



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



2023

ANNUAL REPORT





ដើមបង្កើតច្បាប់
WE SERVE CAMBODIA
NAGAWORLD
KIND HEARTS

NAGAWORLD
金界

វគ្គឆ្នាំ
គ្រូស្នេហា
(Christmas)

NAGAWORLD
金界

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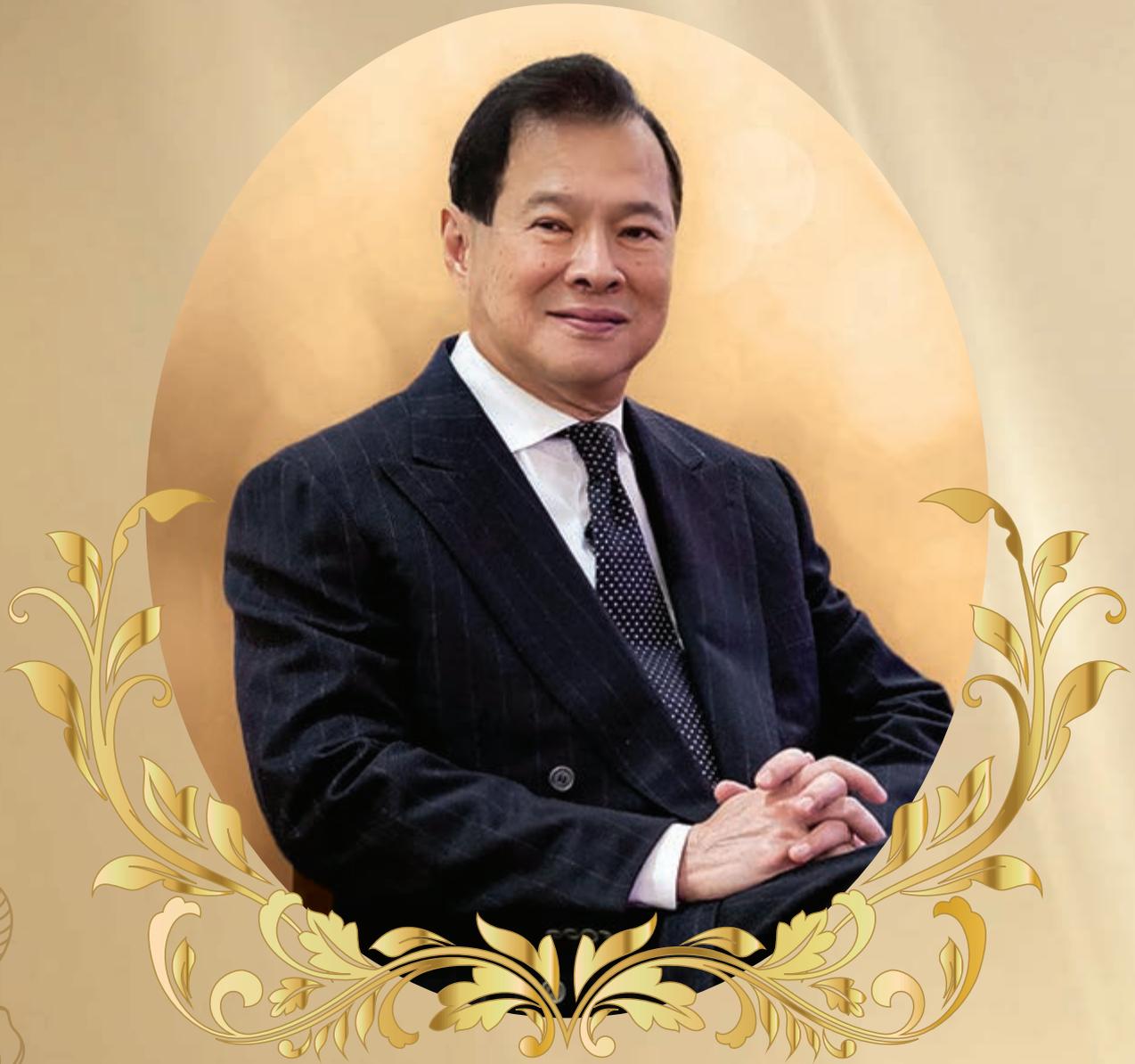




NAGAWORLD
金兔

LOBBY LOUNGE





In loving memory of
Our Founder
TAN SRI DATUK DR CHEN LIP KEONG
1947 – 2023



On 8 December 2023, Tan Sri Datuk Dr Chen Lip Keong, the founder and Senior Chief Executive Officer of NagaCorp Ltd. passed away at the age of 76. He was the beloved patriarch and founder of the Naga family. All of us at NagaWorld are deeply saddened and have experienced a great loss with his passing.

Dr Chen was born in 1947 in Malaysia. He graduated as a medical doctor from the University of Malaya. After several years in the medical profession, he decided to choose a different career path and pursued interests in business. In 1994, he ventured into Cambodia by participating in an internationally held tender for infrastructure development in Cambodia.

In 1995, the Company began its operations aboard a barge on the Mekong River and later moved to a land-based complex in 2003. Dr Chen was able to secure an exclusivity license for the Company until 2035, covering a 200-kilometer radius around the capital city of Phnom Penh. This exclusivity license was extended for an additional 10 years in 2019 until 2045, with the general license operative until 2065.

In October 2006, Dr Chen successfully listed the Company on the Hong Kong Stock Exchange. He listed the Company with the intent to elevate the investing profile of the country and to encourage development and contribute to nation-building in Cambodia. It was his belief that this listing would accelerate the level of investments into Cambodia at a time when the outside investing world were still unaware.

This proved to be true as over the following years, a meaningful part of Phnom Penh city's development occurred around the Naga properties. The landscape of Phnom Penh has developed dramatically since his initial investment, and this was also due to his far-sighted investments of Naga 1 and Naga 2.

Although Naga's gaming license imposed no restrictions on operating areas within the exclusivity, Dr Chen exercised caution and restraint by only operating out of one complex as he was concerned about any perceptive risk of social harm at a time when the country was still rebuilding its economy, institutions and way of life. Dr Chen held the long-term belief that the Company would eventually prosper as the nation developed. He made it a key point to instill in the Company a culture of social responsibility and good corporate governance in line with international standards and best practices.

Under Dr Chen's leadership, Naga's revenue grew 21 times from US\$85.4 million in 2006 to US\$1.7 billion in 2019. In November 2017, the Company opened its second property, Naga 2. The development's cost was US\$369 million. The launch of Naga 2 effectively doubled the capacity of hotel, gaming and entertainment space. Following the opening of Naga 2, revenue almost doubled between 2017 and 2019. During the entire period from 2006 through 2019, Naga had recorded double digits business volumes growth in the Mass Market and VIP Market segments for most years.

In 2019, the Company announced plans to develop Naga 3 adjacent to the existing properties. Dr Chen's vision was to develop the largest riverine integrated resort and entertainment complex in the Asia Pacific region. The complex is intended to stimulate and enhance Cambodia's tourism industry and highlight the country's remarkable progress over the past two decades.

The initial design included a multi-storey entertainment complex with three hotel towers atop the podium, with one of the towers to be the tallest structure in Cambodia at that time. Due to the global pandemic causing a serious decline of tourism and supply chain issues, the expected timeline for completion of the project was moved to 2029. It is expected there will be modifications and adjustments to the original plans in terms of size and scale that will ultimately reflect the current market conditions in the region. The completed project will be a further reflection of his vision and Naga's investment contribution to a modern-day Cambodia. Naga has led the way since 1995 in investing and constructing key assets that make the country a highly desirable tourist destination.

Dr Chen was not only an executive merely with a focus on a good product and bottom line financial performance. He was the visionary, genius, architect, inspiration and driving force bringing raw ideas to life and placing NagaWorld as one of the most successful integrated resorts in the world. Dr Chen created a storied history for his company by exhibiting political savvy, fiscal discipline and being willing to take bold risks by investing in Cambodia at a time when others would walk the other way. He loved the country and people of Cambodia and was firmly dedicated to bettering the livelihoods of all within the community.

At the height of the COVID-19 global pandemic in 2021, Dr Chen through the Company had also contributed more than US\$20 million dollars to the Cambodian government towards the purchase of vaccines. Subsequently effective and relevant Cambodian policy resulted in the country having one of the highest vaccination rates in the world and its economy was one of the first in the world to be re-opened for business and travel. At that time, Prime Minister Hun Sen stated publicly: "The contribution is priceless and will be remembered in the history of the Cambodian people."

It will be said that Dr Chen left an enormous impact on the economic and social progress of the country. He will be remembered as a pioneer who paved the way for others to invest in Cambodia and as a leader for bringing people together for the common purpose of building a better Cambodia.

He will be missed by all the lives he touched. He leaves to his family and all of us at Naga a great legacy and firm resolve to do better because of his example. Dr Chen believed the pursuit of excellence was achievable if you worked at it every day. During his life, he attained remarkable accomplishments, remained humble and earned the respect of all he met as a great business and community leader.



The Royal Government of Cambodia ("RGC") invited international bids for an infrastructure-tourism project in Sihanoukville, southern Cambodia. Ariston Sdn. Bhd. ("Ariston"), a Malaysian company owned by our founder and controlling shareholder, Dr Chen Lip Keong ("Dr Chen"), was selected as the preferred bidder by the consultants after thorough screening and interviews.

On 2 January 1995, the RGC and Ariston signed the Sihanoukville Development Agreement ("SDA") in Kuala Lumpur, Malaysia. The signing ceremony was attended by prominent figures including Dr Chen and the former Prime Ministers of both Cambodia and Malaysia. This agreement paved the way for the inauguration of the Naga Resorts Casino by Prince Norodom Ranaridh on 1 May 1995, which is situated on a barge along the Bassac River in Phnom Penh.

The former second Prime Minister of Cambodia Hun Sen assured that RGC would honour all the agreements signed.



On 2 February 2000, the RGC and Ariston further agreed with the terms and conditions of the SDA dated 2 January 1995 and signed the Supplemental Sihanoukville Development Agreement ("SSDA") which both parties mutually agreed that in addition to the barge, the development would include a landed casino in Phnom Penh.

On 1 October 2003, NagaCorp relocated its casino from the barge to the ground floor of the entertainment wing of NagaWorld.



1994



1995



1996



2000



2003



2014



2015



2016



2017



2018



On 2 September 2014, the Ministry of Economy and Finance of Cambodia reaffirmed the exclusivity of Ariston, running until the end of 2035.

On 22 May 2015, NagaCorp held a ground breaking ceremony for the project in Vladivostok, Russia.



NagaCorp is the first Cambodian issuer of offshore bonds, issuing senior notes totaling US\$300 million which were rated one notch higher than the sovereign rating of Cambodia. These notes are listed on the Singapore Exchange Securities Trading Limited.



On 3 November 2017, NagaCorp celebrated the soft opening of Naga 2 and NagaCity Walk, completing the expansion of the NagaWorld complex (Naga 1 + Naga 2). This development has transformed NagaWorld into a world-class integrated resort, representing an investment of around US\$1.5 billion.

The opening of NagaCity Walk in Phnom Penh's inaugural downtown duty-free shopping in August 2016.



NAGACORP MILESTONES



NagaCorp announced the acquisition of Naga 2 - collectively comprising NagaCity Walk and TSCLK complex - from Dr Chen involved the issuance of convertible shares/bonds upon completion worth US\$369 million.



In January 2012, about 85% of NagaCorp's minority shareholders approved the acquisition of Naga 2. Subsequently, NagaCorp conducted a groundbreaking ceremony for the Naga 2 development in November 2012.

NagaCorp raised HK\$1.2 billion aiming to expand its high-premium direct-players program and develop junket operations with reliable partners. Additionally, NagaCorp announced plans to invest a minimum of US\$350 million in Vladivostok, Russia.

On 12 August 2005, RGC and Ariston signed an Addendum Agreement. The RGC confirmed Ariston's rights to operate a casino in Phnom Penh under an existing Casino License, with an exclusivity zone of 200km around Phnom Penh, excluding specific areas like the Cambodia-Vietnam border, Bokor, Kirirong Mountains, and Sihanoukville.



NagaCorp became the first gaming company listed on the Main Board of the Hong Kong Stock Exchange through an initial public offering that raised HK\$822 million by issuing 575 million shares at HK\$1.43 each.



◆ 2005 ◆ 2006 ◆ 2011 ◆ 2012 ◆ 2013

◆ 2019 ◆ 2020 ◆ 2021 ◆ 2023 ◆



• On 12 April 2019, the Group signed a design and build agreement for Naga 3, guaranteeing a maximum expenditure of US\$3.5 billion for up to 544,801 square meters of construction. The funding strategy includes 50% from internal sources and the remaining 50% through a subscription agreement with the controlling shareholder.

• On 19 November 2019, the RGC extended the Company's exclusive casino gaming rights within a 200-km radius of Phnom Penh for an additional 10 years, until 31 December 2045.

NagaCorp issued senior notes worth US\$350 million. These notes are listed on the Singapore Exchange Securities Trading Limited.

NagaCorp issued additional senior notes totaling US\$200 million, which have been consolidated to form the same series as the US\$350 million senior notes, with an implied yield to maturity of 6.625%.

Effective from 13 March 2023, Hong Kong Exchanges and Clearing Limited expanded the Stock Connect programme to include eligible international companies primarily listed in Hong Kong. NagaCorp, part of the Hang Seng Foreign Companies Composite Index, is the first foreign gaming company to join the programme.

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”) (stock code: 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

(Late Senior Chief Executive Officer, passed away on 8 December 2023)

Chen Yiy Fon *(Chief Executive Officer)*

Philip Lee Wai Tuck *(Executive Deputy Chairman)*

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)*

Lim Mun Kee

Leong Choong Wah

Tan Sri Dr Chen Lip Keong

(Ceased on 8 December 2023)

NOMINATION COMMITTEE

Michael Lai Kai Jin *(Chairman)*

Lim Mun Kee

Leong Choong Wah

Tan Sri Dr Chen Lip Keong

(Ceased on 8 December 2023)

AML OVERSIGHT COMMITTEE

Timothy Patrick McNally *(Chairman)*

Chen Yiy Fon

Michael Lai Kai Jin

Tan Sri Dr Chen Lip Keong

(Ceased on 8 December 2023)

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 the 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 Group’s activities. We welcome enquiries about the Company’s activities and will handle them in a timely fashion.

Listing

The Company’s ordinary shares of US\$0.0125 each (the “Share(s)”) have been listed on the Main Board of the Stock Exchange since 19 October 2006.

2023 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

Chief Executive Officer

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

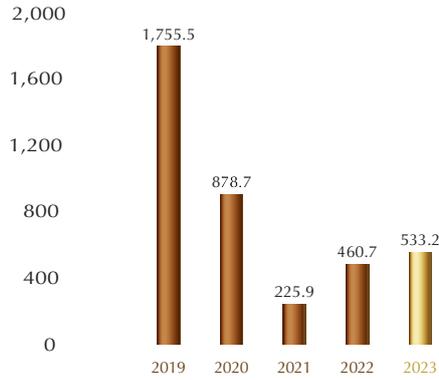
Share Information

Board lot: 2,000 Shares
Issued Shares as at 31 December 2023:
4,422,990,160 Shares

Financial Highlights

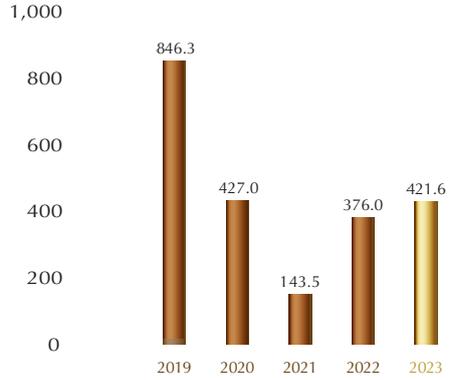
Revenue

(US\$ million)

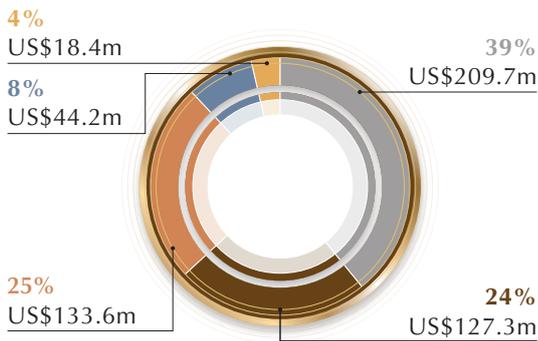


Gross Profit

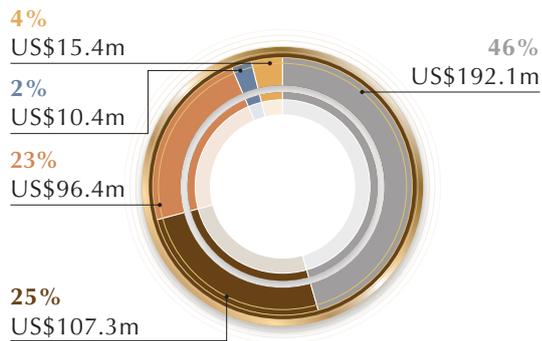
(US\$ million)



Revenue (US\$533.2m)



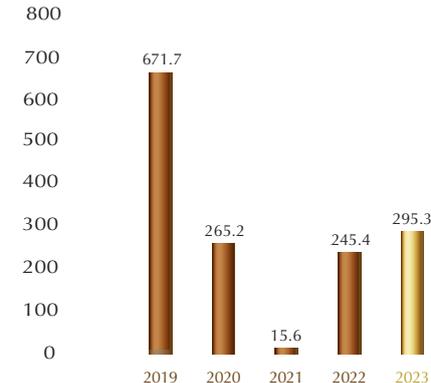
Gross Profit (US\$421.6m)



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

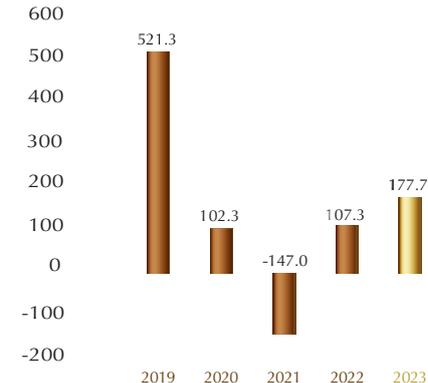
EBITDA (a non-IFRS Accounting Standards measure)

(US\$ million)

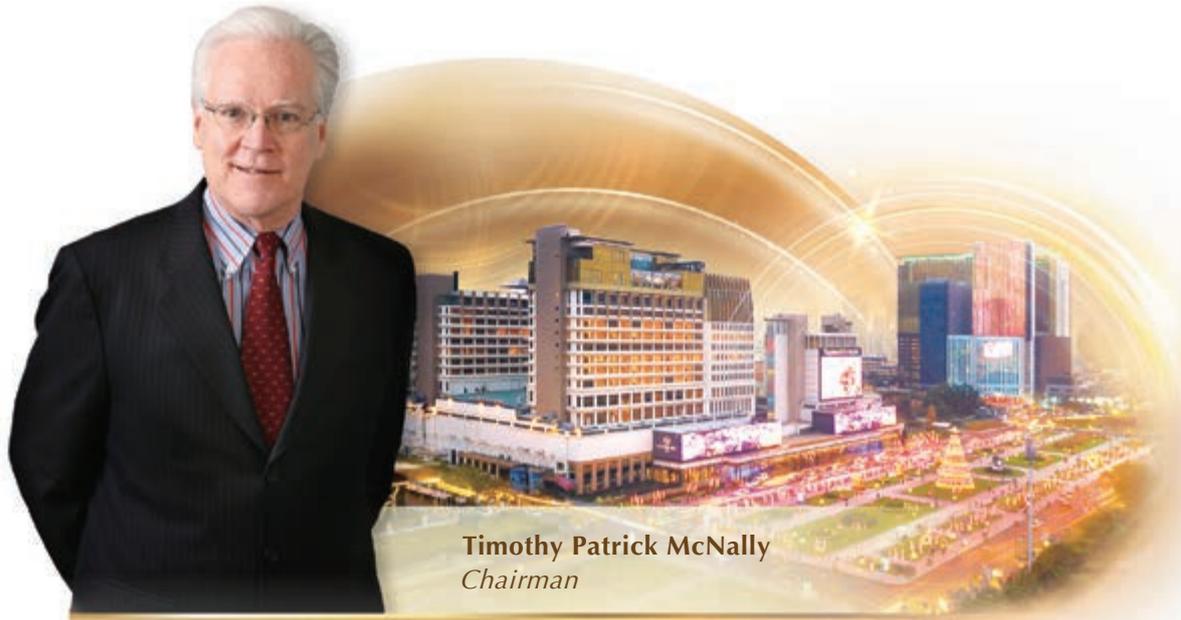


Net Profit/(loss)

(US\$ million)



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 the Shareholders for the financial year ended 31 December 2023 (the "Year" or "FY2023") with net profit of US\$177.7 million, a 66% increase over last year. We continue to build momentum in our business, giving us a sustained level of business volume recovery as the effects of COVID-19 continue to dissipate. Our relatively stable performance reflected the gradual recovery of both leisure and business-related visitation to NagaWorld, along with the stable captive domestic market that has proven to be a self-sustaining business.

Our business volumes and operational results are attributed to the following:

Continuing Business Recovery and Growth Trajectory

Our positive results were attributed to a combination of solid business strategy and acumen, operational and execution efficiency, along with increased arrivals into Cambodia for business and investment

purposes, which have continued to increase. NagaWorld continues to be a beneficiary of continued foreign investment into the country. This influx of foreign capital and growth in the expatriate population into Cambodia helps sustain our market as we continue to benefit from the growing domestic market in Cambodia.

International Arrivals and Direct Flights into Cambodia Continue to Increase

The gradual recovery of tourism has played a significant role in Cambodia's economic rebound, with the continued return of international tourists bolstering economic recovery and spurring growth. The Cambodian government has been actively working to improve the number of weekly flights into the country, reviving tourism and maintaining Cambodia's position as a global tourist destination that is competitive, sustainable, and inclusive. This resumption of flights is a promising sign for the country's economy and tourism sector as Cambodia expects to attract 7 million international arrivals by 2025, surpassing the pre-pandemic level of 6.6 million arrivals in

Chairman's Statement

2019. We expect this visitation turn-around in 2024 and 2025 in large part as a result of country-to-country joint initiatives pushed by the Cambodian government.

In 2023, total international tourist arrivals into Cambodia was 5.5 million. This was a result of the gradual return of leisure and business-related visitors, marking an encouraging recovery rate of 82.5% compared to 2019. The revival of the global tourism industry appears promising, and Cambodia is showing a substantial recovery in its tourism sector. The continuous influx of international tourist arrivals has been contributing to the socio-economic activities in all sectors.

Foreign Direct Investment Continues to Support the Cambodian Economy and Growth

While global uncertainties remain in place, Cambodia continues to be one of the most favourable investment destinations for foreign investors and businesses, boosted by inflows of foreign direct investment ("FDI"). According to the Council for Development of Cambodia ("CDC"), Cambodia attracted investment projects worth US\$4.9 billion in 2023, up 22% over last year, with China, as a joint strategic partner of Cambodia, being the top foreign investor at two thirds of total FDI. Thailand is also becoming a significant FDI contributor in Cambodia, following China's lead. The increase of FDI from Thailand is in line with a significant rise in tourists and business-related travellers from Thailand. FDI inflows into Cambodia grew rapidly over the past decade and remained relatively resilient even through the pandemic period. The Cambodian government has continuously implemented reforms to overcome challenges and attract more FDI to serve the goal of sustaining growth and supporting the development of the country.

Continued Political Stability of Cambodia

The conclusion of the Cambodian general election in July resulted in a smooth and peaceful formation of a new Royal Government of Cambodia shortly afterwards. Hun Manet was subsequently elected Prime Minister by the National Assembly in August 2023, succeeding his father, Hun Sen. Well educated whilst living overseas, Hun Manet is a graduate of the United States Military Academy at West Point and holds several degrees including a Bachelor degree, Master of Arts and PhD in Economics. This new generation of leadership in Cambodia is expected to bring vibrancy and a new level of internationalism. Given its continued political and social stability, Cambodia is also expected to continue its upward trajectory of recovery with an influx of tourist arrivals, business visitation and expected surge in FDI into the country, leading to a growing domestic expatriate population. We believe that NagaWorld, the only integrated resort in Phnom Penh, will benefit from this ongoing recovery and growing wave of tourism with increasing customer footfall.

