,000,000. During the Year, increase in expected loss rate of trade receivable balances in all age brackets have resulted in an increase in loss allowance of \$2,400,000.

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, as appropriate. As at 31 December 2022, the Group assessed the ECL of an other receivable with gross carrying amount of \$12,857,000 (2021: \$12,634,000) based on lifetime ECLs. No impairment loss was recognised against the gross carrying amount of the other receivable. Except for the abovementioned other receivable, the 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.

2022	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	153,797	177,968	147,968	–	–	30,000
Senior notes	468,827	554,876	56,304	498,572	–	–
	622,624	732,844	204,272	498,572	–	30,000

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

(e) Interest rate risk

The Group's fair value interest-rate risk mainly arises from the Promissory Notes and the 2024 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 the 2024 Senior Notes are disclosed in notes 19 and 25 to the consolidated financial statements respectively.

Notes to the consolidated financial statements

(Expressed in United States dollars)

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

	2022 \$'000	2021 \$'000
Financial assets at amortised cost	216,932	195,487
Financial liabilities at amortised cost	622,624	660,483

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 2024 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

	2022 \$'000	2021 \$'000
Basic salaries, housing and other allowances and benefits in kind	8,374	6,210
Bonus	4,183	5,207
	12,557	11,417

30 Related party transactions (continued)

(b) Balance with related companies

As at 31 December 2022, amounts due from the related companies of \$244,000 (2021: \$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 (2021: \$291,000).

As at 31 December 2022, amount due to a director, Dr Chen of \$280,000 (2021: \$851,000) 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 the Trustee as trustee of The Sakai Trust 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 considers 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 \$93,250,000 (2021: \$222,810,000) representing 50% of the aggregate amount of the progress billings issued by the Contractor and borne by the Subscriber during the Year.

Notes to the consolidated financial statements

(Expressed in United States dollars)

31 Ultimate controlling party

At 31 December 2022, Dr Chen was deemed to be interested in an aggregated of 3,035,081,552 (2021: 2,994,614,463) ordinary shares out of the 4,382,136,354 (2021: 4,341,008,041) issued ordinary shares of the Company. Such interest was held by The Sakai Trust, through the Trustee, ChenLipKeong Capital Limited, LIPKCO Group Limited and LIPKCO ENTERPRISES LIMITED.

32 Possible impact of amendments and new or revised standards issued but not yet effective for the annual accounting year ended 31 December 2022

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 2022, 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 ¹
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to IAS 8	Definition of Accounting Estimates ¹
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²

¹ Effective for annual periods beginning on or after 1 January 2023.

² 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.

32 Possible impact of amendments and new or revised standards issued but not yet effective for the annual accounting year ended 31 December 2022 (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.

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 2022 (continued)

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.

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 profits, 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.

32 Possible impact of amendments and new or revised standards issued but not yet effective for the annual accounting year ended 31 December 2022 (continued)

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.

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).

Notes to the consolidated financial statements

(Expressed in United States dollars)

33 Critical judgement and key sources of estimation uncertainty

(continued)

Key sources of estimation uncertainty (continued)

(ii) Provision of ECL for other receivables

The Group assesses 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).

(iii) Impairment of non-financial assets

At the reporting date, the Group's non-financial assets (including property, plant and equipment, prepayments for construction and other non-current assets) related to the Project are subject to impairment testing as impairment indicators existed. The recoverable of the CGU is the higher of the value-in-use or FVLCD.

In determining the recoverable amount of the CGU, the management determines FVLCD of the CGU was determined using a discounted cash flows model. The valuation requires certain assumptions about the model inputs, including future gaming and non-gaming revenue, revenue growth rate and the discount rate from the perspective of market participants. Further changes in the circumstances and conditions underlying the estimates and judgement exercised may affect the estimation of the recoverable amount and thus result in adjustment to the carrying amounts of those assets comprising the CGU.

34 Contingent Liabilities

As described in note 11, prior to the promulgation of the Casino Law, NWL paid the monthly gaming and non-gaming Obligation Payments to the MOEF. Additional Obligation Payments (if any), other than those paid during prior years, are subject to the future development in this matter and instructions from the MOEF.

Other than the additional obligation Payments, there were no other contingent liabilities as at 31 December 2022.