Sustainability and Environmental, Social and Governance ("ESG") Performance

NagaWorld Kind Hearts, the Company's corporate social responsibility ("CSR arm") is committed to long-term contribution towards the betterment of communities throughout Cambodia. This CSR arm has conducted more than 660 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 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.

NagaWorld recognises that our responsibility extends beyond our immediate communities, and actively working towards achieving the United Nations' Sustainable Development Goals in Cambodia. Through our robust ESG initiatives, we have aligned our efforts with the government's vision for sustainable development. This includes being involved and supporting key milestones such as Cambodia's role as host nation for the 2023 Southeast Asian Games. NagaWorld was the first company to forge a sponsorship with the National Olympic Committee of Cambodia and has continually provided this support since 2011. This partnership includes support of the Southeast Asian Games, the Asia Games, and the Olympics. We remain steadfast in our commitment to creating a better future for all, and we look forward to continued progress towards this important goal.

Resilient, Solid Strategy for Growth

During the Year, we continued to see continued growth in all operational business segments, producing an upward trajectory in revenue, net profit and earnings before interest, tax, depreciation and amortisation ("EBITDA") (a non-IFRS Accounting Standards measure). Specifically, we continued to see a steady increase in the Mass Market business, primarily attributable to a large expatriate community and visitors patronising NagaWorld in search of leisure and entertainment. The Mass Market segment is now at 82.3% recovery compared to pre-pandemic in the financial year ended 31 December 2019 ("FY2019"), in spite of international arrivals to Cambodia by air

recovering to 65.9% compared to 2019. This explains the resilience of Naga's captive domestic market with a growing expatriate population. In fact, with the region's business environment largely experiencing a post-pandemic economic recovery, the footfall on the Mass Market areas continue to see a gradual stable increase. We believe the Company's self-sustaining business in a challenging, recovering environment give us 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.

The high-end Premium VIP Market volumes saw a 46.5% increase in rollings during the Year, and recovery of 97.7% compared to pre-pandemic FY2019, primarily due to visitation of both current expatriates in Cambodia, as well as the faster pace of business-related visitation. This fast-growing segment offers a niche for players wanting more privacy and higher minimum bets.

Collectively, the Mass Market and Premium VIP Market segments contributed about 91.4% and 93.9% of the Company's total gross gaming revenue ("GGR") and gross profit during the Year respectively.

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

During 2023, Referral VIP (formerly referred to as junket VIP) average daily business volumes saw a 52.3% increase in rollings, translating into a 67.6% increase in Referral VIP Market revenue, with increasing headcount from neighbouring Southeast Asian ("SEA") countries. This segment historically works with third party agents, and we will continue pursuing and working with reputable referral VIP agents.

Chairman's Statement

During the Year, non-gaming revenue increased significantly to 24.5% year-on-year ("YoY"), led by higher hotel occupancy rates and footfall to the property.

In June, we announced that in view of the external geopolitical, macroeconomic environment, along with global inflationary factors, the completion date of Naga 3 was extended from September 2025 to September 2029. We are also carefully and seriously considering options for developing Naga 3 to match market conditions, which includes resizing the project.

Looking forward, we believe the market outlook is positive. Cambodia is expected to continue its upward trajectory of recovery with the influx of tourist arrivals, business visitation and expected surge in FDI in the country resulting in an increased number of investors and a growing domestic expat population. The International Monetary Fund ("IMF") expected Cambodia to be among the best performing economies in East Asia this year in the midst of rapid socio-economic recovery. The country's gross domestic product ("GDP") growth was forecasted to be 5.6% for 2023 and 6.1% for 2024. At the same time, Cambodia is expected to attract 7 million international tourist arrivals by 2025. The new Phnom Penh international airport will further promote tourism and national economic growth. Approximately 50% of the construction work has been completed and the airport is expected to begin operation by early 2025 as Cambodia prepares for a return of tourism in increasingly large numbers. The new airport will play a key role in boosting Cambodia's economic growth and tourism when it begins operations with new routes and destinations.

We believe that NagaWorld – the only integrated resort in Phnom Penh will benefit from these tourist arrivals, with increasing footfall from customers seeking entertainment and lifestyle offerings at competitive pricing and value. We remain optimistic on the long-term prospects and believe the outlook will remain stable.

Social Responsibility

For many years, NagaCorp has been recognised for its leadership in CSR. 2023 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 ("AML") on a semi-annual basis. The independent professional party has issued its findings in a report, details of which are enclosed in this annual report. The Company has also engaged another professional party, Political and Economic Risk Consultancy, Ltd., to assess the investment risks in Cambodia and its findings are also set out in this annual report.

Our Appreciation

The board (the "Board") of directors of the Company (the "Director(s)") 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, 19 February 2024

Management Discussion and Analysis

MARKET OVERVIEW

According to the IMF, the global economy continues its post-pandemic recovery with remarkable resilience. Many emerging market economies have been part of this resilience and provided surprising upside performance. Global inflation is on a downward path and expected to decline from 8.7% in 2022 to 6.9% in 2023 and 5.8% in 2024 (*Source: IMF – World Economic Outlook, October 2023*). IMF expects Cambodia to be the fastest growing economy in ASEAN in the category of emerging and developing Asia for two consecutive years, supported by key recovering sectors, which include domestic demand and tourism. The country's real GDP growth is expected to be 5.6% for 2023 and 6.1% for 2024 (*Source: IMF – World Economic Outlook, October 2023*).

During the Year, the Group continued its business recovery and steady growth, with a net profit increase of 65.7% to US\$177.7 million and EBITDA (a non-IFRS Accounting Standards measure) increase of 20.3% to US\$295.3 million. The relatively stable business volumes recovery and financial results were attributed to the following:

Continued Business Recovery and Growth Trajectory

During the Year, the Group reported consistent YoY growth across key financial metrics and saw a positive continuation of business recovery. The relatively stable performance reflected the gradual recovery of both leisure and business-related visitation to NagaWorld, along with the stable captive domestic market that has proven to be a self-sustaining business. The Group continued to record an impressive EBITDA margin (a non-IFRS measure) of 55.4% during the Year.

Notable growth in business volumes was recorded across all segments. The average daily business volumes for the Mass Market continued to grow by 7.2% YoY from US\$9.3 million to US\$9.9 million, representing a recovery of 82.3% compared to FY2019 (peak pre-pandemic year). This is in spite of international arrivals to Cambodia by air (via Phnom Penh International Airport) in 2023 recovering to 65.9% compared to 2019. This explains the resilience of the captive domestic market with a growing expatriate community's population.

For the Premium VIP Market, average daily rollings of US\$11.7 million during the Year saw a 46.5% YoY growth and a recovery of 97.7% compared to FY2019 (peak pre-pandemic year). This was largely driven by the growing expatriate community and recovery of business-related travels to Cambodia that has seen a 73.7% recovery in 2023. The Group observed that business-related travellers typically have greater spending power and frequent stays.

Collectively, the Mass Market and Premium VIP Market segments contributed about 91.4% and 93.9% of the Company's total GGR and gross profit during the Year respectively.

Average daily rollings for the Referral VIP Market grew by 52.3% YoY to US\$5.2 million during the Year. This was mainly attributed to the gradual return of both leisure and business-related visitation from the region. The Group will continue to pursue and work with reputable referral VIP agents.

Management Discussion and Analysis

Continued Recovery of International Arrivals and Direct Flight Connecting to Cambodia

The revival of the tourism sector played a significant role in Cambodia's economic resurgence, with the continued return of international tourist arrivals bolstering economic recovery and spurring growth. The Cambodian government has been actively working to improve the flight capacity recovery, reviving the tourism sector and transforming Cambodia into a global tourist destination that is competitive, sustainable and inclusive. In 2023, total international tourist arrivals to Cambodia was 5.5 million. This was a result of the gradual return of leisure and business-related visitors, marking an encouraging recovery rate of 82.5% compared to 2019 (Source: *the Ministry of Tourism of Cambodia ("MOT")*). Phnom Penh is being ranked ninth place among top 25 most popular tourist destinations in the world for 2024, based on survey conducted by TripAdvisor (Source: *Khmer Times, 15 January 2024*).

In response to the increasing travel demand, a majority of airlines have resumed direct flights to Cambodia. As of 15 February 2024, weekly international direct flights to Cambodia stood at 507, including 399 from Southeast Asia (including Korea and Japan) and 108 from Greater China cities such as Guangzhou, Shenzhen, Shanghai, Kunming, Xiamen, Beijing, Nanning, Chengdu, Changsha, Chongqing, Zhengzhou, Haikou, Jinan, Jieyang, Sanya, Macau, Taipei and Hong Kong (Source: *Cambodia airports, airlines websites, Company internal data*). In this regard, total direct weekly flights to Cambodia from Southeast Asia (including Korea and Japan) and Greater China have recovered to about 83.3% and 26.0% respectively, compared to pre-pandemic in 2019. The resumption of flights is a promising sign for the country's economy and tourism sector as Cambodia expects to attract 7 million international arrivals by 2025, surpassing the pre-pandemic level of 6.6 million arrivals in 2019 (Source: *Khmer Times, 22 January 2024*).

Foreign Direct Investments as a Key Driver of Continued Economic Recovery and Growth for Cambodia's Economy

Cambodia continues to stand out as a highly favoured emerging investment destination for foreign investors and businesses, drawing considerable FDI as the catalyst for Cambodia's economic development over the years. According to the CDC, Cambodia garnered investment projects totalling US\$4.9 billion in 2023, up 22% YoY, with China remaining the largest trading partner in Cambodia, accounting for two-thirds of the total investments into the country (Source: *Khmer Times, 10 January 2024*). In the ASEAN region, Thailand is becoming a significant FDI contributor in Cambodia, following China's lead. This trend indicates a strong interest from Thai businesses in expanding their operations in Cambodia (Source: *Khmer Times, 13 December 2023*). The increase of FDI from Thailand was in line with a significant rise in tourists and business-related travellers from Thailand. FDI inflows into Cambodia grew rapidly over the past decade and remained relatively resilient even through the pandemic period. Cambodia is expected to carry the strongest investment momentum in 2024, ranking first for possessing the right parameters to attract FDI among six other Asian countries on the global list (Source: *Khmer Times, 14 December 2023*). Cambodia's appeal as a top FDI choice in the Asia-Pacific region can be attributed to its strategic geographic position, a skilled and continuously improving workforce, and a liberal investment climate.

Management Discussion and Analysis

The implementation of the Regional Comprehensive Economic Partnership (“RCEP”), free trade agreements and new investment laws have created greater market access and generated new trade and FDI for Cambodia. The trade agreements have eased trading barriers, reduced tariffs, eased travel restrictions, and increased business and leisure travel. In addition, these trade agreements also enhance and strengthen diplomatic relations among member countries, leading to a more integrated and interconnected region. As Cambodia continues to capitalise on the benefits of trade agreements, it is expected to further expand and diversify market reach. This will eventually contribute to continued sustainable economic growth by attracting new FDI and businesses looking to expand their presence in the region.

The Cambodian government participated in the Mekong Summit on 25 December 2023 and is working closely with China in actively pushing for more security operations along the Mekong region, including Cambodia. This initiative aims to combat cyber scam syndicates and illegal gambling operations, reflecting both countries’ ongoing efforts to curb cross-border criminal activities, ultimately ensuring a safer environment for tourists to visit Cambodia (*Source: South China Morning Post, 26 December 2023*). Apart from this, the Cambodian Prime Minister has been working closely with the authorities to prioritise the security and safety of visitors (*Source: Phnom Penh Post, 4 December 2023*). On 25 February 2023, Cambodia was removed from the “Money Laundering Grey List” of the Financial Action Task Force, providing a positive sign for attracting investors and foreign capital inflows (*Source: Khmer Times, 8 March 2023*). The move reflects the Cambodian government’s efforts in combating money laundering crimes, terrorist financing and the proliferation of illegal financing

in Cambodia. Cambodia’s removal from the grey list has made it more attractive to foreign investors, attracting more FDI and facilitating the trade of local and international investors in all business sectors.

Continued Political Stability of Operating Environment

The conclusion of the Cambodian general election held on 23 July 2023 resulted in the ruling party, the Cambodian People’s Party winning 120 of 125 seats in the National Assembly, on the back of winning 82.3% of all votes. This was followed by the official and smooth formation of the new Royal Government of Cambodia on 22 August 2023. Given the continued political and social stability, Cambodia is expected to continue its upward trajectory of recovery with an influx of tourist arrivals, business visitation and expected surge in FDI into the country, leading to a growing domestic expatriate population. The Group believes that NagaWorld, being the only integrated resort in Phnom Penh will benefit from this ongoing recovery and growing wave of tourism with increasing customer footfall.

Sufficient Liquidity and Low Debt Equity Ratio

As of 31 December 2023, the Group’s cash and deposits were US\$367.6 million. This increase was mainly attributed to the continued recovery of business volumes and prudent cash management during the Year. The accumulated cash and cash equivalents demonstrate the continued ability of the Company to retain a stable cash position sufficient to fund cash expenditures during the Year. To further support its liquidity position, on 17 October 2023, the Company entered into a loan agreement with ChenLipKeong Capital Limited (which is directly and wholly-owned by Sakai Private Trust Company Pte. Ltd. (“The Sakai Trustee”, in its capacity as the trustee of The Sakai Trust) which is in turn a controlling shareholder of the Company),

Management Discussion and Analysis

to provide a loan of up to US\$80 million at an interest rate of 8% per annum to the Company for the purpose of refinancing and/or discharging part of the outstanding 2024 Senior Notes (as defined in note 25 to the consolidated financial statements) of about US\$472.2 million upon maturity in July 2024. The Company is of the view that such financial assistance, together with the cash resources of the Company, will be sufficient to discharge all of its financial obligations when the outstanding 2024 Senior Notes mature in July 2024.

The Group's gearing ratio, which is calculated as total debt less cash and bank balances, restricted bank balance and fixed deposits divided by equity, continued to improve and reached 5.1% (31 December 2022: 15.9%).

Expansion of Stock Connect to Improve Stock Liquidity

On 3 March 2023, Hong Kong Exchanges and Clearing Limited announced the expansion of eligible stocks under the Stock Connect programme effective 13 March 2023, enabling eligible shares of international companies that are primary-listed in Hong Kong to be included in Southbound trading. The Company is delighted to be included in the Stock Connect programme and the inclusion allows Chinese Mainland investors to trade the Company's stock on both the Shanghai Stock Exchange and the Shenzhen Stock Exchange. Being the only foreign gaming operator eligible for the Southbound trading, the Company believes its stock liquidity will further improve by gaining access to the enormous pool of domestic investors on the Mainland and grow its international presence.

Since being added to Southbound trading on 13 March 2023, there has been a notable upward trend in trading of the Company's shares through both Shanghai Connect and Shenzhen Connect. As of 15 February 2024, total shareholdings held through the Stock Connect programme was 25.7 million shares. The upward trend is expected to continue as Mainland China investors enjoy easy access and trading under the Stock Connect programme, potentially leading to greater liquidity and more diversified shareholders base for the Company's shares.

Sustainability and ESG Performance

NagaWorld's commitment to making a positive impact in the community is unwavering. NagaWorld Kind Hearts (the Company's CSR arm) is a grassroots initiative with long-term contribution towards the betterment of communities in Cambodia. Since 2014, NagaWorld has organised more than 660 activities to date, with the invaluable participation of about 6,700 of dedicated employees focusing on education enhancement, community engagement, sports development and care of the environment.

NagaWorld recognises that responsibility extends beyond its immediate communities, and is actively working towards achieving the United Nations' Sustainable Development Goals in Cambodia. Through robust ESG initiatives, the Company has aligned its efforts with the government's vision for sustainable development. NagaWorld remains steadfast in its commitment to creating a better future for all, and looks forward to continued progress towards this important goal.

Management Discussion and Analysis

The Company believes that investing in education is investing in the future of a nation. NagaWorld Kind Hearts is committed to creating sustainable change in its communities through various CSR initiatives. NagaWorld Kind Hearts has initiated the stationery set distribution project at the Leadership and Character Development Institute and also organised the “Trash or Treasure” activity to create awareness among children about proper waste segregation. Also, the Company’s Fire Safety Awareness initiative has attracted more than 11,000 participants from various communities and contributed about 28 fire extinguishers to bolster their safety measures.

NagaWorld maintains its longstanding commitment as a dedicated corporate supporter of Cambodian athletes. NagaWorld was the first company to forge a sponsorship agreement with the National Olympic Committee of Cambodia to provide unwavering backing to the Cambodian contingent since 2011. This agreement encompasses a wide range of major sporting events, including the Southeast Asian Games (“SEA Games”), Asia Games and the Olympics. In conjunction with Cambodia hosting its first ever SEA Games and Para Games in 2023, NagaWorld was one of the National Partners and the Official Hotel Resort, as well as an apparel sponsor for athletes and coaches. NagaWorld was also the venue sponsor for Esports, in a show of solidarity with the nation’s aspiration for sporting excellence. Spreading the spirit of the SEA Games and Para Games, NagaWorld Kind Hearts continued its unwavering commitment to community engagement by hosting children from seven

non-governmental organisations (“NGOs”) for a memorable and educational visit to the vibrantly decorated Samdech Techo Hun Sen Park. NagaWorld Kind Hearts hosted more than 270 teens and children (including children with physical disabilities) from respected NGOs.

To support the greening of its communities, NagaWorld Kind Hearts collaborated with the Khmer Association for Development to plant approximately 1,300 trees in Kampung Speu as one of the Company’s collective efforts to inspire positive behavioural changes aimed at protecting natural resources. NagaWorld has promoted awareness of environmental conservation as part of its continuing effort to create a tourist-friendly destination and to raise awareness about environmental issues. NagaWorld joined Earth Hour, the world’s largest grassroots movement, to draw public attention to the most important issues facing the planet. Since 2017, NagaWorld supported the “Soap for Hope” project to recycle used hotel soap by diverting the product from landfills, and in tandem, providing alternative livelihoods to marginalised communities and raising hygiene standards. To date, over 1,600 kg of soap has been recycled and given to nearly 460 families, promoting waste reduction, sustainability, and personal hygiene awareness. Furthermore, NagaWorld also collaborated with EcoBatt Energy Cambodia, an electronic waste recycling company, to recycle the Company’s used batteries. This initiative educates employees on the negative impacts of improper battery waste management and encourages responsible disposal practices. In 2023, more than 130kg of battery waste has been recycled.

Management Discussion and Analysis

This year, NagaWorld Kind Hearts took great pride in distinguished success, having earned multiple international awards. NagaWorld was honoured to be the sole recipient in Cambodia to win a second Gold Stevie® Award at the prestigious International Business Awards - The Stevie® Awards (under the “Corporate Social Responsibility Programme of the Year - in Asia, Australia, and New Zealand” category) which is considered the Oscars of the business world. Additionally, the “Children@Risk” programme won a Bronze Stevie® Award in the same category. This recognition is a testament to the Company’s continuous efforts in fostering development in Cambodia through comprehensive and impactful CSR initiatives covering Education Enhancement, Community Engagement, Sports Development, and Environmental Care. Furthermore, NagaWorld was named by Global CSR & ESG as Platinum Award winner for Best Country Award for Overall CSR Excellence for 3 consecutive years. These outstanding accomplishments not only underline the Company’s unwavering dedication but also underscore NagaWorld’s commitment to fostering the economic and social development of Cambodia throughout the Year. They serve as a powerful testament to the ongoing pursuit of excellence in the global business landscape. The Company’s dedication to sports and youth initiatives in Cambodia have also been acknowledged with Honorable Mentions in the “Campaign of the Year - Sports” category at the PRNEWS

Platinum Awards for three consecutive years. This award acknowledges the Company’s excellence in public relations, marketing, and communications, especially in corporate social responsibility, social media, and fostering top workplace environments. In addition, NagaWorld received the esteemed ESG Icon Recognition Award from the Malaysian Business Chamber of Cambodia, which underscored NagaWorld’s dedication to sustainable business practices and the promotion of responsible corporate citizenship.

At the corporate level, the Company was recognised as a Most Honored Company in the Small & Mid-Cap category and Honored Company in the Asia (ex-Japan) and Asia (ex-Mainland China) categories by the renowned financial publication *Institutional Investor* for outstanding leadership and investor relations, including “Best CEO”, “Best CFO”, “Best IR Professional”, “Best IR Team”, “Best IR Program”, “Best ESG” and “Best Board of Directors” in the Gaming & Lodging sector. This recognition is part of *Institutional Investor’s* 2023 Asia (ex-Japan) Executive Team rankings which are regarded globally as the financial industry’s benchmark for excellence.

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:

	2023 US\$'000	2022 US\$'000	Increase %
Mass Market: Public Floor Tables			
– Buy-ins	1,167,149	1,066,820	9
– Win rate	18.0%	19.1%	
– Revenue	209,713	203,809	3
Mass Market: Electronic Gaming Machines ("EGM")			
– Bills-in	2,459,930	2,317,740	6
– Win rate	7.5%	7.5%	
– Revenue	127,280	124,315	2
Premium VIP Market			
– Rollings	4,286,168	2,925,041	47
– Win rate	3.8%	3.8%	
– Revenue	133,636	91,406	46
Referral VIP Market			
– Rollings	1,893,855	1,243,822	52
– Win rate	2.3%	2.1%	
– Revenue	44,171	26,351	68
Gross Gaming Revenue	514,800	445,881	15
Net Gaming Revenue	443,450	393,041	13

Mass Market (Public Floor Tables and EGM)

During the Year, the Company observed a continuing increase in the Mass Market business volumes for Public Floor Tables and EGM by 9.4% and 6.1% YoY respectively. The increase in business volumes was attributed to the reasonably sized expatriate community and visitors patronising NagaWorld in search of leisure and entertainment. With the business environment starting to normalise, the footfall on the Mass Market areas continue to see a gradual increase and recovery.

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.

Premium VIP Market

During the Year, Premium VIP Market saw a 46.5% YoY increase in rollings to US\$4.3 billion with a win rate of 3.8%. This translated into a 46.2% YoY increase in Premium VIP Market revenue to US\$133.6 million during the Year. The robust increase is in line with the successful conversion of some previous referral VIP players into direct Premium VIP players and the continuing return of business-related travellers to Cambodia.

Referral VIP Market

During the Year, Referral VIP Market segment saw a 52.3% YoY increase in rollings to US\$1.9 billion with a win rate of 2.3%. This translated into a 67.6% YoY increase in Referral VIP Market revenue to US\$44.2 million during the Year with increasing headcount from neighbouring SEA countries.

Management Discussion and Analysis

Non-Gaming - Hotel, F&B and Entertainment

During the Year, non-gaming revenue increased by 24.5% YoY, which was mainly attributable to the resumption of business and leisure travel in the region.

Revenue and Gross Profit Analysis

Table 2(a)

2023	Revenue		Gross Profit		Gross Profit Margin
	US\$'m	%	US\$'m	%	%
Mass Market	337.0	63	299.4	71	89
Premium VIP Market	133.6	25	96.4	23	72
Referral VIP Market	44.2	8	10.4	2	24
Non-Gaming	18.4	4	15.4	4	84
Total	533.2	100	421.6	100	79

Table 2(b)

2022	Revenue		Gross Profit		Gross Profit Margin
	US\$'m	%	US\$'m	%	%
Mass Market	328.1	71	293.7	78	90
Premium VIP Market	91.4	20	63.8	17	70
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

The Group recorded a gross profit of US\$421.6 million for the Year. The overall gross profit margin was 79% (2022: 82%) as a result of higher contribution from Premium VIP Market. All business segments have maintained relatively stable gross profit margin. Mass Market continued to maintain a high gross profit margin of 89% (2022: 90%).

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

Administrative and other operating expenses before impairment losses, depreciation and amortisation were US\$134.3 million during the Year (2022: US\$137.6 million), representing a decrease of US\$3.2 million or 2.4% YoY, 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.

Management Discussion and Analysis

Finance Costs

During the Year, the Group incurred finance costs, after interest capitalisation, of US\$20.7 million (2022: US\$24.3 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

Net profit attributable to the Shareholders, or net profit, was US\$177.7 million (2022: US\$107.3 million) for the Year. Net profit margin for the Year was 33.3% (2022: 23.3%).

Basic earnings per share was US cents 4.02 (HK cents 31.16) for the Year and US cents 2.42 (HK cents 18.76) (Restated) for the year 2022.

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 were pledged against the promissory notes, which were subsequently issued to provide collateral for the issuance of a bank guarantee from the same bank required under the Investment Agreement.

The promissory notes were realised and withdrawn fully upon its maturity date on 30 January 2023. Subsequently, new promissory notes amounted to RUB400,000,000 (approximately US\$5,576,000) were issued by another bank to provide collateral for the issuance of a bank guarantee required under the Investment Agreement.

Contingent Liabilities

Prior to the promulgation of the Law on the Management of the Commercial Gambling (the "Casino Law"), NAGAWORLD LIMITED paid monthly gaming and non-gaming obligation payments to the Ministry of Economy and Finance of Cambodia ("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 2023.

Exchange Rate Risk

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

Issue of New Shares

On 16 May 2023, the Company issued 40,853,806 ordinary shares under the scrip dividend scheme for 100% of the payment of the 2022 final dividend. The market value for calculating the number of scrip shares allotted to the Shareholders pursuant to the scrip dividend scheme was US cents 80.4 per share (or HK cents 623.2 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 28 April 2023.

Management Discussion and Analysis

Liquidity, Financial Resources and Gearing

All figures quoted in this section are as at 31 December 2023, unless stated otherwise.

The Group had total cash and bank balances (including restricted bank balance and fixed deposits) of US\$367.6 million (31 December 2022: US\$175.2 million). The cash and bank balances were mainly denominated in US\$.

The Group had net current liabilities of US\$243.7 million (31 December 2022: net current assets of US\$31.3 million). The Group had net assets of US\$2.0 billion (31 December 2022: US\$1.8 billion).

The Group had outstanding 2024 Senior Notes with carrying amount of US\$471.0 million (31 December 2022: US\$468.8 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 5.1% (31 December 2022: 15.9%).

Capital and Reserves

As at 31 December 2023, the capital and reserves attributable to owners of the Company was US\$2.0 billion (31 December 2022: US\$1.8 billion).

Employees

As at 31 December 2023, the Group employed a total work force of 6,038 (31 December 2022: 6,398), stationed in Cambodia, Hong Kong, Malaysia, Singapore, Thailand, the United States and Russia. The remuneration and staff costs for the Year were US\$88.4 million (2022: US\$87.4 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 increased from US\$9.1 million to US\$13.8 million during the Year.

During the Year, the Group did not make any provision of impairment loss (2022: US\$2.4 million) and reversed provision of impairment loss previously recognised of US\$1.5 million (2022: Nil).

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

Significant Investments Held and Material Acquisitions of Subsidiaries

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

Management Discussion and Analysis

Non-IFRS Accounting Standards Measures

To supplement our consolidated financial statements, which are presented in accordance with the IFRS Accounting Standards, the Company also assesses the operating performance based on a measure of EBITDA, which is defined on page 13 in this annual report, as an additional financial measure. We believe that such non-IFRS Accounting Standards 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 Accounting Standards and therefore may not be comparable to similar financial information presented by other issuers. The use of such non-IFRS Accounting Standards 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 Accounting Standards.

The table below presents a reconciliation of profit attribute to owners of the Company to EBITDA.

	2023 US\$'000	2022 US\$'000
Profit attributable to owners of the Company	177,732	107,254
Income tax	236	212
Finance costs	20,708	24,256
Depreciation		
– Own assets	88,241	105,330
– Right-of-use assets	5,704	5,647
Amortisation of casino licence premium	2,717	2,717
EBITDA	295,338	245,416

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 foundation and basement floors of the Naga 3 project is expected to be fully completed by the first half of 2024.

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.

Management Discussion and Analysis

Prospects

Cambodia's economy is steadily recovering on the back of a strong rebound in the service sectors, despite facing various external challenges arising from heightened geopolitical tensions and inflationary pressures. What is relevant to Cambodia is how well the economy adapts as the world recovers from the effects of the COVID-19 pandemic. According to the World Bank, Cambodia's economic growth will continue to accelerate in the medium to long-term driven by stronger exports and FDI inflows on anticipated increases in infrastructure investment and benefits from regional trade agreements (Source: World Bank – Cambodia Economic Update, November 2023).

Amidst a rapid economic transformation in Cambodia, the tourism sector is viewed as one of the major factors that will add further growth to the GDP. Cambodia, with its growing middle class and youthful demographics, along with increasing urbanisation, is positioned for sustainable growth in the future. Ongoing recovery of tourism in Asia is a key catalyst to boost tourism and economic growth. Some airline operators plan to increase weekly direct flights and launch new routes between Cambodia and China in near term such as Guangzhou, Shenzhen, Chongqing, Haikou, Jinan, Jieyang, Hainan and Sanya (Source: Khmer Times, 22 November 2023, 11 January 2024 & 22 January 2024; Phnom Penh Post, 20 November 2023 & 12 December 2023). The new inauguration

of the Siem Reap Angkor International Airport, and the under-construction Phnom Penh Techo Takhmao International Airport, expected to be fully operational by 2025, will contribute to an increase in arrivals. These new airports will play significant roles in attracting international arrivals and benefitting the future of tourism in Cambodia as well as the catalyst for Cambodia's economic growth with new routes and destinations (Source: Khmer Times, 4 September 2023).

In the ASEAN region, all member countries are optimistic about the future, with a positive economic outlook in growth and prosperity across various sectors. As a bloc, ASEAN is the third-largest economy in Asia and the fifth-largest globally, benefiting from a strong history of trade and commerce. This economic potential is underscored by the unique neighbourly ties and shared heritage that give the bloc a competitive edge. Cambodia is consistently seeking to enhance relationships with all member countries through trade and tourism. The new Cambodian government has placed trade and tourism with ASEAN at the forefront of its agenda, launching numerous initiatives to bolster bilateral trade and tourism among all member countries. Cambodia has been actively collaborating with the ASEAN committees to enhance trade and investment. In the first half of 2023, Cambodia's trade with ASEAN was valued at US\$7.1 billion, accounting for one-third of the total trade (Source: Khmer Times, 26 July

Management Discussion and Analysis

2023). In 2023, the visitors from ASEAN to Cambodia saw a significant growth, which has recovered to approximately 159% in 2023, surpassing the pre-pandemic level. The upward trends will continue as there are many trade and tourism initiatives set out by the Cambodian government including increasing exports to ASEAN and improving flight connectivity.

The Group believes that the tourism sector will maintain its recovery momentum and is expected to see a surge in demand driven by the return of international travel. Moreover, increasing flight frequency and new routes boost access for foreign customers, which is beneficial for NagaWorld's property footfall. As Cambodia's economy expands and global travel rebounds, the Group is well-positioned as the sole integrated resort offering lifestyle facilities to capitalise on the influx of leisure and business-related travellers returning to Cambodia. Furthermore, the development of Naga 3 as a leading tourism asset for Cambodia, indicates the Company's alignment with the Cambodian government's vision and commitment to bolstering the Cambodian tourism sector. This initiative positions Naga 3 as a key contributor in the regional tourism landscape, showcasing a shared dedication to elevating Cambodian tourism.

The ongoing economic recovery and political stability of Cambodia have led to an increase in business migration as well as expanding business and investment opportunities. This will have a positive effect towards the continued building up of the captive domestic expatriate population living in Cambodia. The Group will continue to benefit from the resilience and growth of this captive domestic expatriate market.

Looking ahead, the Group is optimistic about the long-term prospects and believes that the outlook remains stable and promising. NagaWorld, being the only integrated resort in Phnom Penh, will continue to benefit from the overall growth of Cambodia by attracting more visitors who are looking for entertainment and lifestyle offerings at a competitive price and value.

Directors' Profile

Timothy Patrick McNally

Non-executive Director and Chairman

Timothy Patrick McNally, aged 76, 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 organised 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.

Chen Yiy Fon

Executive Director and Chief Executive Officer

Chen Yiy Fon, aged 42, was appointed as the executive Director on 1 June 2015. He is presently the chief executive officer of the Group 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 the non-executive Director 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 the chairman and executive director of FACB Industries Incorporated Berhad ("FACBI"). Except for PTB and KCB which have been privatised and the listing of their shares on the Bursa Malaysia Securities Berhad (the "Bursa") have been withdrawn with effect from 16 August 2018 and 21 November 2019 respectively, FACBI is currently listed on the Bursa.

Philip Lee Wai Tuck

Executive Director and Executive Deputy Chairman

Philip Lee Wai Tuck, aged 61, 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 the executive Director 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.

Lim Mun Kee

Independent Non-executive Director

Lim Mun Kee, aged 56, has been appointed as the independent non-executive Director 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 was an independent non-executive director of KNM Group Berhad and FACBI until 31 March 2023 and 30 May 2023 respectively, both of which are listed on the Bursa.

Directors' Profile

Michael Lai Kai Jin

Independent Non-executive Director

Michael Lai Kai Jin, aged 54, was the non-executive Director from 31 May 2010 to 5 April 2011 and was re-designated as independent non-executive Director 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. He was also the group legal counsel for Ezra Holdings Limited.

Mr. Lai is currently an independent non-executive director of FACBI.

Leong Choong Wah

Independent Non-executive Director

Leong Choong Wah, aged 55, was appointed as the independent non-executive Director 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 Pixlr Group, an online photo and creative design software tools and technology group since 2023. Prior to his transfer to Pixlr Group, Mr. Leong was the chief financial officer of Imagine Group, a leading global creative ecosystem and technology group from 2019 to 2023, and 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 an independent non-executive director of FACBI. He also serves as a director of Swift Energy Technology Sdn Bhd, a private limited company incorporated in Malaysia.

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

Sustainability Report

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Sustainability Report

About the Report

Reporting Period

This report is NagaCorp's tenth sustainability report, covering the financial year 1 January 2023 to 31 December 2023 ("the Year").

Reporting Scope

This sustainability report encapsulates our management approach to the ESG issues that are material to our business and key stakeholders.

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, targets, policies, initiatives and performance of our flagship NagaWorld hotel and entertainment complex (Naga 1, Naga 2 and NagaCity Walk) and Central Laundry. The disclosures on our workforce cover 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 C2 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

It complies with the mandatory disclosure requirements and "comply or explain" provisions in the ESG Reporting Guide of the Stock Exchange. A list of how we meet the Stock Exchange's requirements is located at the end of this sustainability report in the Global Reporting Initiative ("GRI") Content Index.

In line with global ESG 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. We strive to uphold GRI Standard's reporting principles – Accuracy, Balance, Clarity, Comparability, Completeness, Sustainability context, Timeliness, and Verifiability – to provide reliable and purposeful disclosures for users of our sustainability reports.

The reported greenhouse gas ("GHG") emissions are prepared according to the GHG Protocol and the Stock Exchange's guidance on preparing an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs. Under the GHG Protocol, we have adopted the financial control approach.

We have made reasonable efforts to ensure the accuracy and reliability of the information and data. Due to rounding, the totals and percentages presented may not add up precisely.

Feedback

We welcome feedback on the sustainability report to improve the quality of our disclosures and sustainability practices.

Email: sustainability@nagaworld.com

FY2023 SUSTAINABILITY HIGHLIGHTS



Rated by



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Sustainability Approach

As one of Cambodia’s first foreign-invested private companies, NagaWorld has actively contributed to Cambodia’s socio-economic growth. Since our inception in 1995, we pride ourselves as one of Cambodia’s largest private-sector employers and economic contributors.

In navigating the evolving business landscape and changing climate, we acknowledge the imperative to actively consider ESG challenges to remain resilient and capture new growth opportunities. Our five-pronged sustainability framework has been pivotal in creating long-term value for our stakeholders and understanding where our positive and negative impacts are. Centred on our corporate mission – Pursuit of Excellence in Our People, Product and Profits – our sustainability framework supports the 17 United Nations Sustainable Development Goals (“UN SDGs”), with impacts focused on UN SDG 3, 4, 7, 8, 12, 13 and 16.

We firmly believe in contributing to a collaborative ecosystem that advances climate action in Cambodia and its national climate plans and policies, namely the Long-term Strategy for Carbon Neutrality, which aims to achieve net zero emissions by 2050, and Cambodia’s Pentagonal Strategy (Phase I), which identified environmental sustainability, climate change readiness and green economy as some of the key priorities to achieve the Cambodia Vision 2050.

Monitoring and communicating our sustainability performance is essential in providing transparency and accountability to our sustainability commitment. It entails comprehensive disclosures aligned with global best practices and meeting regulatory requirements on ESG reporting.

In addition to our sustainability reports, we voluntarily provide additional disclosures to ESG ratings such as CDP, FTSE Russell, MSCI and Sustainalytics for benchmarking purposes and to facilitate the information needs of investors and analysts.



Sustainability Governance

In 2023, we developed a sustainability governance structure to steer and propel our sustainability strategy and goals. Approved by the Board in February 2024, it sets out the roles and responsibilities at the Board, management, and operational levels to identify, monitor, report and improve our ESG performance and oversight of ESG risks.

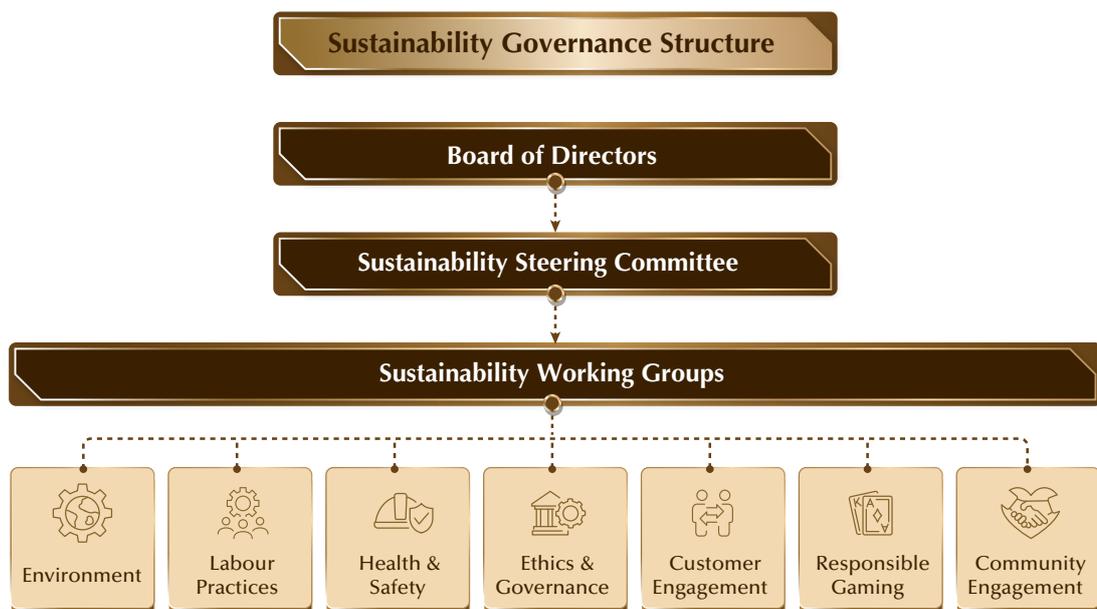
The Board maintains overall responsibility for supervising the Company’s sustainability strategy, the management of ESG issues and their associated risks and opportunities. It includes determining and evaluating ESG topics and their risks, overseeing the sustainability reports and ensuring that appropriate controls are in place for all significant ESG matters. The Board also approves the ESG goals and targets and reviews the Company’s progress in meeting them. For day-to-day monitoring, the Board delegated the responsibility to the Sustainability Steering Committee.

During the Year, the Board met once to discuss relevant industry and regulatory developments in sustainability (e.g. IFRS

Sustainability Disclosure Standards) and the Company’s sustainability-related work plans for 2023.

Chaired by the CEO (who is also the Executive Director), the Sustainability Steering Committee comprises the Managing Director (CEO Cabinet), Chief Operating Officer and Chief Financial Officer. The Sustainability Steering Committee oversees ESG-related work plans, performance and reporting and supports the Board in formulating ESG-related strategies, goals, targets and policies.

At the operational level, we have established Sustainability Working Groups comprising department representatives that ideate and implement sustainability-related initiatives and manage material ESG risks. Collectively, the working groups support periodic and annual sustainability reporting for the Sustainability Steering Committee’s review. In addition, the Senior Manager (Sustainability) coordinates the Sustainability Working Groups to roll out ESG initiatives and reports to the Sustainability Steering Committee.



Our Stakeholders

We define stakeholders as individuals or groups whose interests are impacted or could be affected by our activities. Our approach to stakeholder engagement involves a clear understanding of our stakeholders' priorities and concerns. The table below outlines our key stakeholders' 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 to our guests.</p>	<ul style="list-style-type: none"> • Quality service and products • Prestige and reputation • Health and safety measures • Customer engagement 	<ul style="list-style-type: none"> • Customer service ambassadors • Call centre • Email • Guest feedback form • Guest relations • Social media channels • NagaWorld Rewards loyalty programme • Jin Zun Club • Hotel booking websites • Displaying safety signs and conducting investigations for any health and safety incidents
<p>Employees</p>  <p>We are committed to fostering a secure and enriching work environment, prioritising favourable working conditions to enhance job satisfaction and nurture talent retention.</p>	<ul style="list-style-type: none"> • Workplace health and safety • Professional development • Fair compensation and benefits • Work-life balance • Inclusive work environment • Communication and transparency • Sustainable practices • Employee voice and feedback 	<ul style="list-style-type: none"> • NagaFM – an interactive platform hosted at staff cafeterias and live podcasts to provide edutainment and promote employee engagement programmes • MyPortal – a staff intranet application accessible from mobile phones and computers, facilitating seamless communication and collaboration with our employees • Employee grievance channel • HR newsletters • Digital noticeboards • Health, safety and environmental campaigns

Stakeholders	Their priorities and concerns	How we engage
<p>Government and Regulators</p>  <p>Regulatory compliance maintains our license to operate. Engaging with the government facilitates knowledge transfer 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 	<ul style="list-style-type: none"> • Conferences • Dialogue sessions • Regulatory inspections on environmental and hygiene conditions • NagaWorld Kind Hearts' CSR programmes
<p>Suppliers and Contractors</p>  <p>Working with like-minded business partners 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"> • Annual food safety supplier workshops • Food safety audits • Procurement specifications • Due diligence procedures • Established procurement and payment procedures • Safety protocols for contractors • "Permit to Work" procedures

Sustainability Report

Stakeholders	Their priorities and concerns	How we engage
<p>Shareholders, Investors and Financiers</p>  <p>Providing comprehensive financial, non-financial and ESG disclosures facilitates 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 meeting • Investor presentations, roadshows and conferences • One-on-One investor meetings • Corporate website • Email inquiries • Independent ESG ratings • Property tours
<p>Local Communities</p>  <p>It is our corporate responsibility to contribute back to society through cross-sector collaborations and employee volunteerism.</p>	<ul style="list-style-type: none"> • Monetary and in-kind contributions • Supporting social enterprises and NGOs working with marginalised communities • Opportunities to develop vocational skills 	<ul style="list-style-type: none"> • NagaWorld Kind Hearts' CSR programmes • Partnerships with government ministries and NGOs • Community relief efforts • NAGA Academy, our capacity-building hub that provides hospitality training and development at the entry level, enabling trainees to secure employment opportunities

Identification of Material ESG Topics

Materiality assessments form the bedrock of our sustainability report and strategy as they provide insights into the current and emerging ESG topics that matter to our business and stakeholders.

On an ongoing basis, we glean insights from our stakeholders through channels such as guest feedback forms, NagaWorld Rewards loyalty programme, supplier interactions, employee feedback and investor meetings.

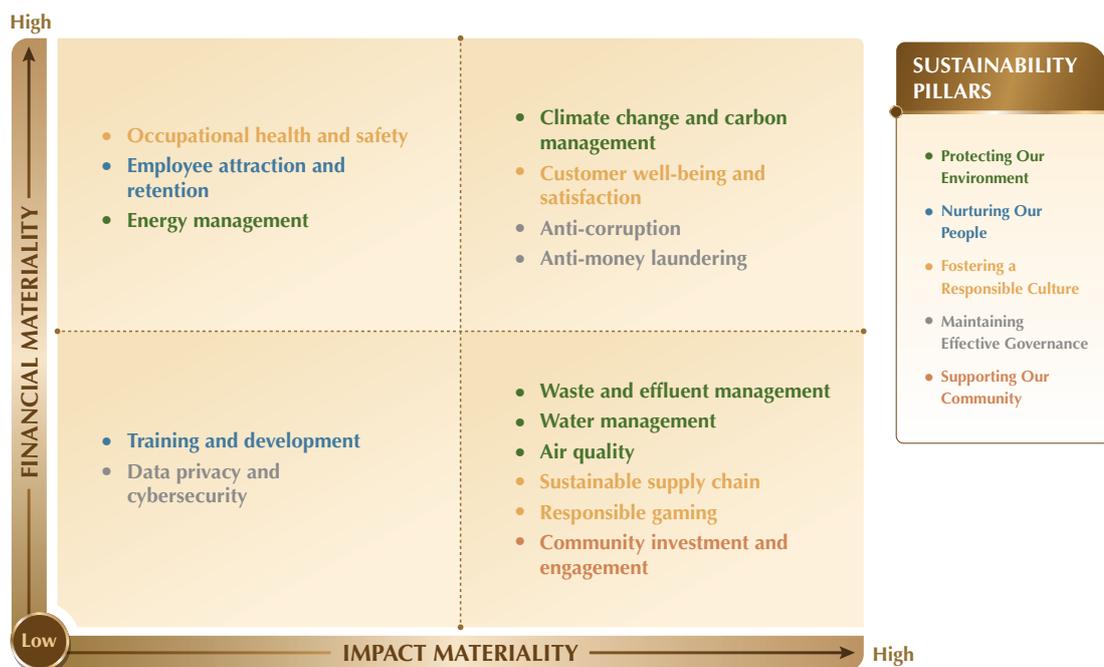
In 2023, we conducted a comprehensive materiality assessment that adopted the double materiality approach. We included research on megatrends, industry trends and sector standards to provide the first screening level to determine our ESG topics. Then, we assessed and rated the severity, likelihood, and irremediable nature of our current and

potential impacts on our stakeholders and the environment to further shortlist the critical material ESG topics.

We invited nearly 190 internal and external stakeholders to rate the significance of 15 material ESG topics by considering their impacts on our stakeholders and the environment. As sustainability and materiality assessments are nascent topics in Cambodia, we held five briefing sessions with employees and one with NGO stakeholders.

Next, we ranked the 15 material ESG topics using the financial materiality lens to determine the scale of their financial impact on the Company.

Lastly, the prioritisation of the 15 material ESG topics was reviewed by the senior management, and approved by the Board in February 2024.



Material ESG Topics

The following are the 15 material ESG topics central to our sustainability strategy. Categorized according to the five sustainability pillars of our sustainability framework, they represent current and future risks and opportunities that impact our ability to create value for our stakeholders and the environment.

Material ESG Topics	Risks	Opportunities	2023 Actions and Achievements
PROTECTING OUR ENVIRONMENT			
<p>1 Climate change and carbon management</p> 	<p>Cambodia is highly vulnerable to climate change. Extreme weather events such as flash floods and heatwaves can impact tourism and customer footfall, accelerate building wear and tear and disrupt food supply chains.</p>	<p>Adopting climate mitigation and adaptation measures can improve the resilience of our assets and business against more frequent and severe weather patterns.</p> <p>Raising awareness of climate action is essential to drive positive behavioural change in our employees.</p>	<ul style="list-style-type: none"> Committed to reducing Scope 1 and 2 carbon emissions by 10% by 2030, from a 2018 baseline Adopted an Environmental Policy Formulated a green capital expenditure framework to track climate mitigation and adaptation measures from the financial year ending 31 December 2024 (“FY2024”)

Material ESG Topics	Risks	Opportunities	2023 Actions and Achievements
PROTECTING OUR ENVIRONMENT			
<p>2 Energy management</p> <div style="display: flex; flex-wrap: wrap;"> <div style="width: 50%; text-align: center;">  <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> <div style="width: 50%; text-align: center;">  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> </div> <div style="width: 100%; text-align: center; margin-top: 10px;">  <p>13 CLIMATE ACTION</p> </div> </div>	<p>Cambodia is a fast-growing economy, and grid demand is expected to rise.</p> <p>Cambodia issued a National Energy Efficiency Policy in 2022. New policies and measures may arise to reduce energy consumption and raise building energy efficiency.</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>In 2023, Cambodia pledged to raise the share of renewable energy in its energy mix to 70% by 2030. It could indirectly increase our consumption of clean energy through the grid.</p>	<ul style="list-style-type: none"> Committed to reducing grid electricity use by 25% by 2030 from a 2018 baseline, in line with Cambodia’s National Energy Efficiency Policy Continued to implement energy-saving initiatives related to lighting and cooling
<p>3 Waste and effluent management</p> <div style="display: flex; flex-wrap: wrap;"> <div style="width: 50%; text-align: center;">  <p>6 CLEAN WATER AND SANITATION</p> </div> <div style="width: 50%; text-align: center;">  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> </div> <div style="width: 100%; text-align: center; margin-top: 10px;">  <p>14 LIFE BELOW WATER</p> </div> </div>	<p>The improper discharge of waste and effluents can cause land and water pollution, potentially affecting human health and marine biodiversity.</p> <p>Failure to adhere to environmental laws can result in regulatory penalties and reputation loss.</p>	<p>Proper waste segregation facilitates waste recycling and reduces the amount of waste going into the landfill.</p> <p>Raising staff awareness of waste management and pollution issues reinforces our waste management strategy and fosters a corporate culture of environmental care.</p>	<ul style="list-style-type: none"> Committed to 100% food waste diversion Replaced all polyethylene terephthalate (“PET”) bottled hotel amenities with recycled PET bottles Placed battery recycling bins Continued existing recycling efforts Launched a 5Rs waste campaign

Sustainability Report

Material ESG Topics	Risks	Opportunities	2023 Actions and Achievements
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PROTECTING OUR ENVIRONMENT

4 Water management



According to the World Resources Institute’s Aqueduct Water Risk Atlas, Cambodia faces medium-high water stress.