Notes to the consolidated financial statements
(Expressed in United States dollars)

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 2021	635,649	16,651	63,883
Changes from cash flows:			
Repayment of senior notes	(300,000)	–	–
Net proceeds from issue of the 2024 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
At 1 January 2022	542,952	21,211	70,946
Changes from cash flows:			
Repurchase of 2024 Senior Notes	(73,003)	–	–
Interest paid	–	(43,726)	–
Lease payments	–	–	(12,100)
	(73,003)	(43,726)	(12,100)
Other changes:			
Finance costs	2,949	40,735	6,790
Gain on repurchase of 2024 Senior Notes	(4,071)	–	–
COVID-19-related rent concessions	–	–	(810)
Additions	–	–	19
	(1,122)	40,735	5,999
At 31 December 2022	468,827	18,220	64,845

Notes to the consolidated financial statements
(Expressed in United States dollars)

36 Statement of financial position of the Company

	2022 \$'000	2021 \$'000
Non-current assets		
Property, plant and equipment	17,420	15,697
Right-of-use assets	2,327	2,771
Investments in subsidiaries	395,388	395,391
	415,135	413,859
Current assets		
Deposits, prepayments and other receivables	1,285	1,403
Amounts due from subsidiaries	961,866	918,306
Restricted bank balance	18,768	22,000
Cash and cash equivalents	4,539	2,337
	986,458	944,046
Current liabilities		
Accruals and other payables	25,020	22,936
Amounts due to subsidiaries	23,526	10
Lease liabilities	431	422
	48,977	23,368
Net current assets	937,481	920,678
Total assets less current liabilities	1,352,616	1,334,537
Non-current liabilities		
Senior notes	468,827	542,952
Lease liabilities	1,819	2,237
	470,646	545,189
NET ASSETS	881,970	789,348
CAPITAL AND RESERVES		
Share capital	54,777	54,263
Reserves (Note)	827,193	735,085
TOTAL EQUITY	881,970	789,348

Approved and authorised for issue by the Board on 8 February 2023

Timothy Patrick McNally
Chairman

Philip Lee Wai Tuck
Executive Deputy Chairman

Notes to the consolidated financial statements

(Expressed in United States dollars)

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 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
At 1 January 2022	751,356	151	55,000	222,810	(294,232)	735,085
Loss for the year	–	–	–	–	(628)	(628)
Issue and allotment of scrip shares under scrip dividend scheme	–	–	–	–	(514)	(514)
Recognition of equity-settled share-based payments	–	–	–	93,250	–	93,250
At 31 December 2022	751,356	151	55,000	316,060	(295,374)	827,193

37 EFFECT OF RUSSIA-UKRAINE WAR

As disclosed in the announcement of the Company dated 3 March 2022, the Company has suspended the development of the Project due to various uncertainties arising from the Russia-Ukraine war. Since then, no additional construction contract regarding the Project has been entered into by the Group. During the Year, only limited remaining structural work brought forward from last year had been performed. At the end of the reporting date and up to the date of this report, the development of the Project is put on hold until the circumstance is clearer.

FIVE-YEAR FINANCIAL SUMMARY

(Expressed in United States dollars)

	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000
Consolidated statement of income					
Revenue	1,474,287	1,755,466	878,681	225,857	460,693
Profit/(loss) attributable to owners of the Company	390,578	521,278	102,303	(147,022)	107,254
Basic earnings/(loss) per share (US cents)	9.00	12.01	2.36	(Restated) (3.36)	2.45
Diluted earnings/(loss) per share (US cents)	9.00	12.01	2.36	(3.36)	2.45
Dividend					
Interim dividend declared	108,079	147,063	12,376	–	31,619
Final dividend proposed after the end of reporting period	126,268	220,938	81,677	–	32,733
Total dividend attributable to the year	234,347	368,001	94,053	–	64,352
Dividend per share (US cents)	5.40	8.48	2.17	–	1.47
Consolidated statement of financial position					
Property, plant and equipment and interests in leasehold land held for own use under operating lease	1,302,230	1,594,848	1,673,717	1,931,729	2,070,090
Right-of-use assets	–	85,758	90,194	88,837	83,209
Intangible assets	59,107	70,631	67,914	65,197	62,480
Other non-current assets	93,736	139,515	143,707	147,739	143,913
Net current assets	420,060	281,170	107,017	42,268	31,298
Employment of capital	1,875,133	2,171,922	2,082,549	2,275,770	2,390,990
Represented by:					
Share capital	54,263	54,263	54,263	54,263	54,777
Reserves	1,485,606	1,734,108	1,602,203	1,595,260	1,794,550
Shareholders' funds	1,539,869	1,788,371	1,656,466	1,649,523	1,849,327
Non-current liabilities	335,264	383,551	426,083	626,247	541,663
Capital employed	1,875,133	2,171,922	2,082,549	2,275,770	2,390,990
Net assets per share in open market (US cents)	35.47	41.20	38.16	38.00	42.20