Water supply shortages can affect our hotel and F&B operations and our ability to maintain customer satisfaction.

Adopting water-efficient fittings and reinforcing positive user behaviour in our employees and customers can help to reduce water consumption and utility costs.

- Committed to reducing water use by 10% by 2030 from a 2019 baseline
- Continued to implement water-saving initiatives

5 Air quality



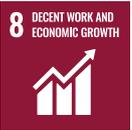
Poor indoor air quality can affect the comfort and health of our building users.

Our backup generators, hot water boilers, fleet and use of Liquefied Petroleum Gas (“LPG”) for cooking contribute to the emission of indoor and outdoor air pollutants.

Providing a healthy indoor environment, including clean air and thermal comfort, enhances the wellness of building users.

By monitoring air quality and regularly maintaining our Air Handling Units (“AHUs”), we can ensure their optimal performance.

- Continued to integrate greenery into the indoor environment
- Stepped up on AHU inspections

Material ESG Topics	Risks	Opportunities	2023 Actions and Achievements
NURTURING OUR PEOPLE			
<p>6 Employee attraction and retention</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>5 GENDER EQUALITY</p> </div> <div style="text-align: center;">  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> </div> </div> <div style="text-align: center; margin-top: 10px;">  <p>10 REDUCED INEQUALITIES</p> </div>	<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 innovation capacity.</p>	<ul style="list-style-type: none"> Launched major staff engagement events – NagaWorld Olympians, NagaWorld Children’s Day and NagaWorld Football Championship Partnered with local vocational institutions to provide internships to youths
<p>7 Training and development</p> <div style="text-align: center;">  <p>4 QUALITY EDUCATION</p> </div>	<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 investing into our employees.</p>	<p>A skilled workforce can better delight our customers and elevate our business to greater heights.</p> <p>Our NAGA Academy continues to be a capacity-building hub that runs a traineeship for young talents to build their careers in hospitality with us.</p>	<ul style="list-style-type: none"> Rolled out the Leadership Series 1.0 training programme Issued a Training Approach Exposition to communicate our training and development strategy to staff

Sustainability Report

Material ESG Topics	Risks	Opportunities	2023 Actions and Achievements
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 contractors. It also increases the likelihood of operational downtime and affects work productivity.</p>	<p>The health and safety of employees and on-site contractors can be reinforced through strict conformance to health and safety procedures and inculcating a safety culture.</p> <p>Implementing and monitoring preventive and corrective measures can minimise the reoccurrence of safety incidents.</p>	<ul style="list-style-type: none"> Implemented an integrated ISO management system that covers ISO 45001: Occupational health and safety Launched a company-wide safety campaign covering occupational safety, road safety, fire safety and food safety Conducted 24 edutainment sessions on health and safety at our staff cafeterias Conducted 12 health and safety briefings at the New Employee Induction Programme
<p>9 Customer well-being and satisfaction</p> 	<p>Failure to anticipate customers' needs and deliver on our promise of quality service can erode customer trust and affect our reputation.</p>	<p>Delivering top-quality experiences and services is central to customer satisfaction and retention. We aim for excellence in our product and service offerings and prioritise our customers' well-being at all times.</p>	<ul style="list-style-type: none"> Continued to implement stringent protocols for food safety and fire safety Continued to track customer feedback and address concerns

Material ESG Topics	Risks	Opportunities	2023 Actions and Achievements
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FOSTERING A RESPONSIBLE CULTURE

10 Responsible gaming



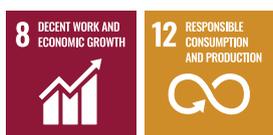
Problem gaming can lead to negative consequences socially and financially for customers.

Our ethical responsibility towards our gaming customers is to provide an experience where gaming can be entertaining and safe.

Promoting responsible gaming messaging, providing supportive measures, and practising sensitive advertising can reduce the risk of problem gaming amongst customers.

- Continued to conduct age verification procedures on minors, provide self or third-party exclusion options and practise sensitive advertising in line with local regulations

11 Sustainable supply chain



Engaging suppliers with unsustainable social and environmental practices can affect the resilience of our supply chain and lead to the proliferation of unsustainable practices.

Procuring from responsible suppliers that adopt sustainable practices reduces our operational risk and aligns with our sustainability strategy.

- Conducted a presentation on sustainable supply chain at the annual Food Safety Supplier Workshop
- Performed a supply chain assessment of our gaming suppliers

Sustainability Report

Material ESG Topics	Risks	Opportunities	2023 Actions and Achievements
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MAINTAINING EFFECTIVE GOVERNANCE

12 Anti-corruption



The management and operation of a hotel and entertainment complex entails practising sensitivity to the risks of unsuitable associations and maintaining regulatory compliance.

Due diligence is required to avoid impropriety, or even the appearance of impropriety, by our employees.

Under our Anti-corruption Policy, employees are prohibited from soliciting, accepting, or offering bribes or any other advantage. Our zero-tolerance stance on corruption upholds our reputation for integrity, honesty and transparency.

- 92% of staff completed the annual compulsory anti-corruption e-learning and assessment

13 Anti-money laundering



Non-compliance with best-in-class AML protocols may result in lapses, leading to regulatory penalties and reputation loss.

Fundamentally, we uphold the highest level of transparency and integrity in our operations.

To ensure regulatory compliance with AML laws in gaming operations, we enforce high governance standards and a robust internal control system.

- 100% of casino front liners completed the annual compulsory AML training

Material ESG Topics	Risks	Opportunities	2023 Actions and Achievements
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MAINTAINING EFFECTIVE GOVERNANCE

14 Data privacy and cybersecurity



Data leakage or theft of customers' data could result in personal data being used for illicit purposes.

Cyber-attacks can compromise the operating systems supporting critical functions of our business. Possible consequences include business disruptions, loss of reputation and remediation costs.

Customers' data is securely stored and only used for purposes permitted by customers (e.g. marketing and promotions).

Our IT servers adopt best practices from ISO 27000: Information security management systems, and the Information Technology Infrastructure Library ("ITIL").

- Continued to maintain the robustness of cybersecurity systems and secure storage of customer data
- Rolled out a mandatory cybersecurity awareness online training to staff

SUPPORTING OUR COMMUNITY

15 Community investment and engagement



Contributing to the needs of local communities fulfils our social license to operate.

As part of Cambodia's social fabric, our corporate responsibility is to uplift local communities and encourage staff volunteerism.

Our NagaWorld Kind Hearts drives CSR programmes on education enhancement, community engagement, sports development and environmental care.

- US\$1.2 million donations and in-kind contributions made
- Achieved more than 35,000 employee volunteer hours since 2014

PROTECTING OUR ENVIRONMENT

ESG Goals	FY2023 Performance Highlights
<p>Climate change and carbon management</p> <ul style="list-style-type: none"> • Reduce our carbon footprint • Improve climate resilience of our building assets • Increase staff's awareness of environmental issues • Work with our supply chain to reduce indirect carbon emissions 	<ul style="list-style-type: none"> • Committed to 2030 environmental targets • Adopted an Environmental Policy • Maintained 100% food waste diversion • Cumulative annual energy savings of at least 3,794 MWh and US\$635,000 since 2016 • Implemented a green capital expenditure classification methodology for tracking climate mitigation and adaptation-related expenditure • Replaced all bottled hotel amenities with recycled PET amenities bottles • Launched a 5Rs Waste Management Campaign for staff
<p>Energy management</p> <ul style="list-style-type: none"> • Reduce energy use and improve building energy efficiency • Tap on property technologies to enhance building management and efficiency 	
<p>Air quality</p> <ul style="list-style-type: none"> • Foster a healthy indoor environment for building users • Reduce outdoor air emissions 	
<p>Water management</p> <ul style="list-style-type: none"> • Reduce water use and improve water use efficiency 	
<p>Waste and effluent management</p> <ul style="list-style-type: none"> • Reduce waste generated and improve the circularity of waste • Ensure responsible disposal of waste and discharge of effluents 	

Supporting UN SDGs



Environmental Commitment

Several key developments in climate change marked 2023. According to the World Meteorological Organization, 2023 was the warmest year ever recorded. The Intergovernmental Panel on Climate Change’s 6th Assessment Report highlighted that there is still a wide gap between current climate action efforts and the required reductions in greenhouse gas emissions to limit global warming to a 1.5 °C pathway. In Cambodia, where our operations are based, 2023 also saw the heaviest rainfall in three years.

These climate trends are stark reminders of the declining climate and the imperative for a whole-of-society approach to climate action.

At NagaWorld, we recognise that whatever impacts the environment can affect our business. With this underpinning, we seek to deliver excellence to our guests while minimising the negative impacts on our stakeholders and the environment. We focus on the areas of carbon emissions, energy use, air quality, water use and waste.

To achieve our environmental commitments, we continuously review our operations and value chain to align with our environmental goals. This entails adopting industry best practices and green technologies, engaging our workforce on their role in reducing resource use, and reporting our environmental performance. For instance, senior management, including the CEO, receives monthly environmental performance reports detailing each month’s carbon emissions, energy use, water use, and waste generated and recycled.

In 2023, we made several progress with our environmental commitment. We established 2030 environmental targets for grid electricity use, carbon emissions, water use and food waste. We also issued an environmental policy as a guiding framework for managing our environmental impacts. The Environmental Policy communicates our commitment, principles and governance to conduct our business responsibly and minimise environmental impacts. Both were approved by the Board in February 2024.



In 2023, we expanded on our environmental commitments by setting environmental targets leading towards 2030, the milestone year for the UN SDGs. We will monitor and annually disclose our progress in meeting these targets.

By 2030, we aim to

 <p>Reduce grid electricity use by 25% from 2018 baseline</p>	 <p>Reduce absolute Scope 1 and 2 carbon emissions by 10% from 2018 baseline</p>	 <p>Reduce water use by 10% from 2019 baseline</p>	 <p>Maintain 100% food waste diversion</p>
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Sustainability Report

In addition, we rolled out a green capital expenditure classification methodology to track our deployment of capital towards climate mitigation and adaptation efforts across departments. Effective from 2024 onwards, it references reputable green taxonomies and covers green capital expenditure categories related to buildings, vehicles, water and waste.

During the Year, 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 significantly impacted the Company.

Environmental Awareness

We actively engage our employees and guests to adopt environmentally friendly practices. Through our internal edutainment platform, NagaFM, we held four environmental-related awareness activities and quizzes covering climate action and plastic pollution in 2023 at our staff cafeterias.

Educational messages on saving water and energy and paper towels are placed in common areas and offices to remind our employees and guests to reduce resource consumption.

At the national level, we continue to foster cross-sector partnerships by actively working alongside the RGC, NGOs, and the Cambodian business community to promote green initiatives and raise environmental awareness.

We also regularly organise activities to support local communities in maintaining a clean and green environment. For more information on our community outreach, please refer to the section on NagaWorld Kind Hearts on page 99 of this annual report.

Participated in the First ITC-Certified Energy Manager Training in Cambodia

In September 2023, our staff from the Maintenance department participated in the inaugural Certified Energy Managers programme by the Institute of Technology of Cambodia (“ITC”).

Supported by UNDP, the programme contributes to Cambodia’s National Energy Efficiency Policy by equipping participants with knowledge on energy management systems and energy conservation practices and technologies.



5Rs Campaign on Waste Management

In September 2023, we launched our first 5Rs Campaign – a series of activities to engage staff on responsible waste management, waste circularity and environmental solutions.

Trash or Treasure – Segregating Waste the Right Way

Led by NagaWorld Kind Hearts, our staff-led volunteer group, we shared with employees the 5Rs of waste management and quizzed them on the 5Rs waste management principles.

Besides this, employees participated in the “Trash or Treasure” relay competition, which challenged their knowledge of waste segregation.



Art of Trash Contest – Transforming Waste into Art

To encourage our staff to change their perception on waste, we challenged them to breathe new life into waste by transforming waste into art that would inspire others.

From intricate miniature replicas to towering installations, our staff submitted creative pieces made from waste such as plastic bottles, plastic straws, aluminum cans, newspapers and hotel amenity bottles. The contest culminated in an exhibition with all creations displayed at our ballroom.



Green Sparks Contest – Igniting Green Ideas

Through the Green Sparks Contest, we provided an opportunity for our staff to suggest eco-friendly initiatives. We received encouraging responses with suggestions ranging from building-integrated photovoltaic panels, plastic-free alternatives, increasing paperless processes, to behavioural change interventions.



Resource Stewardship

Energy Use

 2030 Target
<ul style="list-style-type: none">• Reduce grid electricity use by 25% from 2018 baseline
 2023 Performance
<ul style="list-style-type: none">• Achieved 10% reduction in grid electricity use from 2018 baseline

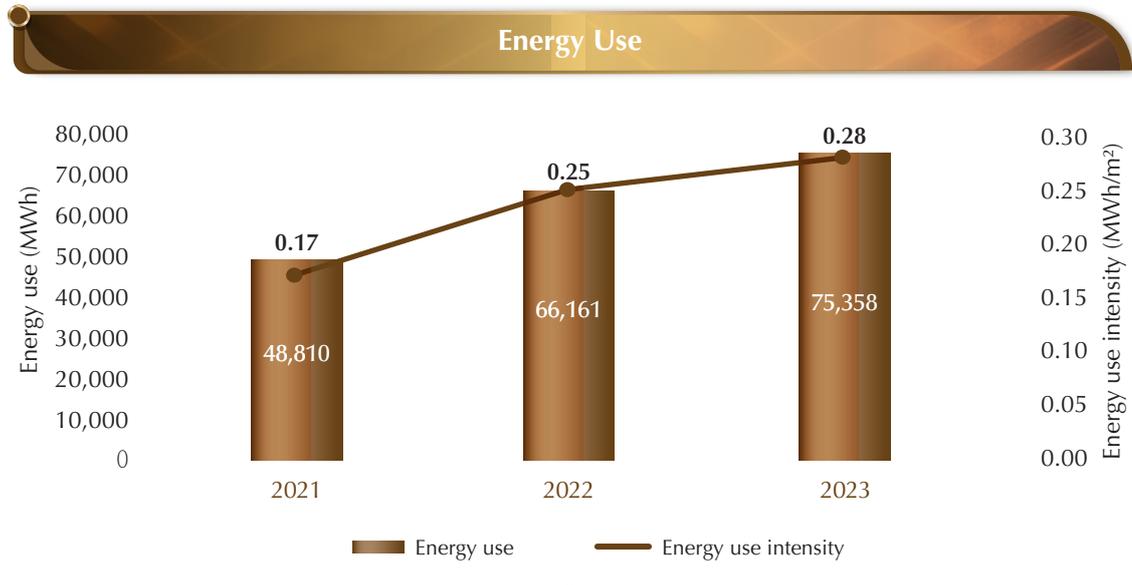
Our electricity is supplied by the Phnom Penh city grid, managed by the Electricite Du Cambodge (“EDC”). EDC’s grid energy mix comprises hydropower, coal, fuel oil, biomass, solar and purchased energy from the region. About half of Cambodia’s energy generation is derived from renewable sources.

Besides power from the grid, we consume other energy sources such as diesel to operate backup generators and hot water boilers, and LPG for cooking.

Our usage of backup generators depends on the frequency and duration of grid disruptions. During grid disruptions, our backup generators are activated immediately to minimise any interruption to our operations.

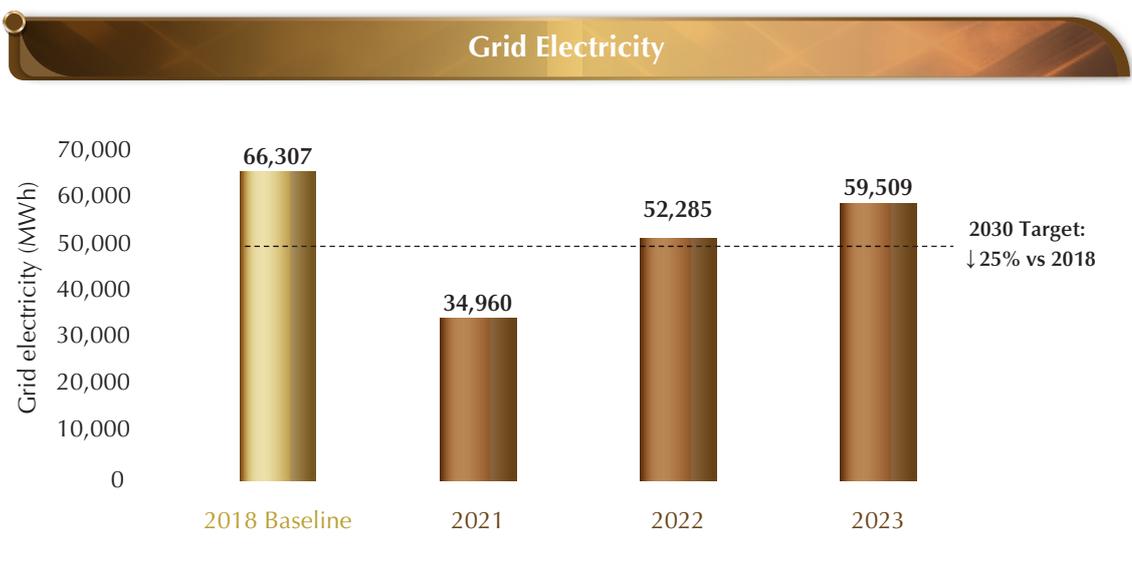
In 2023, total energy use increased by 14% compared to 2022. The increase was due to the continued business recovery from Cambodia’s higher tourist and expatriate volumes. It resulted in higher customer footfall and hotel occupancy, increasing energy needs. In contrast, the energy usage for the backup generators more than halved compared to 2022.

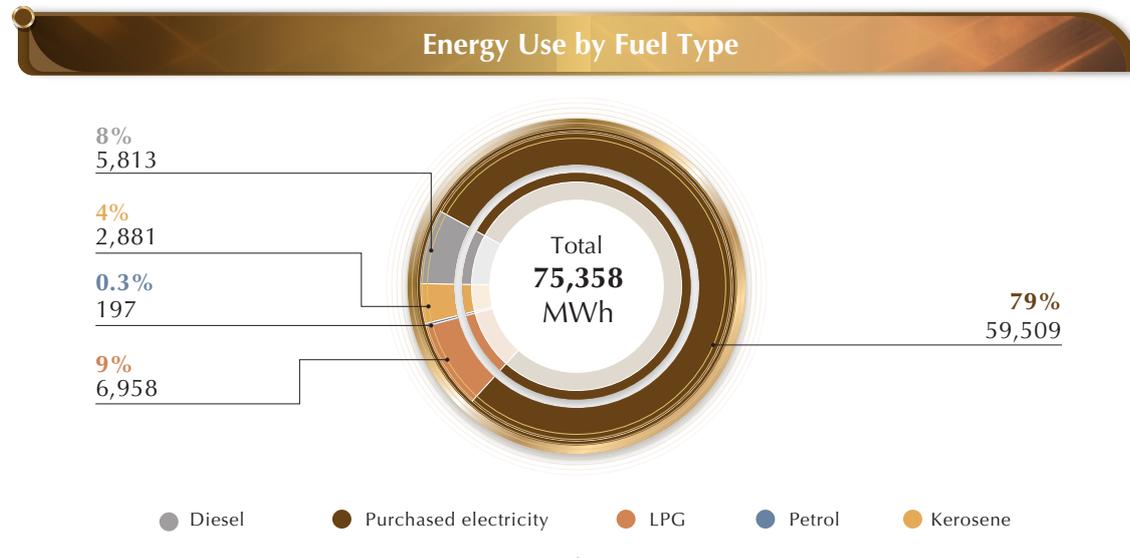
In support of global climate action and Cambodia’s climate goals, we committed to reducing grid electricity use by 25% by 2030 from a 2018 baseline. The target aligns with Cambodia’s National Energy Efficiency Policy, which aims to reduce energy use in commercial buildings by 25% by 2030. In 2023, our grid electricity use was 10% lower than in 2018.



Notes:

- (1) Since 2022, we have adopted the GHG Conversion Factors for Company Reporting from the UK Department for Business, Energy and Industrial Strategy (“DBEIS”).
- (2) Between 2 March and 14 September 2021, there was a voluntary temporary suspension of business operations due to COVID-19.
- (3) Energy use intensity was calculated using the aggregate gross floor area of Naga 1, Naga 2, NagaCity Walk and Central Laundry. 2021 and 2022 energy use intensity figures were restated to exclude energy from vehicles.





Energy Reduction Initiatives

As a 24/7 establishment, we consume more energy than conventional commercial buildings. We continue to explore opportunities to reduce energy use, especially for heating, cooling and lighting, as they consume the most energy.

In 2023, our energy-saving initiatives include

- Using LED lighting with lower wattage
- Removing unnecessary indoor lighting
- Installing isolator switches to reduce the operational hours of the kitchen’s motor exhaust fans
- Maintaining 27 °C on non-operational hotel floors
- Replacing the exhaust fan motor and control panel with variable speed drive
- Continuing the practice of adjusting the operational hours of lights, chillers, chilled water pumps, AHUs, walkway fan coil units (“FCUs”), boilers, and cooling tower operations according to human traffic at the front-of-house and back-of-house

Our hotel rooms and housekeeping protocols are designed to reduce energy

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

Since 2016, we have cumulatively saved at least 3,794 MWh in energy usage and US\$635,000 in energy costs annually through the energy-saving initiatives implemented at Naga 1 and Naga 2.

Carbon Emissions

	2030 Target
	<ul style="list-style-type: none"> • Reduce Scope 1 and 2 carbon emissions by 10% from 2018 baseline
	2023 Performance
	<ul style="list-style-type: none"> • Achieved 12% reduction in Scope 1 and 2 carbon emissions from 2018 baseline

In managing our impacts on the climate, we have been measuring and disclosing our carbon emissions since 2017, with enhancements to our methodology over the years.

In 2023, total Scope 1 and 2 carbon emissions were almost on par with 2022. Due to increased business activity, our energy consumption increased. In addition, we performed preventive maintenance of the transformers and switchgear, which consumed more diesel than usual. On the other hand, we experienced 24% less fugitive emissions from refrigerants in 2023 than in 2022, which is a significant improvement as refrigerants formed more than 20% of our total Scope 1 and 2 carbon emissions.

We took our environmental commitment further in 2023 by targeting to reduce our Scope 1 and 2 carbon emissions by 10% by 2030 from a 2018 baseline. Our target factored in Cambodia's National Energy Efficiency Policy to reduce energy use. Compared to our 2018 baseline, we achieved a 12% reduction in Scope 1 and 2 carbon emissions in 2023.

For more information on our climate-related financial disclosures, please refer to page 111 for our TCFD report.

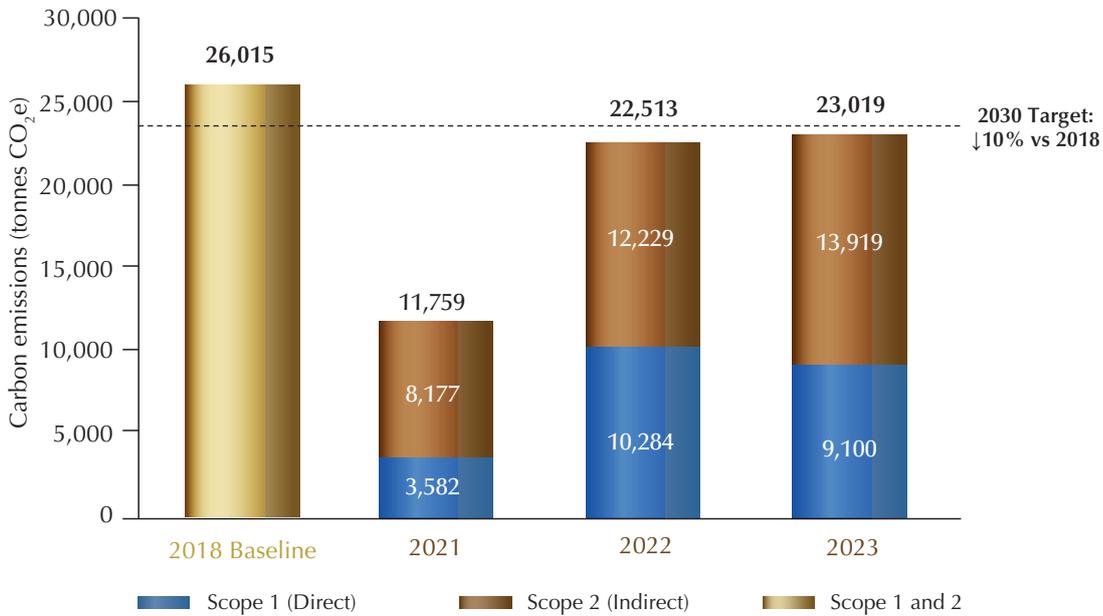
Carbon Reduction Initiatives

We optimise our energy consumption by identifying the opportunities to reduce energy use. Key enablers we have implemented include monitoring the hotel occupancy levels and human traffic on our premises, adapting the operating hours of our building systems and performing preventive maintenance.

Over the years, our energy reduction initiatives targeting lighting and cooling have consistently contributed to reducing carbon emissions. Since 2016, we have avoided at least 887 tonnes CO₂e from these initiatives.

Sustainability Report

Carbon Emissions



Notes:

- (1) Direct, or Scope 1, emissions are attributed to sources and activities within our operational control. It covers LPG for cooking and fuels consumed by backup generators, hot water boilers and vehicles, and fugitive refrigerant emissions.
- (2) Indirect, Scope 2 and Scope 3 emissions are produced outside our immediate operations due to our activities. Scope 2 emissions refer to purchased grid electricity from the EDC. Scope 3 emissions are attributed to sources owned or controlled by other entities in our value chain, both upstream and downstream.
- (3) Since 2022, we have adopted the GHG Conversion Factors for Company Reporting from the UK DBEIS.
- (4) Baseline 2018 carbon emissions (Scope 1 and 2) data was restated according to our latest methodology. Estimates were used for historical data that were not previously captured.
- (5) Between 2 March and 14 September 2021, there was a voluntary temporary suspension of business operations due to COVID-19.

Source of carbon emissions	Carbon emissions (in tonnes CO ₂ e)		
	2021	2022	2023
Scope 1¹	3,582	10,284	9,100
– Stationary fuel combustion	1,832	2,546	2,957
– Mobile fuel combustion	1,750	928	952
– Fugitive emissions from refrigerants ²	Not available	6,810	5,191
Scope 2 (location-based)			
Purchased electricity ³	8,177	12,229	13,919
Total – Scope 1 and 2	11,759	22,513	23,019
Scope 1 and 2 emissions intensity (tonnes CO ₂ e/m ²) ⁴	0.04	0.09	0.09
Scope 3²	Not available	7,660	9,197
– Category 3: Fuel and energy-related activities (not included in Scope 1 or Scope 2) ⁵		6,699	7,617
– Category 5: Waste generated in operations ^{1,6}		761	1,347
– Category 6: Business travel ⁷		57	112
– Category 7: Employee commuting ^{7,8}		142	120
Total – Scope 1, 2 and 3	11,759	30,173	32,216

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

2 New disclosure from 2022 onwards.

3 The latest 2012 nationwide grid emission factor for Cambodia published by the Institute for Global Environmental Strategies was adopted.

4 Carbon emissions intensity is calculated using the aggregate gross floor area of Naga 1, Naga 2, NagaCity Walk and Central Laundry. 2021 and 2022 energy use intensity figures were restated to exclude vehicle carbon emissions. There was no change to 2022's figure after rounding up.

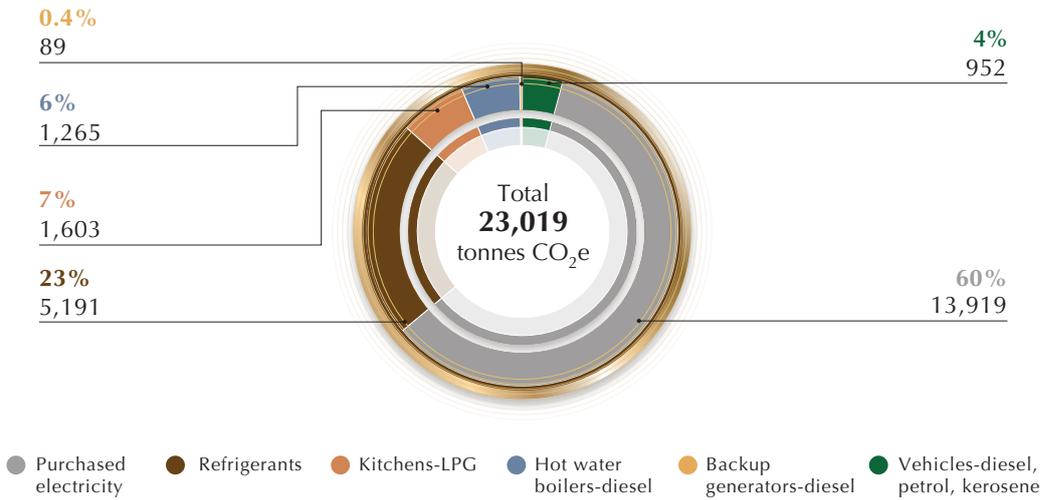
5 Refers to the upstream emissions of purchased fuels, purchased electricity and transmission and distribution loss. Sources of emission factors: UK DBEIS and the International Energy Agency's ("IEA") Life Cycle Upstream Emission Factors 2023 (Pilot Edition). Due to the 2023 adoption of IEA's data set, 2022's Scope 3 Category 3 emission was restated for consistency and comparability.

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

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

8 Due to insufficient data on employees' commute between home and work, emissions from the roundtrip flights of expatriate staff's annual home leave, which is provided for by the Company, were disclosed.

Carbon Emissions (Scope 1 and 2) by Source



Air Quality

Covering indoor and outdoor air quality, we identified the key contributors of air pollutants that affect the environment and building users (e.g. employees and guests).

The calculations for the emissions in the following table cover our usage of backup generators, hot water boilers, vehicles, and LPG during the Year.

	2021	2022	2023
NOx emissions (kg)	21,012	8,686	6,019
SOx emissions (kg)	3,338	3,048	3,626
PM emissions (kg)	1,234	569	340

Note:

(1) Emission factors were adopted 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

For the comfort of our building users, we implemented monitoring and preventive measures to manage indoor air quality.

- Inspection and deep cleaning of AHUs
- Furnishing common areas with plants to boost greenery and air quality

Regarding vehicular emissions, we routinely schedule maintenance checks for our VIP fleet based on vehicle mileage. Our drivers also adopt environmentally friendly practices that reduce tailpipe emissions and save on fuel.

- Turning off engines when waiting for guests
- Dispatching to the pickup point when guests are ready for departure
- Checking traffic conditions to avoid traffic jams

Water Use

	2030 Target
	<ul style="list-style-type: none"> Reduce water use by 10% from 2019 baseline
	2023 Performance
	<ul style="list-style-type: none"> Achieved 26% reduction in water use from 2019 baseline

According to the World Resources Institute’s Aqueduct Water Risk Atlas, Cambodia faces medium-high water stress. As such, sustainable water management practices are essential to conserve the water supply.

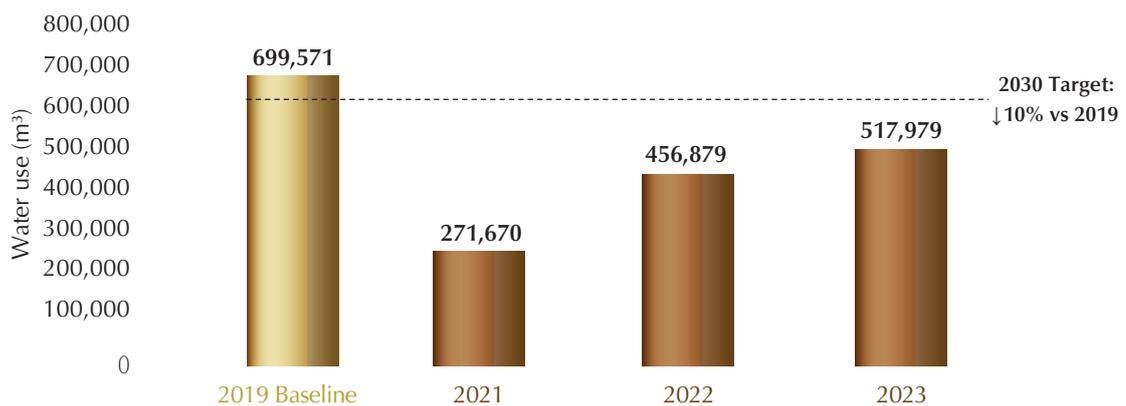
Our water is supplied by the Phnom Penh Water Supply Authority (“PPWSA”). The treated freshwater from PPWSA complies with the drinking water standards of the World Health Organization and national drinking water standards. We have not encountered significant issues in sourcing water fit for purpose.

During the dry season in Phnom Penh, we practise prudent water consumption and ensure the sufficiency of water for operations using water storage tanks. We reduce water consumption by optimising our mechanical systems and processes and fostering responsible user behaviour. In addition, we monitor our water consumption to identify opportunities for improvement. We perform regular 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 reduce water consumption.

During the Year, our water consumption increased by 13% compared to 2022. This was due to improved business activity from higher hotel occupancy rates and footfall to our properties.

In 2023, we set a 2030 target to reduce water use by 10% from a 2019 baseline. Compared to our 2019 baseline, we achieved a 26% reduction in 2023.

Water Use



	2021	2022	2023
Water use intensity (m ³ /m ²)	1.09	1.83	2.04

Note:

(1) Between 2 March and 14 September 2021, there was a voluntary temporary suspension of business operations due to COVID-19.

Sustainability Report

Water Conservation Initiatives

Water conservation features and practices are incorporated into our building design and maintenance.

- Water-saving toilets in hotel guest rooms
- Automatic sensor faucets at Naga 2's public area toilets
- Regular inspections and maintenance of hotel rooms
- Training employees on water management during cleaning
- Implemented 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 environmental messages in the hotel rooms and the toilets in public areas and offices. Our towel and linen reuse programme allows hotel guests to choose a more sustainable stay by not changing bed linens and bath towels.

Waste and Effluent Management



2030 Target

- Maintain 100% food waste diversion



2023 Performance

- Maintained 100% food waste diversion

In managing our waste, we embrace the "5Rs" approach – Reduce, Reuse, Recycle, Refuse and Remind. This helps us to steer towards minimising resource use and maximising resource recovery.

As we are primarily a service business, we do not produce material amounts of hazardous waste or significant packaging waste. At the minimum, we comply with Cambodia's law on waste management, namely the Sub-decree on Solid Waste Management.

We generate various types of waste and have invested efforts to segregate them for recycling. In 2023, we diverted 19% of our waste from the landfill. We recycled the following waste – food waste, playing cards, paper, cardboard, hotel soap bars, plastic drinking bottles, aluminum cans, cooking oil and batteries. All unrecycled waste is collected by the municipal waste collector and disposed of at the landfill.

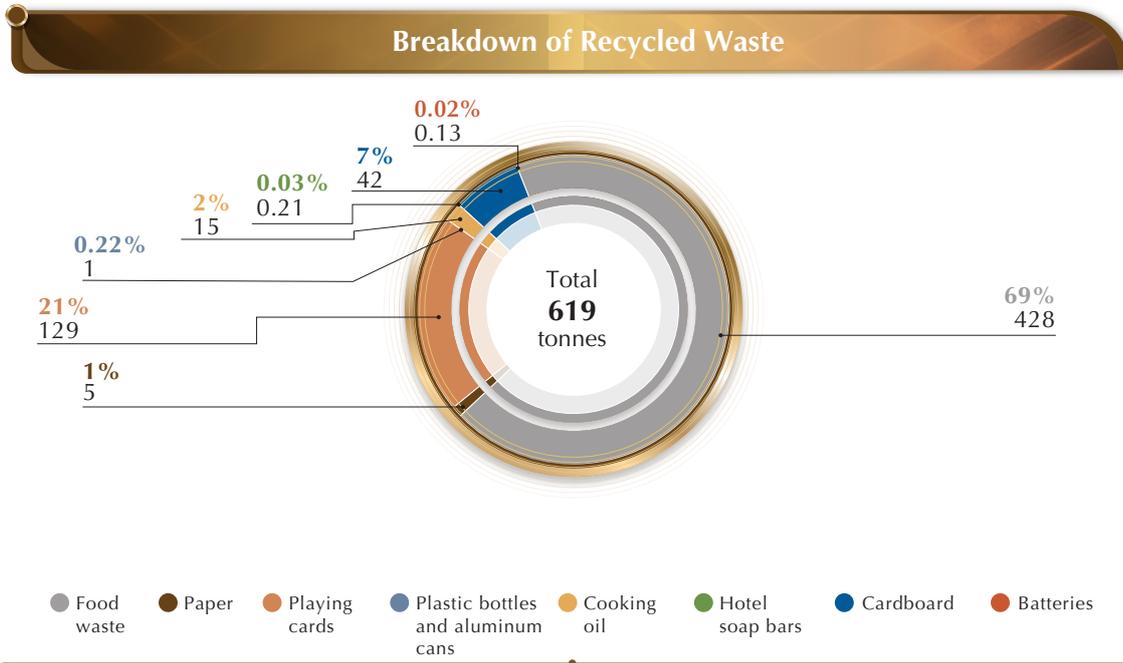
Due to improved business activity, the amount of waste generated increased by 49% compared to 2022. The most significant contributor is dry waste, which increased by more than half.

We are cognisant of the challenges in improving our waste diversion rate. In Cambodia, there are limited large-scale recycling facilities and waste technologies. Most recycling in Cambodia is facilitated informally through street waste collectors and small-scale waste recyclers.



Note:

- (1) In November 2019, the RGC suspended the license of Cintri (Cambodia) Ltd, the appointed service provider of waste collection and disposal in Phnom Penh. Hence, 2019 to 2021 waste disposed figures were based on internal best estimates.



Note:

(1) We began tracking the weight of recycled plastic bottles, aluminum cans and paper from October 2023.

Waste Management Initiatives

Our waste management strategy is guided by the waste hierarchy framework, which prioritises waste prevention at the source and discourages disposal to the landfill. For waste that we cannot reduce further, we aim to recycle as much as possible. To continue improving our waste diversion rate, we focus on identifying waste hotspots in our operations and scouting for suitable collaboration partners.

Waste Type	Waste Management Initiatives
Electronic	<ul style="list-style-type: none"> Partnered with EcoBatt Cambodia to recycle used alkaline batteries Donated refurbished computers to NGOs working with youths
Food	<ul style="list-style-type: none"> Segregated food waste from general waste Diverted food waste towards animal feed and composting Designed buffet stations to provide individually portioned servings for selected food items Used meat and vegetable trimmings to make soup stock Diverted suitable remaining buffet food items to staff cafeterias
In-room amenities	<ul style="list-style-type: none"> Leftover bottled amenities are diverted for use at the back-of-house Used hotel bar soaps are donated to charities every month through a partnership with an NGO Reused woven laundry bags for staff laundry service
Linens	<ul style="list-style-type: none"> Upcycled old bed linens into cleaning cloths
Packaging	<ul style="list-style-type: none"> Continued to partner with ecoSPIRITS to use a refill system for premium spirits, resulting in lower glass and cardboard packaging waste
Paper	<ul style="list-style-type: none"> E-submission of procurement tenders, performance appraisals, e-learning and communication and administrative tasks since 2020

Sustainability Report

Waste Type	Waste Management Initiatives
Plastic	<ul style="list-style-type: none">• Phased out single-use plastic straws since 2018 and progressively introduced biodegradable food takeaway containers, bags, cutlery and straws• Replaced disposable containers with reusable containers for food preparation in kitchens
Wastewater	<ul style="list-style-type: none">• Naga 1 and Naga 2 are fitted with aerobic wastewater treatment systems to treat and safely discharge effluents to the public sewers. The quality of the treated wastewater is tested annually at an independent laboratory and inspected by the Ministry of Environment to ensure conformance with regulatory limits.

Scaling Up on Plastic-free Efforts



>300,000

Plastic cups with lids
will be avoided from 2024

From 1 January 2024, the casino beverage service will transition to using glassware in place of disposable plastic cups. Based on our 2023 purchasing records, we estimate this will eliminate more than 300,000 plastic cups with lids from being served to guests and discarded.

NURTURING OUR PEOPLE

ESG Goals	FY2023 Performance Highlights
<p>Employee attraction and retention</p> <ul style="list-style-type: none"> • Position ourselves as an employer of choice • Embrace diversity and inclusivity in our workplace • Foster a culture of transparent communication • Provide a safe working environment 	<ul style="list-style-type: none"> • 50% of employees were female • 93% of employees were locals • 31% of managerial roles were held by female • Achieved more than 190,000 employee training hours • Launched a mandatory child protection e-learning module • Expanded our talent acquisition channels • Partnered with local vocational institutions to nurture hospitality talents through internships • Held major staff engagement events – NagaWorld Olympians, NagaWorld Children’s Day and NagaWorld Football Championship
<p>Training and development</p> <ul style="list-style-type: none"> • Empower our employees to reach their full potential • Equip our employees with the knowledge and skills to excel in their roles 	

Supporting UN SDGs



Sustainability Report

Creating a Culture of Excellence

At NagaWorld, we are committed to empowering and cultivating our workforce, where striving for excellence becomes ingrained into our corporate culture.

Anchored in our comprehensive four-pronged framework – **Start With Us, Grow With Us, Engage With Us, and Stay With Us** – we strive to build our reputation as an employer of choice and provide an environment for individuals to build successful careers and develop their full potential. Through targeted programmes, upskilling initiatives and a focus on employee well-being, we endeavour to foster a culture of growth, inclusivity, and professional fulfilment, ensuring our workforce thrives and excels in an ever-evolving world.



START WITH US

Building Foundations, Shaping Futures

We adhere to all pertinent laws and regulations outlined in the Cambodian Labour and Employment Law. The legislation mandates that we establish a comprehensive legal framework for employment contracts in Cambodia, governing the employment

relationship between the Company and our employees, irrespective of age, race, gender, religion, social status, or disability. The law also protects trade unions and Shop Stewards while prohibiting workplace discrimination.

We maintain a resolute commitment to eradicating child and forced labour within our operations. Our Talent Acquisition team conducts routine screenings of job applicants to ensure their work eligibility and safeguard them from potential exploitation. It encompasses the verification of identification documents and comprehensive background checks. If child or forced labour is identified within our operations, the HR department will investigate and formulate remediation plans to address root causes and prevent reoccurrences.

In 2023, no local laws or regulations concerning child and forced labour significantly impacted our Company.

Our primary focus is to attract highly skilled professionals who can contribute to our business goals and build lasting careers at NagaWorld. We are dedicated to ensuring that every new addition to our team embarks on a path to success from their first day with us.

During the New Employee Induction Programme, we provide new joiners with a comprehensive understanding of their roles, our corporate culture and policies and how they can flourish at NagaWorld.

Diversity, Equality, and Inclusion

Our hiring process is merit-based and we uphold ourselves as an Equal Opportunity Employer, where discrimination is strictly prohibited. We prioritise internal promotions whenever feasible, nurturing the growth and development of our employees from within the Company.

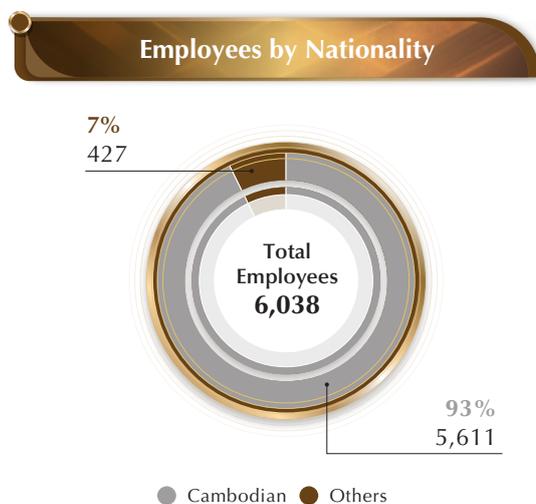
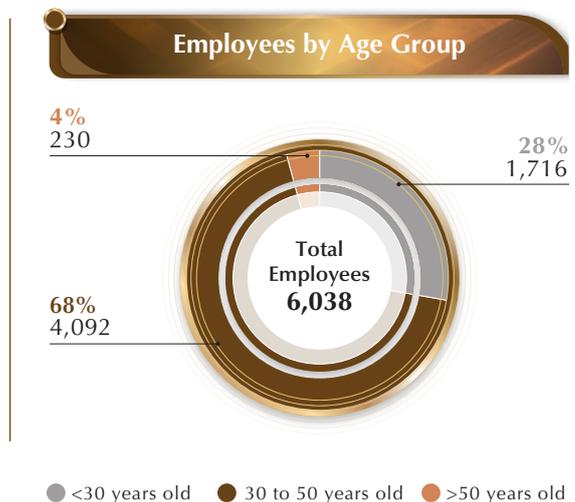
As of 31 December 2023, our workforce comprised 6,038 employees, all of whom are full-time employees. Our hiring strategy to focus on local hiring is reflected in our employee demographics – 93% of our workforce were locals; the remaining 7% represents a diverse array of expatriates from 35 nationalities. During the Year, we also employed 87 casual workers to support seasonal labour demand for our F&B services and as part-time teachers for our language programmes.¹

We are proud to have a gender-balanced workforce. Women accounted for 50% of our workforce, and men were almost equally

represented in 2023. At the manager level and above, 31% were women and 23% were locals holding leadership roles.

By age group, 28% of our workforce was under 30; 68% were within the 30 to 50 age bracket and 4% continued to contribute their invaluable expertise beyond 50.

As our business expands and our guest base diversifies, the ongoing evolution of our corporate culture remains a perpetual focus. What remains constant is our resolve in nurturing an inclusive, transparent and empowered work environment.



¹ We started tracking the number of casual workers from Q3 2023. Moving forward, we will enhance the tracking to improve data quality and accuracy.

Sustainability Report

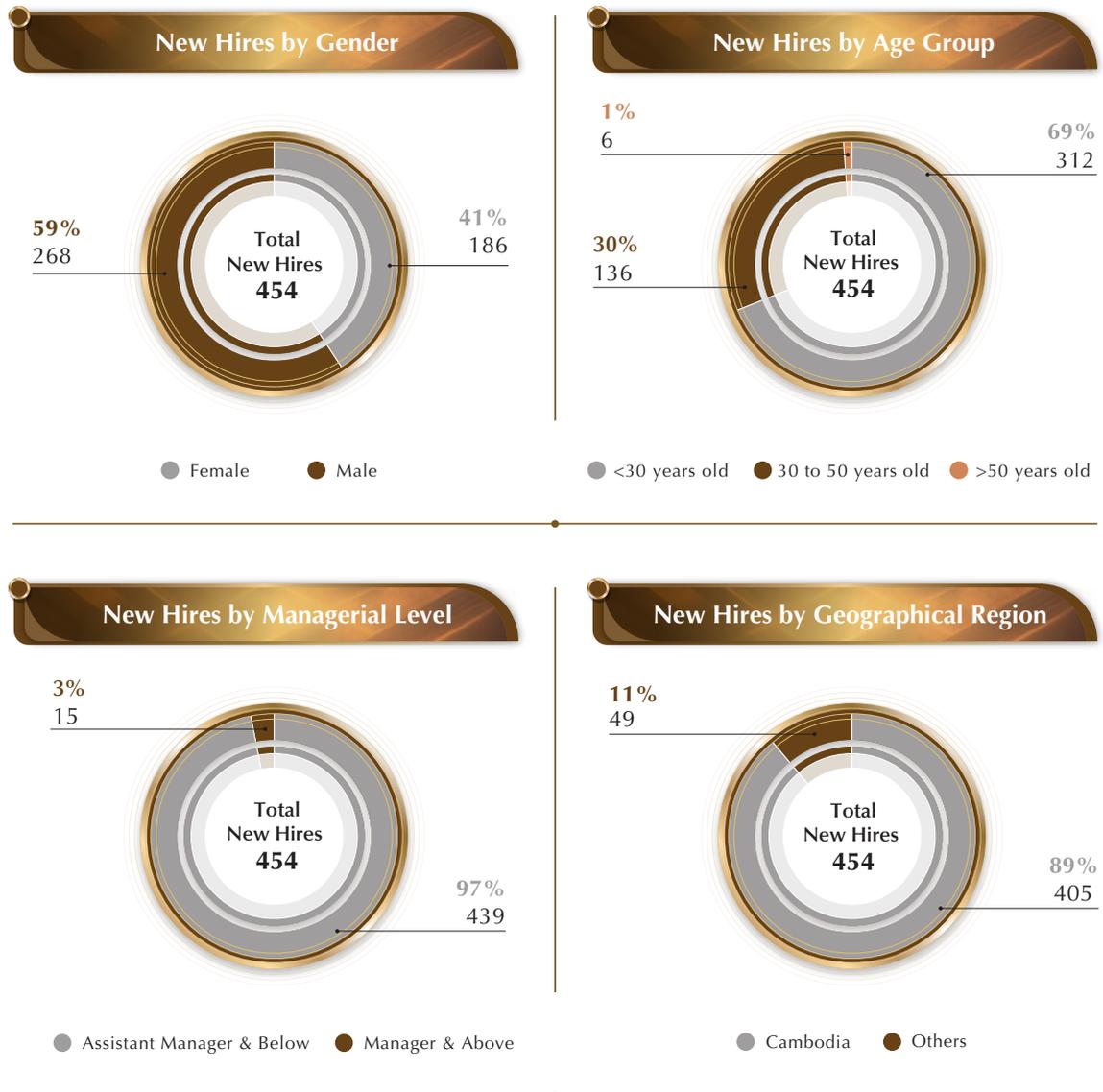
New Hires

We practise responsible recruitment from the start. We refrain from creating job descriptions that discriminate, emphasising skills over biases. Diverse recruitment channels ensure opportunities for candidates from varied backgrounds. Our interviews are structured to eliminate prejudices and to promote merit-based selection.

To support local talent development in the hospitality industry, we partnered with local vocational institutions such as the Don Bosco Technical School, the World Youth Tourism and Hospitality School and the Academy of Culinary Arts Cambodia. Such partnerships allow us to scout promising young talents to join NagaWorld. For instance, we transitioned 16 interns into valued full-time team members in 2023.

During the Year, we welcomed 454 new members into our workforce. Notably, 89% of these new hires were Cambodians, underscoring our commitment to nurturing local talent. 41% of the new hires were women. In comparison, 59% were men, illustrating our continued efforts to achieve a gender-balanced and inclusive team.

To expand our reach for talent and make recruitment opportunities more accessible, we sustained our commitment to hosting weekly walk-in recruitment fairs at our NAGA Academy. Job seekers could find available job openings, submit resumes, and be interviewed on the spot. In 2023, we attracted an average of 70 participants each week at our recruitment fairs.



Unleashing Talent: 2023’s Recruitment Initiatives

In addition to our successful weekly walk-in recruitment fairs, we participated in prominent job fairs and a national career and productivity fair in 2023. The strategic dual approach showcases our commitment to diversifying avenues for individuals to join our organisation and underscores our dedication to raising our brand’s visibility and prominence.

As part of our 2023 Talent Acquisition initiative, we actively leverage platforms such as Telegram, Facebook and LinkedIn to connect with and recruit promising individuals who can contribute to our vibrant workforce.

Sustainability Report



GROW WITH US

Enhancing the Capabilities and Growth of Our Employees

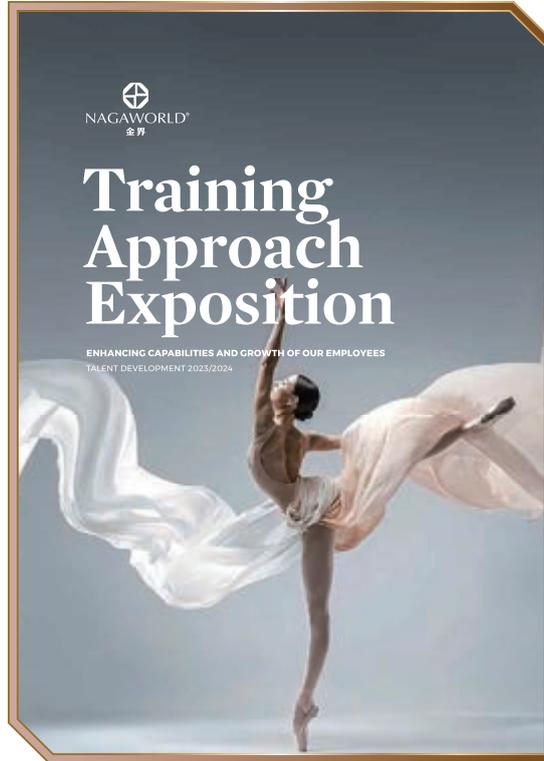
At NagaWorld, our unwavering commitment to employee growth and sustainability revolves around enhancing the capabilities and fostering the continuous development of our people. Our employees are our most valuable asset, and their growth is at the core of our organisational success.

We equip them with the skills, knowledge and competencies needed to thrive in their careers and as a collective force within our vibrant organisation. By nurturing their growth, we ensure a dynamic and resilient workforce fortified for innovation and success in an ever-evolving business landscape. Our dedication to employee growth and sustainability is the cornerstone of our path toward a brighter and more sustainable future for our employees and the Company.

Our Approach

In 2023, we unveiled the Training Approach Exposition. It is a comprehensive guide to our training approach, highlighting our holistic strategies for employee development, growth and engagement.

We recognise that by interlocking employee engagement programmes with training and development initiatives, we create a supportive environment that nurtures the capabilities and maximises the potential of our employees.



Skills Defined for Success

Throughout the Year, we were dedicated to enhancing the skills and knowledge of our workforce through a series of focused training programmes. Our Microsoft Excel Workshop attracted 172 employees, equipping them with valuable spreadsheet skills.

Furthermore, we customised training programmes to cater to distinct job functions. For example, an Incident Report Writing training course was conducted for the Casino divisions to improve incident investigations. The course was attended by 91 employees.

We continued to launch the mandatory anti-corruption online training as a refresher course on ethical behaviour and our zero tolerance for fraud, bribery and corruption. We also launched a mandatory online training programme – Child Protection Programme – to raise our staff’s awareness of child exploitation, the ChildSafe Movement, and how the tourism industry can be mobilised to prevent child exploitation.

In response to our customer demographics, we are expanding our language programmes for staff to include Korean and Japanese starting in 2024.

Leadership Series 1.0

In 2023, we rolled out the comprehensive Leadership Series 1.0 training programme. It attracted nearly 800 employees in the Executive, Assistant Manager, and Manager job roles spanning all departments.

The programme covered crucial skills such as Time Management, Critical Thinking, Decision Making, Problem Solving, Effective Communication in the Workplace, and Delegation. It represented a significant

undertaking to equip our workforce with the tools and knowledge to be effective in their roles and contribute to our collective success.



Learning and Development Programmes

Our training roadmap encompasses various mandatory and elective programmes. In 2023, we conducted the following programmes.

Mandatory	Elective
<ul style="list-style-type: none"> • Anti-corruption Training • Anti-money Laundering • Child Protection Programme • New Employee Induction Programme – Local • New Employee Induction Programme – Expatriate • Leadership Series 1.0 <ul style="list-style-type: none"> o The Art of Time Management o Critical Thinking 101 o Decision Making o Problem-solving Skills o Effective Communication in the Workplace o Effective Delegation Essentials 	<ul style="list-style-type: none"> • Chemical Application, Safety Handling and Spot the Error • Workplace English Programme • Easy Korean Programme • Khmer for Everyday Use • Mandarin Enhancement Programme • Microsoft Excel Level 1 • Effective Email Writing • Incident Report Writing • Pastry Demonstration Training • ISO 22000:2018 Food Safety Awareness Training • Pest Control Awareness Training • Sustainable Waste Practices for Companies in Cambodia • Language Toolbox Talk

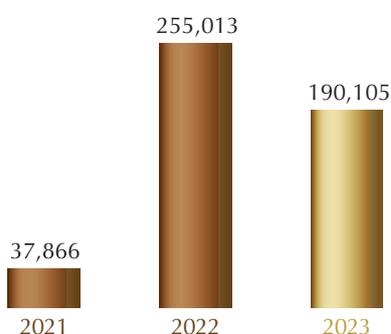
Sustainability Report

Training Hours

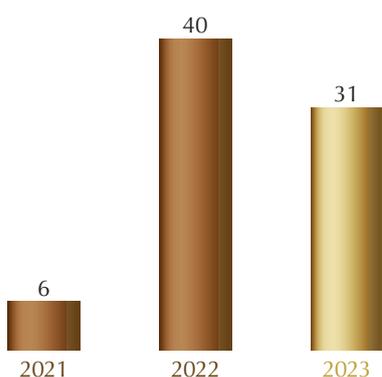
As of 31 December 2023, our workforce achieved 190,105 training hours. On average, each employee clocked 31 training hours throughout the Year.

Employee category	Percentage of total workforce that received training	Average training hours
Male	49%	28
Female	51%	33
Manager & Above	3%	21
Assistant Manager & Below	97%	31

Total Training Hours



Average Training Hours Per Employee



Performance Management

We pride ourselves as a merit-based organisation, where employees are remunerated or promoted based on their work achievements and contributions to the Company's goals.

Annually, all employees must set their goals and measurable Key Performance Indicators ("KPIs") according to the Balanced Scorecard perspectives – Business Process, Customer, Financial and People – and review them with their line managers twice a year. Line managers conduct a mid-year review and a year-end appraisal to ensure employees are on track to meeting their KPIs.

In 2023, a commendable 96% of our workforce actively engaged in performance appraisals, showcasing our commitment to a robust feedback system.

ENGAGE WITH US

Connecting Hearts, Engaging Minds

We firmly acknowledge the pivotal role of employee engagement as a competitive advantage in attracting talent in the competitive hospitality sector.

In 2023, the Human Resources ("HR") department programmed an array of employee engagement initiatives focusing on interdepartmental interactions and cultivating creativity and talent. The major events include the NagaWorld Olympians, NagaWorld Children's Day and the NagaWorld Football Championship. These initiatives fostered camaraderie, encouraged teamwork and celebrated the contributions of our dedicated workforce.

NagaWorld Olympians

The fourth edition of the NagaWorld Olympians took place on 7 September 2023. A highly-anticipated competition for our service staff to pit their skills, talents and creativity, the event recognises the outstanding talents in our workforce. It also serves to elevate our product and service offerings to greater heights.

The competition saw 75 talented finalists participate in categories such as table games, bedmaking, table setting, floral arrangement, pastry art and culinary. Some of the winners went on to represent NagaWorld at the CamFood and CamHotel 2023 competition.



NagaWorld Children's Day

The 3rd NagaWorld Children's Day was held on 6 September 2023 at our Grand Ballroom. It was a unique family day event for our employees' children to be acquainted with their parents' workplace at NagaWorld and enjoy a morning of fun activities. Organised with our internal Safety Awareness Campaign, our Occupational Safety and Health Administration ("OSHA"), Hygiene, Fire Safety and CSR departments also prepared various engaging activities to instil safety awareness in our young attendees. Notable activities include

1. **Junior Green Ambassador:** A waste segregation relay game guided by our

- dedicated NagaWorld Kind Hearts staff volunteers
2. **Wonder Go Go Go:** A lively safety quiz focused on food safety, led by our Hygiene team
3. **Storytelling and Drawing:** The young participants took to the stage and shared their stories on the importance of safety and created artwork related to safety behaviours

We firmly believe that children learn by observation and active participation. Their involvement in these competitions fosters a practical understanding of safety in their everyday lives.

Sustainability Report

The event garnered an enthusiastic response from our employees across the hotel, casino, and back office divisions. About 200 children attended and heartily participated in the competitions, each receiving a reusable tote bag and a T-shirt. Winners of the activities were presented with school bags, stationery and sports supplies.



NagaWorld Football Championship

The inaugural launch of the NagaWorld Football Championship garnered enthusiastic reception as participating staff members, accompanied by their families and friends, rallied together in support.

Beyond the thrill of competition, the sports competition served as a catalyst for building team spirit, fostering a deeper understanding among colleagues, and promoting a culture of healthy living. A remarkable 25 teams spanning various departments actively participated, creating a vibrant tapestry of camaraderie.

During the finals, the Chairman and management team presented the coveted Championship Medals to the triumphant winning team. The crowning moments included accolades for outstanding individual players. The Best Goalkeeper received the esteemed Golden Gloves, the Top Scorer claimed the Golden Boot, and the Most Valuable Player stood out as a beacon of excellence, elevating the tournament to a celebration of both collective and individual achievement.



MyPortal Mobile Application

Due to the nature of certain job functions (e.g. casino dealers, F&B, housekeeping and security), most of our service staff do not require a work computer or email address. To ensure that our workforce receives company-wide announcements promptly, on top of their department's daily briefings, and has access to their employment information, we developed a mobile application called MyPortal in 2020.

Through their mobile phones, staff are directed to retrieve their digital payslips, apply for leave and access mandatory training modules. Staff can also directly register for CSR events and provide their feedback or grievances to HR. MyPortal is available in Khmer and English to cater to local and expatriate staff.

Since the launch of MyPortal, we have enjoyed several successes with employee engagement. Notably, our workforce remained nimble during the COVID-19 pandemic as they could receive updates on safety precautions and operational changes through MyPortal.

In 2023, we leveraged MyPortal to step up on employee engagement initiatives.

- Live-streamed NagaFM edutainment podcasts in MyPortal

- Word of the Day – to improve staff's English vocabulary at work
- Invited staff's participation in the 5Rs Campaign's waste management contests



STAY WITH US

Rewarding Excellence and Caring for Well-being

Our compensation and benefits philosophy is rooted in our commitment to sustainability and employee well-being. We recognise that fair and competitive compensation and comprehensive benefits are fundamental in ensuring our workforce's economic stability and overall quality of life.

Compensation that Cares

We take pride in delivering compensation that not only competes but also cares. Our merit-based approach fosters a work environment where talent is valued and rewarded equitably, irrespective of gender.

Our employees enjoy the following benefits

- 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

Sustainability Report

- 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
- Employer contribution to employees' National Social Security Fund ("NSSF")
- 300% pay for working on public holidays, above the statutory requirement of 200%
- Monthly cash incentive for enhancing language skills

In 2023, 203 female staff members utilised their maternity leave; equivalent to 17,462 salaried days. For paternity leave, 154 male employees utilised their entitlement, amounting to 456 salaried days.

The NSSF protects our employees' healthcare and retirement provisions. It ensures comprehensive social security coverage for private sector workers. Operating on a co-funding model between employees and employers, we make monthly contributions to our employees' pensions, underscoring our commitment to their long-term financial well-being.

In adherence to the Cambodian Labour and Employment Law, we ensure that a standard workweek does not extend beyond 48 hours. Additionally, overtime work is strictly consensual with our employees.

Labour Relations

We uphold the fundamental right of our employees to freely join a trade union of their choice, without any fear of intimidation or reprisal, aligning with Cambodia's Labour and Employment Law. To uphold workers' rights and promote workplace unity, we established non-discriminatory policies and procedures concerning trade union organisation, membership and activities, encompassing various aspects, from applications for employment to decisions on advancement, dismissal or transfer.

In 2023, 23% of our employees exercised their right to join unions. These unions are duly registered with the Ministry of Labour and Vocational Training.



Shop Stewards

Shop Stewards are a vital component of our workplace dynamics. Based on Cambodia's Labour and Employment Law, the mandate for Shop Steward Officials is two years.

Our employees participate in the election of representatives who will serve as shop stewards. These elected individuals take on a significant responsibility, acting as the voice of their fellow employees and working closely with both the workforce and management. They ensure that the rights and interests of our employees are protected and that a harmonious work environment is maintained.

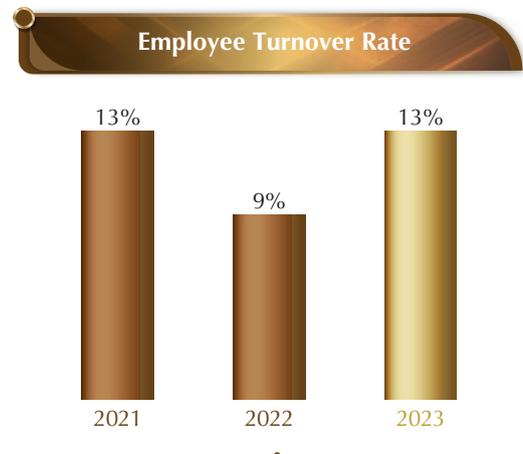
The next Shop Stewards Election will take place in Quarter 1 of 2024.

Workforce Attrition

We recognise that cultivating human capital extends far beyond the recruitment phases. It encompasses nurturing talent, ensuring

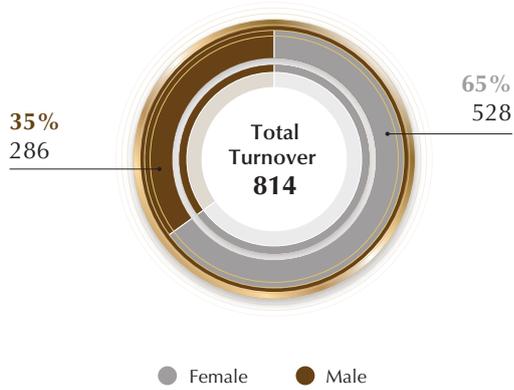
a harmonious work environment, and ultimately fostering long-lasting careers for our team members. Our commitment to this endeavour is evident in our efforts to manage and reduce turnover, as it directly impacts the well-being, growth, and success of our employees and our organisation.

As of 31 December 2023, 814 employees left our organisation, resulting in a turnover rate of 13%.

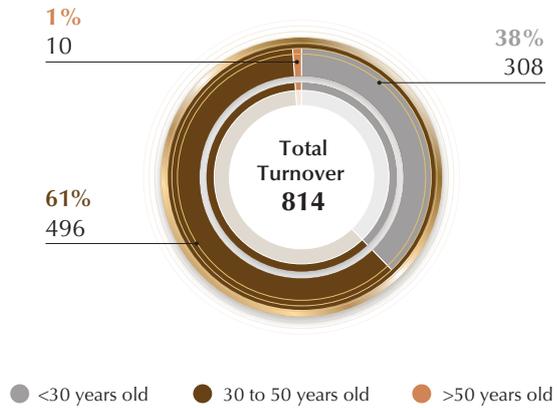


Sustainability Report

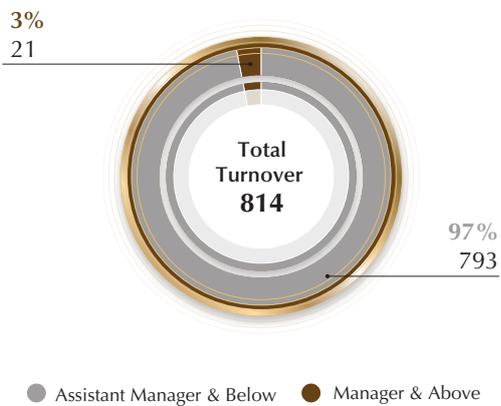
Employee Turnover by Gender



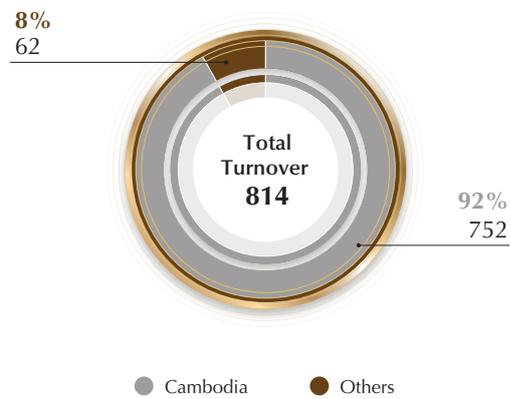
Employee Turnover by Age Group



Employee Turnover by Managerial Level



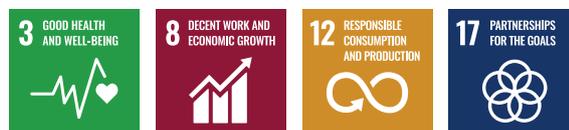
Employee Turnover by Geographical Region



FOSTERING A RESPONSIBLE CULTURE

ESG Goals	FY2023 Performance Highlights
<p>Occupational health and safety</p> <ul style="list-style-type: none"> • Provide a safe environment for guests, employees and on-site contractors • Promote a workplace safety culture • Conduct workplace inspections • Develop safety protocols to mitigate and correct safety hazards • Investigate every safety incident and track corrective actions 	<ul style="list-style-type: none"> • Adopted an integrated ISO management system covering occupational health and safety, food safety and environmental management • Maintained a low LTIFR of 0.26 • Organised the annual safety campaign to engage staff in occupational health and safety, fire safety and food safety • Conducted 24 edutainment sessions on health and safety at staff cafeterias
<p>Customer well-being and satisfaction</p> <ul style="list-style-type: none"> • Deliver outstanding hospitality to our guests • Engage guests on their preferences and address feedback • Ensure guests' well-being through stringent food safety and fire safety control measures 	<ul style="list-style-type: none"> • Conducted 12 health and safety briefings at the New Employee Induction Programme • Held the annual food safety supplier workshop with F&B suppliers • 84% of our suppliers were local businesses • Enhanced food waste valorisation through black soldier fly composting at Naga Farm
<p>Responsible gaming</p> <ul style="list-style-type: none"> • Encourage responsible gaming 	<ul style="list-style-type: none"> • Performed a supply chain assessment of our gaming suppliers
<p>Sustainable supply chain</p> <ul style="list-style-type: none"> • Foster a sustainable supply chain through supplier engagement and partnering with suppliers committed to responsible business practices 	

Supporting UN SDGs



Occupational Health and Safety

Commitment to 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 personal protective equipment to carry out their work, provide training on occupational safety and hygiene, and look into improving the safety of the work environment.

For continuous improvement, we maintain an effective OSHA communication system. Our OSHA policies and SOPs are regularly 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.

Employees report to the in-house clinic when they get injured or fall sick.

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 occurred
4. The OSHA department will prepare the investigation report, which includes root cause analysis and corrective actions

5. The related department is responsible for the implementation of corrective actions and communication within the affected department
6. The OSHA department will monitor the follow-up actions

In Cambodia, 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, the OSHA department conducts daily walk-downs and raises safety issues of concern to the relevant departments. In consultation with the departments, the interventions are communicated, tracked and distributed to the appropriate departments four times a month. During the Year, we recorded 3,138 workplace safety interventions.

In 2023, we adopted an integrated ISO management system to facilitate conformance with ISO 14001: Environmental management system, ISO 22000: Food safety management, and ISO 45001: Occupational health and safety. We foresee reaping the following benefits.

- More streamlined workflows
- Enhanced compliance monitoring
- Improved communication and collaboration across departments
- More optimised resource efficiencies allowing for cost reductions
- More comprehensive risk management
- Facilitation of future ISO audits

Safety Culture

To cultivate a strong workplace safety culture, our employees must be well-informed about the safety protocols of their daily operating procedures. We aim to equip them with the capability to make informed decisions that prioritise their safety as well as the safety of others.

On a regular basis, the OSHA department organises safety awareness programmes and quizzes at the staff cafeterias. Various safety topics, such as fire, electrical, and road safety, are covered. In 2023, 24 of such sessions were held.

When new joiners undergo the New Employee Induction Programme, we take the opportunity to set their first impressions on our commitment towards workplace health by conducting briefings and educating them on the safety resources provided by NagaWorld. In 2023, 12 sessions were

conducted at the New Employee Induction Programme.

At the management level, Senior Management and key department heads oversee occupational health and safety issues through the monthly OSHA report. They are informed on critical statistics such as the number of employee and contractor-related interventions, work and non-work related injury metrics for reporting to the NSSF, summary of incidents, observations and closeout status.

Safety Campaign 2023 – Safety Begins With Me

From August to September 2023, we launched our third Safety Awareness Campaign. Centred on the theme of “Safety Begins With Me”, the annual campaign was packed with engaging activities and informative sessions put together by the OSHA, Fire Safety and Hygiene departments.

During the month-long campaign, we held six live NagaFM podcasts and six edutainment programmes on road safety, food safety, work safety and fire safety at the staff cafeterias. To keep safety at the forefront, we displayed more than 240 educational posters across 11 employee locations and displayed educational safety videos on the 22 digital noticeboards at the back-of-house.

During the final day roadshow, staff participated at the activity booths and learnt about the safety risks, hazards and safety protocols taken by NagaWorld. Exhibits from actual safety incidents were displayed to highlight real-life incidents and raise staff’s vigilance.



Safety Performance

In measuring the effectiveness of our safety protocols and training, we diligently track and perform data analysis on our safety performance and incident report findings. Every month, senior management (including the CEO) and key department heads receive a monthly OSHA report detailing the safety

interventions and incidents involving our staff and on-site contractors, including safety-related statistics for trend analysis across months.

The common work-related injuries experienced by our employees are associated with hand injuries, slips, trips and falls.

Sustainability Report

In 2023, our Lost Time Injury Frequency Rate (“LTIFR”) remained low. There were no work-related fatalities or high-consequence injuries during the Year.

Besides workplace accidents, we are also concerned with the safety of our employees during their commute to and from work. Traffic accidents are among Cambodia’s

highest causes of injuries and fatalities (*Source: Khmer Times, 26 December 2023*). We advocate for safe motoring amongst our employees by promoting responsible road user behaviour and the proper types of helmets at our annual safety campaign and NagaFM edutainment platform at the staff cafeterias.

Safety Performance	2021	2022	2023
Man-hours ('000)	20,963	66,940	74,963
Number of work-related injuries	13	38	83
Number of LTI	3	15	15
Days lost due to LTI	36	74	83
LTIFR	0.14	0.22	0.26
Number of MTI	6	16	35
MTIFR	0.37	0.23	0.61
High-consequence work-related injury	0	0	0
Work-related fatality	0	0	0

Notes:

(1) Total man-hours were low in the financial year ended 31 December 2021 (“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.

Total number of work-related injuries is the sum of LTI, MTI and first-aid cases.

COVID-19 Safety Measures

In 2023, Cambodia lifted all COVID-19 measures. As the safety and well-being of our guests and employees is paramount, we continued to retain safety measures such as employee mask-wearing, thermal cameras and the sanitisation of guest areas and lift buttons.

Product and Service Responsibility

Being a service-driven business, NagaWorld does not manufacture or produce products besides F&B. Stringent policies and standards are in place to ensure we deliver on our promise of hospitality excellence to our guests.

There were no local laws and regulations relating to aspects of our products and services in health and safety, advertising and labelling that significantly impacted the Company during the Year.

Responsible Gaming

Embodied in our commitment to the ethical operations of our business is our endeavour to promote responsible gaming. We have implemented measures to support our guests in this aspect and have plans to expand our efforts in 2024.

Our responsible gaming initiatives include age verification security procedures to prevent minors from accessing our gaming facilities and providing guests with a voluntary self-exclusion or third-party option supported by advanced facial recognition systems.

In 2024, we plan to launch a series of voluntary initiatives to promote responsible gaming. We will boost the visibility and access to our self-exclusion programme by placing posters on responsible gaming in strategic areas of the gaming floor and providing information on our website. We will also roll out an assistance programme comprising a self-evaluation questionnaire and a hotline to support guests who wish to enrol in the self-exclusion programme.

Besides guests, we maintain our duty of care towards our employees by enforcing 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 to the plate, we adopt strict measures 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 trained personnel, we believe NagaWorld is one of the leading hotels in Cambodia with robust internal controls on food safety.

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. Our inspection processes include:

- Quality inspections on all food products received
- Inspection of all food preparation areas, public areas and hotel rooms
- Conducting lab and microbial tests on raw ingredients, cooked food, water, ice and contact surfaces, and air monitoring
- Implementing corrective actions for non-conformances, lab test failures and guest complaints

We equip our employees with the necessary resources, such as annual refresher training and the tools to perform their jobs effectively while observing good hygiene practices. Monthly inspections and sampling are conducted in our bars, F&B outlets, staff canteens, kitchens and housekeeping areas.

To ensure the cleanliness of surfaces, we do not rely solely on visual inspections. We conduct Adenosine Triphosphate (“ATP”) bioluminescence testing in our routine surface sanitation verifications. The ATP tests rapidly detect organic matter on surfaces, such as food residues, bacteria, and biofilms.

We are also upgrading to hands-free faucets in all food-related premises to reduce the risk of recontamination after handwashing.

Sustainability Report

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



Food Safety Training

During the Year, F&B and Hygiene staff attended an awareness training on ISO 22000: Food safety management system and a ServSafe Food Protection Manager training referencing the US FDA Food Code 2022.

To heighten awareness of pest control, more than 900 staff across departments underwent pest control awareness training conducted by our contractor in July 2023.

At the NagaWorld Safety Campaign 2023, the Hygiene department organised games and information sessions to improve staff's understanding of personal hygiene, food safety and pest awareness.

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. The audit includes

physically inspecting suppliers' premises to survey against our food safety requirements. For new F&B suppliers, the inspection audits are conducted before supplier onboarding. These audits allow us to communicate our expectations to our suppliers and identify those who may not meet our strict standards for food safety.

During food safety audits, we monitor the performance of our suppliers through an internally developed scoring methodology. Our audit considers the cleanliness of the suppliers' facilities, the hygiene of the suppliers' staff and inventory practices.

In 2023, we audited 40 food suppliers. Out of which, 32 were categorised as high-risk.

If a supplier fails an audit, we will suspend the procurement of their products, request corrective actions and re-audit the supplier. The supplier will be reinstated only when we are satisfied that they meet our criteria.

Food Safety Supplier Workshop

In 2023, we held our annual food safety supplier workshop. Attended by 34 F&B small and medium enterprises, the workshop aimed to improve our supply chain's food safety and hygiene practices. We refreshed their knowledge of food safety risks in food production and NagaWorld's food receiving requirements and delivery conditions, discussed ideas on hygiene evaluation methods, conveyed Cambodia's new Law on Food Safety, and demonstrated the use of hygiene inspection tools.

Based on our regular audit assessments, we honoured three suppliers with “Best Supplier” awards for frozen products, fruits and vegetables and seafood. We also awarded two “Most Improved Supplier” awards to motivate our suppliers to raise their food hygiene standards.

We also took the opportunity to share about environmental and social issues in food supply chains and the benefits of a sustainable food supply chain. Besides presentations, the suppliers enjoyed the hands-on experience with the ATP swab testing and Glo Germ handwashing activity.



Fire Safety

NagaWorld's in-house fire safety department ("FSD") operates round the clock to provide immediate emergency assistance. The FSD undergoes weekly training and conducts fire drills to ensure emergency preparedness and response.

Raising awareness amongst our staff is a crucial priority to foster a culture around fire safety. In 2023, 341 new hires attended the fire safety induction programme as part of the New Employee Induction Programme. FSD has also trained 80 security personnel as backup firefighters and 150 staff members as fire wardens during the Year. An evacuation drill was conducted at NagaCity Walk's China Duty Free ("CDF") on June 2023, and around 100 staff participated.

During the NagaWorld Safety Campaign 2023, our staff learned about fire safety topics such as the fire triangle, common causes of fire, and evacuation procedures. Additional staff engagement was conducted at the staff cafeterias through NagaFM, our edutainment platform, and the NagaFM live podcast.

In 2023, we appointed a third-party contractor to audit our kitchen's fire suppression system. Reviews are still ongoing and is expected to be completed by 2024.



Customer Engagement

Engaging with our customers on their experiences allows us to understand their needs and raise our standards. Our dedication to delivering outstanding hospitality is exemplified through our Guest Service Policy.

We investigate all customer complaints and track incident logs until the complaints are resolved. To reduce the recurrence of complaints, we proactively update guest profiles in our system. In 2023, we received 93 hotel and F&B-related complaints from guests.

We engage with our guests via various channels, such as our website, social media, rewards programme and guest feedback card at our restaurants. In addition to conventional face-to-face engagement, we leverage social media (e.g. Facebook and Instagram) and messaging applications (e.g. Whatsapp and Telegram). These digital platforms provide a direct channel for us to interact with our customers on our latest offerings and allow us to address any concerns instantly. We also monitor and manage customer feedback on online review platforms.

Sustainability Report

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

For persons with disabilities, both Naga 1 and Naga 2 buildings are accessible via the wheelchair ramps at the entrances.

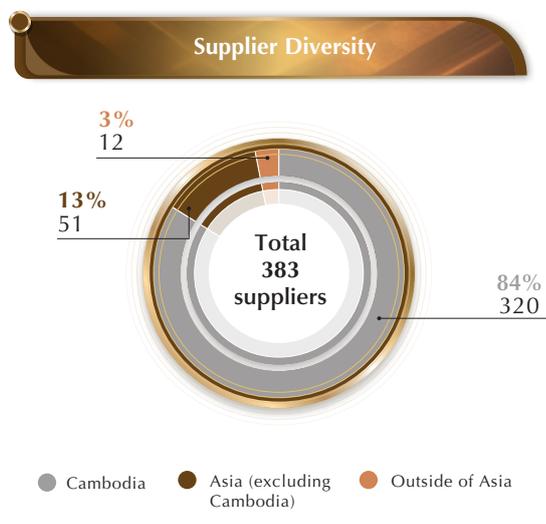
Sustainable Supply Chain

To support our operations and deliver our promise of quality experiences to guests, the resilience of our supply chain is vital in the face of any disruption. More importantly, we are cognisant that our social and environmental footprint is also linked to our procurement decisions.

Commitment to Local Sourcing

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

In 2023, by supplier count, 84% of our suppliers were from Cambodia.



Commitment to Responsible Procurement Practices

Our Purchasing Terms and Conditions communicate our zero-tolerance stance on child labour. All suppliers must acknowledge their acceptance of our requirements. 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 knowledge, no child labour was found in our supply chain in 2023.

In our procurement, we prefer goods with a lower environmental and social impact. For example, the OSHA and Hygiene department review cleaning chemicals for their hazard levels before procurement. Chemical suppliers must provide their product's material safety data sheet before receiving approval from the Purchasing department.

With the mounting problem of plastic pollution in Cambodia, we have gone plastic straw-free since 2018 and introduced biodegradable packaging alternatives for food takeaways. For printing paper, only Forest Stewardship Council ("FSC")-certified paper is used. All tissue paper products in our hotel rooms are made from FSC and Programme for Endorsement of Forest Certification ("PEFC")-certified pulp.

In addition, we replaced all bottled hotel amenities with those made from recycled PET amenities bottles in 2023 to reduce our consumption of virgin plastic.

Naga Farm – A Sustainable Aquaculture Farm Promoting Waste Circularity

Situated in the Ang Snuol district, Naga Farm was established to be a sustainable and renewable agricultural facility supplementing natural produce to our kitchens.



The farm-to-table concept helps to reduce our carbon footprint through direct and local sourcing. The aquaculture farm breeds freshwater fish and snails in artificial lakes and various vegetables using aquaponics.

The facility utilises environmentally friendly aquaculture techniques such as symbiosis or synergy methods. Edible plants such as morning glory and salad varieties absorb the nitrates as fertiliser, resulting in a self-sustaining system.

Since 2022, Naga Farm introduced Black Soldier Fly (“BSF”) composting as a waste valorisation technique to convert NagaWorld’s food waste into high-protein animal feed and soil fertiliser. By adopting this sustainable method of waste management, we have successfully diverted our food waste from the landfill and transformed it into a higher-value product that improves the quality and yield of our organically farmed fish, poultry and vegetable produce.

Supply Chain Assessment

In 2023, we conducted our first supply chain assessment. We focused on our gaming supply chain, as gaming revenue constitutes most of our total revenue. There were also lower barriers to obtaining information than our supply chain supporting our hotel operations. For a more complete evaluation of our supply chain, we will expand the scope to include the supply chain for our hotel operations in the future.

For the supply chain assessment, we reviewed suppliers that provided us with electronic gaming machines and playing cards. We reviewed their public disclosures and engaged directly with some of them to understand their production practices.

Overall, the assessment revealed that our suppliers’ sustainability awareness is high, and they have implemented several green practices in their production process. The collective best practices of our gaming suppliers relevant to the products we procure from them are summarised below.



Supply chain due diligence

- Annual surveys and assessments with their suppliers on environmental and ethical sourcing topics



Supplier code of conduct

- Compliance clauses on modern slavery and human rights, environmental protection and conflict minerals regulations



Sustainable production

- Using recycled or recyclable materials (e.g. FSC or PEFC-certified paper)
- Using non-toxic inks or water-soluble adhesives
- Adopting energy-efficient LED displays
- Minimising the use of volatile organic compounds
- Obtaining energy-efficiency product certification



Waste management

- Using sealed air for packaging instead of styrofoam
- Recycling plastic foam
- Recycling paper and plastic waste



Energy efficiency

- Conducting energy audits
- Using LED lighting
- Adopting solar energy
- Using smart energy solutions (e.g. motion-sensor lights and temperature control)

MAINTAINING EFFECTIVE GOVERNANCE

ESG Goals	FY2023 Performance Highlights
<p>Anti-corruption</p> <ul style="list-style-type: none"> Maintain zero corruption and comply with anti-corruption regulations Ensure employees are aware of and abide by the zero-tolerance stance on bribery, corruption and fraud 	<ul style="list-style-type: none"> Zero incidents of corruption Zero incidents of customer data privacy breach 92% staff completed the annual refresher training and test on anti-corruption 100% casino front liners completed the annual AML training Rolled out a mandatory cybersecurity awareness training for staff
<p>Anti-money laundering</p> <ul style="list-style-type: none"> Comply with AML regulations Ensure all frontline gaming-related employees complete the annual refresher training on AML 	
<p>Data privacy and cybersecurity</p> <ul style="list-style-type: none"> Maintain zero incidents of data privacy or cybersecurity breach Adopt best practices in information security systems 	

Supporting UN SDGs



Maintaining Effective Governance

Corporate governance is the collective responsibility of the Board. 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.

Our corporate governance framework details how we apply 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.

Corporate governance and ethical standards provide an established framework to manage our risks effectively. Throughout the Year, the Board considers the Company fully compliant with all the disclosure requirements and reporting principles 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 considers 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 it undermines 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 2023, we were recognised as the Most Honored Company in the Small & Mid-Cap category and Honored Company in Asia (ex-Japan) and Asia (ex-Mainland China) categories by the renowned financial publication *Institutional Investor* for outstanding leadership and investor relations, including "Best CEO", "Best CFO", "Best IR Professional", "Best IR Team", "Best IR Program", "Best ESG" and "Best Board of Directors" in the Gaming & Lodging sector. This recognition is part of *Institutional Investor's* 2023 Asia (ex-Japan) Executive Team rankings, regarded globally as the financial industry's benchmark for excellence.

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.

Code of Conduct

Our Code of Conduct (the “Code”) sets out the standards and principles expected of our employees. 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 outlines the legal responsibilities and ethical tone for the expected behaviour of all employees and guides daily interactions with fellow employees, customers, vendors, government officials and business partners. We encourage the reporting of any malpractice and misconduct.

We have also devised and benchmarked our policies and procedures to ensure compliance with all relevant laws and regulations concerning anti-corruption, AML, extortion, fraud and combatting terrorist financing. All employees are required to comply with all corporate policies and the Code. The Code sets out our principles in 11 areas.

- | | | |
|-----------------------------------|--|---|
| 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 of assets and use of confidential and proprietary information | 11. Employment practices |
| 4. Conflict of interest | | |
| 5. Bribery, kickbacks and rebates | | |

During employee onboarding, new joiners are provided with an onboarding pack, which includes the Employee Handbook and Internal Rules and Regulations. Staff are required to acknowledge their acceptance of these documents, be aware of their role in anti-corruption and AML and declare any conflict with the Company’s interests.

Anti-corruption

NagaCorp has zero tolerance for corruption or bribery activities. 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 enable our employees and subsidiaries to have a holistic 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.

The Code sets out the legal and ethical responsibilities and the expected behaviour of our employees. It prohibits employees from soliciting, accepting, or offering bribes or any other current or future advantage. The Code and the Anti-corruption Policy play a critical role in defining our values and act as a framework for guiding our operations and business practices.

NagaCorp complies with the international standards and practices in dealing with anti-corruption and anti-bribery issues, which include, but are not limited to, the 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.

Sustainability Report

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.

Our employees are integral in safeguarding a culture of integrity. Annually, we engage all staff and directors through mandatory anti-corruption refresher training that ensures they are informed of the Anti-corruption Policy and their responsibilities.

In 2023, 92% of our employees completed the annual anti-corruption training. Conducted online in English and Khmer on our LMS, the training covered our zero-tolerance policy on corruption, various acts of corruption (e.g. bribery, extortion, fraud, collusion, money laundering and other related offences), legal penalties and reporting mechanisms.

During 2023, no legal case regarding corruption was brought against the Company or our employees.

Whistleblowing

NagaCorp provides channels for our employees and third parties (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 against any individual who, in good faith, reports actual or suspected wrongdoing.

Employees, suppliers, and other business partners can report potential allegations anonymously to the Head of Internal Audit through email or in person. 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 with the Group's rules of conduct
- Improper conduct or unethical behaviour likely to prejudice the standing of the Company
- Deliberate concealment of any of the above

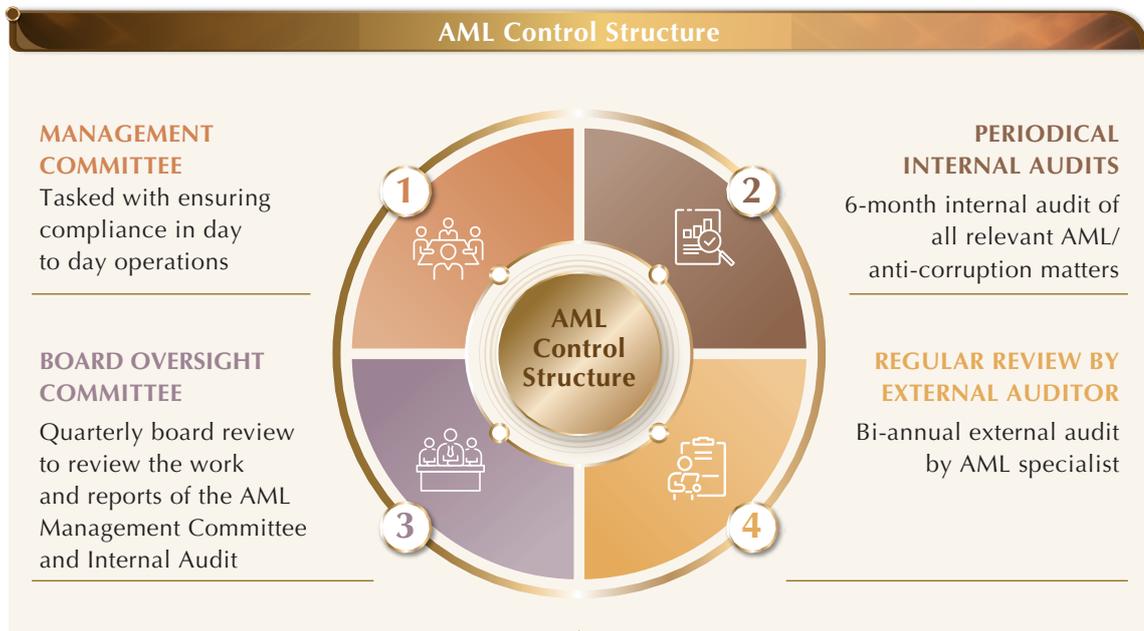
Whistleblowing reports are reviewed and investigated promptly. Reported matters of significance are referred to the Audit Committee for further assessment and appropriate action.

Anti-money Laundering

Internal controls on AML are firmly in place to ensure 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 independent review by 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. A four-tier AML control structure underpins the programme.



Tier 1 – An AML Management Committee, led by the Compliance Officer and supported by senior managers from various key operational departments, ensures that policies and procedures 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 non-executive Chairman of the Board, meets every quarter to review the work and reports of the AML Management Committee and Internal Audit department. Matters of significance are escalated to the Board for further deliberation.

Tier 4 – We engage an AML specialist firm to conduct a biannual audit of our AML procedures, which includes work conducted by the AML Management Committee. The external AML audit report is published in our annual financial reports.

We comply with all relevant Financial Action Task Force (“FATF”) recommendations, follow best practices, and impose strict rules on AML controls in daily operations. We have 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 to prepare Cash Transaction Reports (“CTRs”) and STR filing electronically since the system was in place in July 2018.

To ensure our key Compliance staff keep up-to-date with the latest AML developments, our staff recertify every three years with the Association of Certified Anti-Money Laundering and attend AML events and conferences.

Sustainability Report

All new employees are required to complete AML training as part of their induction programme. The training covers the identification of fraudulent banknotes and IDs and filling out TR and STR forms. All frontline casino employees must participate in the annual refresher training. Due to the nature of shift work and the large number of employees, the yearly AML refresher training is conducted via e-learning with a quiz assessment. We also provide an AML Procedure Manual in Khmer and English to equip employees to handle AML matters in daily operations. In 2023, 2,668 (100%) casino front liners underwent comprehensive AML training.

On a bi-annual frequency, an independent AML specialist firm reviews our AML controls. The Board uses the reports produced by the firm to assess the adequacy and effectiveness of the Company's internal control system. The review includes site visits, thorough reviews 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 is located on pages 148 to 151 of the 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.

Data Privacy and Cybersecurity

We collect physical and digital personal information from our hotel guests and NagaWorld Rewards loyalty programme members. 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 established regarding handling personal data and monitored at a departmental level. Customer's data is used only for marketing and promotion purposes with their consent.

In 2023, there were no complaints about the breach of customer privacy and loss of customer data.

With cybersecurity threats on the rise, raising staff awareness is an essential component of our IT infrastructure. During the Year, we rolled out a mandatory training on cybersecurity awareness for staff. The training covered various types of cyber attacks, defences against cyber attacks, and how staff can report suspicious emails to the IT department for investigations.

SUPPORTING OUR COMMUNITY

ESG Goals	FY2023 Performance Highlights
<ul style="list-style-type: none"> • Drive collaborations and support our communities according to our CSR pillars <ul style="list-style-type: none"> ◦ Education Enhancement ◦ Community Engagement ◦ Sports Development ◦ Environmental Care • Encourage more staff to volunteer and participate in NagaWorld Kind Hearts initiatives 	<ul style="list-style-type: none"> • US\$1,200,000 donations and in-kind contributions made • Benefitted over 509,000 community members since 2014 • Achieved more than 35,000 employee volunteer hours since 2014 • Clinched the 2023 Gold and Bronze Stevie® Award from the International Business Awards®; Platinum for Best Country Award in Overall CSR Excellence from the Global CSR & ESG Awards 2023; and 2023 PRNEWS Platinum Awards – Honourable Mention; Malaysian Business Chamber of Cambodia – ESG Icon Recognition Award • NagaWorld Kind Hearts x Beyond The Games Family Sports Day, in support of the 2023 SEA Games and ASEAN Para Games • NagaWorld Kind Hearts – U18 Mini Football Tournament • Donated 110 bicycles in support of Enterprise Asia’s “1 Million Bikes, 1 Million Lights” programme • Green Cambodia – Environmental Awareness and Tree Planting; Best Practices to Reduce Waste workshops • Community Engagement – Empowering Green Ambassadors • Green Ambassadors-led Community Engagement Programme • Community cleanups

Supporting UN SDGs



Sustainability Report



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.

Tan Sri Dr Chen Lip Keong
Late Founder of NagaCorp



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 proud to be the first foreign-invested private company in Cambodia. Since the inception of our business in 1995, we have 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.

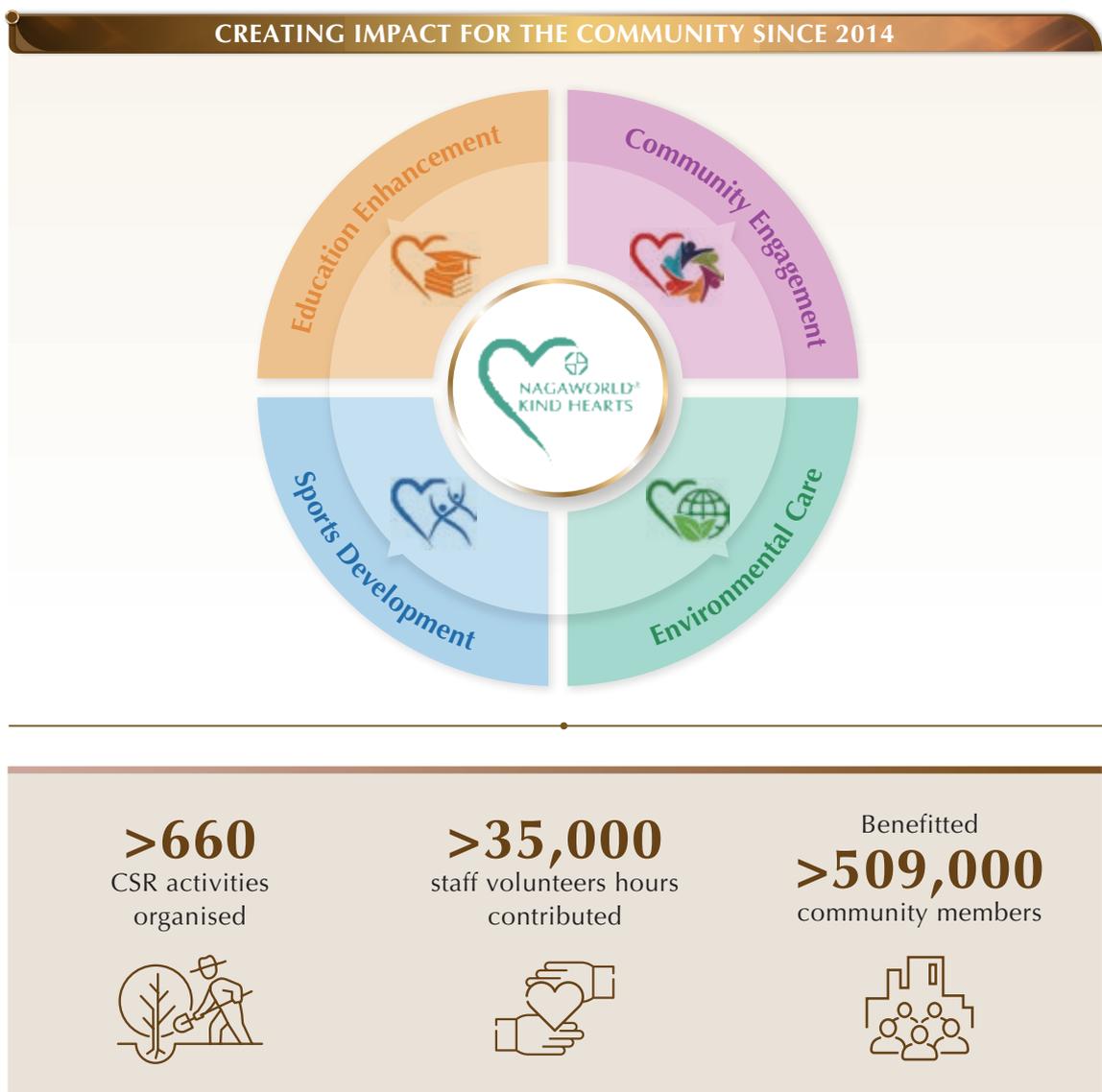
As we look forward into the future, we remain vested in identifying the needs of our communities and generating positive and sustainable impacts on our communities and the environment.

NagaWorld Kind Hearts

NagaWorld Kind Hearts was established in 2014 with a mission to develop CSR projects that benefit the community and empower our employees through volunteerism. We aspire to foster the belief that every contribution counts – even if it is the smallest of things.

Besides advancing sustainable economic growth through our business, we actively support Cambodia’s efforts in sustainable development and achieving the UN SDGs. We achieve that by focusing on four core aspects – community, education, environment and sports. Through our range of CSR initiatives, we are proud to contribute to UN SDG 1, 2, 3, 4, 5, 6, 8, 10, 13 and 17, with efforts concentrated on UN SDG 3, 4, 6 and 13.

Since 2014, we have organised over 660 activities with the invaluable participation of close to 6,700 employees. Together, our staff have contributed more than 35,000 volunteer hours towards uplifting the lives of over 509,000 community members. During the Year, the Group made US\$1.2 million in charity donations and in-kind community contributions.



Sustainability Report

CSR Awards and Accolades

We are honoured to have won 37 regional and international CSR awards since 2018. We are still the sole recipient in Cambodia to have won a second Gold Stevie® Award for “Corporate Social Responsibility Program of the Year - Asia, Australia and New Zealand” at the prestigious International Business Awards® in 2023. Our strong track record in CSR is also reflected in receiving Platinum for Best Country Award in Overall CSR Excellence for three consecutive years from the Global CSR & ESG Awards.

Award	Awarded by	Category	NagaWorld Kind Hearts Programme
Stevie® Award – Gold 	The 20th Annual International Business Awards®, USA	Corporate Social Responsibility Program of the Year - Asia, Australia and New Zealand	Community Catalyst – Empowering through Education, Sports and Environment
Stevie® Award – Bronze 	The 20th Annual International Business Awards®, USA	Corporate Social Responsibility Program of the Year - Asia, Australia and New Zealand	Children@Risk Programme – Creating A Stable and Promising Future
Global CSR & ESG Awards – Platinum 	The 15th Annual Global CSR & ESG Summit and Awards 2023	Best Country Award for Overall CSR Excellence Award (Best in Cambodia)	NagaWorld Kind Hearts – A New Mantra for Nation Building Amidst COVID-19 Recovery
PRNEWS Platinum Awards – Honourable Mention 	2023 PRNEWS Platinum Awards, USA	Campaign of the Year – Sports	Sports for a Better Future – Nurturing Youth Development Through Sports

Award	Awarded by	Category	NagaWorld Kind Hearts Programme
<p>ESG Icon Recognition Award</p> 	<p>Malaysian Business Chamber of Cambodia</p>	<p>Not applicable</p>	<p>Overall programmes</p>

“
NagaWorld’s dedication to uplifting Cambodian communities through comprehensive social initiatives, spanning education, community engagement, sports development, and sustainability, sets an inspiring example of corporate responsibility and positive impact.
20th International Business Awards (Stevie® Awards) judges’ comments”

Environmental Care



Why We Care	A clean and green environment is a sustainable future
Our Aim	To raise awareness on environmental protection and inspire the community to take collective action

To support the environment, our communities, and Cambodia as a tourist-friendly destination, we galvanise our employees and communities to take environmental action. We believe in raising the visibility of environmental issues through capacity building and the power of partnerships to scale up impact.

Sustainability Report

Green Ambassador-led Community Engagement Programme

Staff who attended the “Best Practices to Reduce Waste” workshops were appointed as NagaWorld Kind Hearts Green Ambassadors. With the knowledge gained, they help to promote best practices in waste management at work and in their communities.

During the Year, our green ambassadors initiated a community engagement programme on environmental care targeting school students. In addition to sharing knowledge on environmental conservation and waste management, some of our employees generously sponsored water bottles and gifts for the top students and prizes for trivia competitions.

We are proud of our green ambassadors’ outreach efforts that have benefitted over 4,000 schoolchildren from the Takeo province.



Earth Hour

Since 2015, we have been participating annually in Earth Hour – the global “lights off” campaign which advocates for environmental protection. By turning off the lights for an hour, Earth Hour motivates individuals to reflect on their relationship with nature and to take part in climate-friendly activities. This initiative not only reduces energy consumption but also encourages everyone to be more mindful of their impact on the environment.

On 25 March 2023, we turned off non-essential lighting (e.g. exterior façade

lighting) and electrical appliances at our premises. Nearly 90 of our employees pledged their support to Earth Hour by switching off lights at home for an hour, translating to 762 kWh of electricity saved.



Soap for Hope

Initiated in 2017, the “Soap for Hope” project collaborates with an NGO to divert our used hotel bar soaps from landfills to marginalised communities requiring hygiene products. In addition to the positive environmental impact, community partners earn additional income by cleaning the used bar soaps.

In 2023, we organised an experiential soap recycling session for our employees. 14 employees gained hands-on experience recycling and distributing the used bar soaps to surrounding communities.

As of 31 December 2023, over 1,600 kg of used bar soaps from NagaWorld have been recycled and distributed to 458 families.



Slaprea 2023

NagaWorld continues to support “Slaprea 2023”, the biggest food festival in Cambodia, by educating the general public about proper waste segregation. To improve the recyclability of waste at the event, we designed and placed signages explaining the different types of recyclable and non-recyclable waste for the appropriate waste bins. Our staff volunteers were also present to guide visitors in segregating their waste.



International CSR & Sustainability (“ICS”) Summit 2023 and Asia Responsible Enterprise Awards (“AREA”) 2023

We were honoured to be a venue sponsor for Enterprise Asia’s ICS Summit 2023 and AREA 2023, which were held in Cambodia for the first time. Under the theme of “Sustainability

as the Great Equaliser”, the summit aimed to inspire businesses to leverage sustainable practices and to identify opportunities to shape Asia towards a more sustainable and progressive market.

Digital Waste Cleanup

Besides physical waste, digital waste contributes to carbon emissions through the server systems that host these data. Annually, we launch a digital waste cleanup to encourage our employees to declutter their digital waste on their personal and work digital devices. Together with 208 employees, we cleared 2,286 gigabytes of cloud data, equivalent to 118 kgCO₂e.

Tree Planting at Kampong Speu

In celebration of National Tree Planting Day, also known as Arbour Day in Cambodia, NagaWorld Kind Hearts and the Khmer Association for Development jointly launched a tree planting programme at Kampong Speu province.

From the public donations received from the “NagaWorld Kind Hearts x Beyond The Games Family Day” and NagaWorld employees, 1,300 trees were planted by our staff volunteers over a series of tree planting events.



It is a simple joy from knowing that each tree I planted has the potential to grow, flourish and contribute to a greener world.

Ms. Sam Sophea
Security Guard, Security Department



Sustainability Report

We are proud that our tree planting efforts contribute to the Cambodian government's national tree planting campaign that aims to plant at least one million trees per year to improve forest cover and mitigate climate change.

Community Cleanups

In support of World Cleanup Day on 16 September 2023, 46 staff volunteers collected 272 kg of waste at the Mekong riverbank in Chroy Changvar district. The impactful event, which River Ocean Cleanup and everwave GmbH jointly organised, is a powerful platform to raise awareness on proper waste disposal.

76 staff also visited the Nirouth district for a community cleanup. Together with 43 community members, their joint efforts resulted in the removal of 972 kg of street waste, resulting in a cleaner environment.



No Plastic Straws, Please! Campaign

We removed plastic straws from our staff cafeterias since June 2018 and single-use plastic straws from our operations since the beginning of 2019.

In the campaign's first year, we eliminated around 3.17 million straws. This commitment has been upheld through the years as we reduce our plastic footprint.

NagaWorld Junior Green Ambassador

On 6 September 2023, we hosted our employees' children for an adrenaline-fueled Children's Day celebration. One of the activities was the "Junior Green Ambassador" led by NagaWorld Kind Hearts. The children enjoyed a fun morning participating in "Trash or Treasure", a waste segregation competition, and "Little Tree Guardian", a parent-child bonding initiative on plant growing where we provided seedlings for the children to nurture.



Green Cambodia – Best Practices to Reduce Waste Workshop

We continued our partnership with Little Green Spark, a zero-waste and eco-consulting firm, to expand the outreach of the "Best Practices to Reduce Waste" workshop to our employees. Initiated in 2022, the workshop raised awareness of the detrimental impact of waste, including single-use plastics.

In 2023, 83 employees participated in the second run of the workshop. They were appointed as NagaWorld Kind Hearts Green Ambassadors with the new knowledge gained. In addition to our employees, 85 members of our partner NGOs attended the workshop.

Education Enhancement

	Why We Care	Education is the passport to a better future
	Our Aim	To provide educational opportunities for underprivileged students and communities and to further enhance the knowledge and skills of future generations in Cambodia

We believe that investing in education is investing in the future of Cambodia. Our educational programmes equip individuals with the necessary skills and knowledge to thrive personally and professionally.

Children@Risk Programme

We are delighted that six young adults who participated in our 2022 inaugural Children@Risk programme have completed their internships and gained valuable vocational skills and work experience. Two interns were offered permanent positions, and one intern was hired on a contractual basis.

Building on the first programme’s success and our motivation to reduce the school dropout rate in Cambodia, we launched the second Children@Risk programme in 2023. Spanning three years, we will sponsor another 10 students from marginalised communities. The sponsorship covers essential expenditures, including meals, study materials, and other necessities.



Starting as an intern and now a temporary employee in the Human Resource Department, NagaWorld has given me many opportunities to develop myself.

NagaWorld Kind Hearts has helped me complete my high school education through the Children@Risk programme and provided internships to improve my communication and work-related skills.

I am also inspired by the company’s CSR initiatives, which include various charitable programmes such as tree planting, distribution of study materials in the provinces, NagaWorld Kind Hearts x Beyond The Games, Give the Gift of Reading and Digital Waste Cleanup.

Seeing how these programmes benefitted the communities, I volunteered for some of these initiatives. I highly recommend more staff to become volunteers for the betterment of our communities.

Ms. Lykea
HR Temporary Staff, Human Resources

Sustainability Report

Digital Literacy Rural Upliftment

We believe that fostering digital literacy is vital for children's education and a crucial tool to help them secure better jobs in the future. We aim to equip them with the tools and knowledge to navigate the digital world.

We refurbished retired desktop computers that are still functional and donated them to NGOs working with children. Besides providing the hardware for learning, our Group IT department conducted IT training courses for the children to develop essential computer skills. In 2023, we donated 35 computer sets to seven NGOs, benefitting 600 children.



I am thankful for NagaWorld Kind Hearts' computer donation because the computers at our centre are insufficient for learning.

The volunteers from NagaWorld also taught us basic IT knowledge. To enrich myself, I want to learn more about information technologies through computer courses.

Ms. Sreynich
Student, New Smile of Hope Children Association



Fire Safety Awareness

Annually, we raise the awareness of fire safety among children at NGOs, orphanages, and community members. With support from our Fire Safety Department, each session encompasses real-world fire safety and prevention techniques, demonstrations on operating fire extinguishers, and the donation of fire extinguishers to our partnered NGOs and communities. In 2023, we donated 28 fire extinguishers to bolster the community's fire safety measures and provided fire safety demonstrations that would benefit more than 11,000 community members.



This fire safety session is important for students and communities, as it helps reduce fire incidents and teaches participants invaluable skills and techniques for preventing and combating fires. In addition, the hands-on training on operating fire extinguishers was particularly enlightening. All students feel empowered and confident in their ability to protect themselves and others in a fire emergency.



Mr. Ham Sophal
School Principal, Place of Rescue

Give the Gift of Reading

Our internal book donation drive encourages employees to donate books in usable condition. The donated books are distributed to marginalised communities and help young children to develop a love for reading. At the same time, the initiative helps to minimise waste and promote a circular economy.

In 2023, we received over 500 book donations, which were donated to school libraries in rural communities.



Sustainability Report

Stationery Distribution

We organised a stationery distribution drive for two NGOs – Leadership Character Development Institute and the Sharing Foundation. With 32 staff volunteers, we distributed studying necessities such as notebooks, pens and school bags to almost 60 children.

Besides this, our staff volunteers also conducted a waste segregation activity to raise awareness among the children about the importance of waste reduction.



Community Engagement



Why We Care

To serve is a privilege

Our Aim

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

We work closely with local and international NGOs on several programmes to help those in need, focusing on children and youth from marginalised communities. We aim to lead by example and inspire the private sector in Cambodia to contribute back to the community.



Our children are thrilled to receive an invitation to join children from other NGOs for a fun day outing with NagaWorld’s employee volunteers in conjunction with the 2023 SEA Games and ASEAN Para Games.

These activities go beyond our regular routines for children at our centre. Our children not only acquire knowledge about both the SEA Games and Para Games but also enjoy interactive trivia games with the employees, creating lasting memories to cherish at the end of the day. Thank you NagaWorld.

Ms. Kang Kim Onn
Moms and Children Coordinator,
Place of Rescue

NagaWorld Kind Hearts’ SEA Games and ASEAN Para Games Activities with NGOs

In celebrating Cambodia’s hosting of its first South East Asian Games (“SEA Games”) and ASEAN Paralympic Games (“Para Games”), we hosted 278 children, including children with physical disabilities, from seven non-profit organisations – Krousar Thmey Foundation, Cambodia Organisation for Living and Temporary Care, Happy Land, Happy Tree, Leadership Character Development Institute, Place of Rescue and Sharing Foundation – for half-day activities at NagaWorld.

During the guided tour by our volunteers at the vibrantly decorated Samdech Techo Hun Sen Park and the trivia session, the children learned about the significance of the SEA Games and Para Games.



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. In 2023, we donated US\$1 million to the Cambodian Red Cross.

Sustainability Report

1 Million Bikes, 1 Million Lights

NagaWorld Kind Hearts is proud to have supported Enterprise Asia’s “1 Million Bikes, 1 Million Lights” programme. Through our donation of 110 bicycles, we help to ease children’s commutes to schools and contribute to lower school dropout rates.

Happening on the fringe of Enterprise Asia’s sustainability events in Cambodia, the bicycle handover ceremony was held at The Place of Rescue Centre I in the Kambol district of Phnom Penh. The bicycles were received by the representatives of Place of Rescue Centre I – Mr. Kong Kim, Committee Member, and Mr. Ham Sophal, School Director.



With these bicycles, we are not just providing transportation to the children; we are granting them access to education. The gift of mobility has transformed their lives, filling them with excitement and joy as they embark on their educational journeys. We extend our deepest appreciation to NagaWorld Kind Hearts and Enterprise Asia for their support and belief in the transformative power of education. Together, we are shaping a generation of empowered individuals ready to make a positive impact on the world.

Mr. Ham Sophal
School Principal, Place of Rescue



Sports Development



Why We Care

Sports is an enabler to unlock potential

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. Sports contribute positively to better health and well-being and promote sportsmanship virtues such as mutual respect, discipline, persistence and fair play.

Supporting National Sports Excellence

We maintained our longstanding commitment as a dedicated corporate supporter of Cambodian athletes. As a pioneer in this endeavour, we were the first company to establish a sponsorship agreement with the National Olympic Committee of Cambodia to support the Cambodian contingent in 2011. The agreement encompasses various major sporting events, including the SEA Games, Asia Games and the Olympics.

We extended support further when Cambodia hosted its first SEA Games and ASEAN Para Games in 2023. We sponsored apparel for the athletes and coaches and were a venue sponsor for E-sports. For our contributions, we were recognised as the National Partner and Official Hotel Resort for both the SEA Games and ASEAN Para Games.



NagaWorld Kind Hearts x Beyond The Games Family Sports Day

In anticipation of the 32nd SEA Games and 12th ASEAN Para Games, we partnered with Beyond The Games to organise a Family Sports Day on 26 March 2023. Held at the newly-opened Kampong Speu Football Stadium donated by NagaWorld, close to 1,500 students, families and fans of NagaWorld Football Club (“NagaWorld FC”) attended the event. Over 30 staff volunteers pitched in to manage the activity booths and engage with the attendees.

The stadium was divided into three zones where attendees engaged in various activities and games. At the NagaWorld Kind Hearts zone, we created carnival-style games for attendees to learn about waste recycling and segregation.

Sustainability Report

Through our “Let’s Donate a Tree for a Greener Cambodia” initiative, we highlighted the importance and benefits of a green and clean environment and encouraged tree planting for a greener Cambodia. We were heartened to receive donations for 150 trees from the public, which will be planted through NagaWorld Kind Hearts.



NagaWorld Football Club

Founded in 2001 by NagaWorld, the NagaWorld FC is one of the Cambodian Premier League’s founding clubs and one of Cambodia’s best-known clubs.

In 2023, the NagaWorld FC accumulated encouraging pre-season accolades. The club clinched the runner-up position in April 2023’s League Cup and was Champion of the KCC Cup, a local pre-season cup.

U18 Mini Football Tournament

Conducted by NagaWorld Kind Hearts with support from NagaWorld FC, the U18 Mini Football Tournament took place at Kampong Speu Stadium on 30 December 2023, with the participation of 300 youths and 16 NGOs and communities.

An extension of NagaWorld’s award-winning football development programme, the tournament set out to cultivate promising football players for the Cambodian national team and provide a platform for gifted players to showcase and enhance their football skills and bolster their self-esteem. Scouts and coaches from NagaWorld FC were also present to identify and assess emerging talents, much to the excitement of the young soccer players.



TCFD REPORT

This is our first Task Force on Climate-related Financial Disclosures (“TCFD”) report. It marks our endeavour to support the growing demand for climate-related financial disclosures and our commitment towards reporting on our progress in climate action. The TCFD report also fulfils the Stock Exchange’s mandatory requirement to report according to the TCFD recommendations by 2025.

We believe that the early adoption of TCFD reporting positions us favourably for the Stock Exchange’s implementation of the ISSB Standards – which has been widely endorsed as a global baseline for sustainability-related financial disclosures – from 1 January 2025. By aligning our ESG reporting with leading reporting standards, we can better articulate our decarbonisation strategies and progress and provide decision-useful information for users of our sustainability report.

Governance

In 2023, we developed a sustainability governance structure to steer and propel our sustainability strategy and goals. Approved by the Board in February 2024, it sets out the roles and responsibilities at the Board, management, and operational levels to identify, monitor, report and improve our ESG performance and oversight of ESG risks.

The Board maintains overall responsibility for supervising the Company’s sustainability strategy, the management of ESG issues and their associated risks and opportunities. This includes determining and evaluating ESG topics and their risks, overseeing the sustainability reports and ensuring that appropriate controls are in place for all significant ESG matters. The Board also approves the ESG goals and targets and reviews the Company’s progress in meeting them. For day-to-day monitoring, the Board delegates the responsibility to the Sustainability Steering Committee. During the Year, the Board met once to

discuss relevant industry and regulatory developments in sustainability (e.g. IFRS Sustainability Disclosure Standards) and the Company’s sustainability work plans for 2023.

Chaired by the CEO (who is also the Executive Director), the Sustainability Steering Committee comprises the Managing Director (CEO Cabinet), Chief Operating Officer and Chief Financial Officer. The Sustainability Steering Committee oversees ESG-related work plans, performance and reporting and supports the Board in formulating ESG-related strategies, goals, targets and policies.

At the operational level, we have established Sustainability Working Groups comprising department representatives that ideate and implement sustainability-related initiatives and manage material ESG risks. Collectively, the working groups support periodic and annual sustainability reporting for the Sustainability Steering Committee’s review. For instance, the Sustainability Steering Committee receives an environmental performance report detailing the month’s carbon emissions, energy use, water use, and waste generated and recycled every month. In addition, the Senior Manager (Sustainability) coordinates the Sustainability Working Groups to roll out ESG initiatives and reports to the Sustainability Steering Committee.

We also adopted an environmental policy as an overarching framework for managing our environmental impacts. It communicates our principles, governance and aspirations to conduct our business responsibly and minimise environmental impacts.

Strategy

According to the “Cambodia Country Climate and Development Report 2023” by the World Bank, Cambodia faces high and increasing climate risk from exposure to extreme weather events (e.g. floods,

Sustainability Report

droughts and heatwaves). Densely built-up areas such as Phnom Penh are susceptible to flash floods brought on by monsoons and typhoons and rising temperatures due to the urban heat island effect. The same report shows Cambodia is one of the top 23 countries worldwide that experience acute exposure to extreme heat.

These weather phenomena bring about direct and knock-on socio-economic effects on tourism, our operations and our supply chain. We recognise that whatever impacts the environment can impact our business. With this underpinning, we seek to operate responsibly, transparently and sustainably to deliver our customers the highest quality of experiences while minimising our environmental impact.

To drive sustainable growth beyond generating profits, our five-pronged sustainability framework has been pivotal in

creating long-term value for our stakeholders and understanding where our positive and negative impacts are. Under the “Protecting the Environment” pillar of our sustainability framework, we aim to reduce energy use, carbon footprint, water use, and waste generated.

In 2023, we conducted a comprehensive materiality assessment with our stakeholders. “Climate change and carbon management” was assessed to be high on impact materiality and financial materiality. Climate-related ESG topics – “Water management” and “Waste and effluent management” – were similarly rated high on impact materiality.

Since 2022, we have performed a climate risk assessment on our physical and transition climate risks based on the TCFD framework. In 2023, we reviewed and updated the climate risk assessment.

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 costs Increase in energy and water utility costs due to additional cooling required to maintain the comfort of guests and employees Lower tourist 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 food production and logistics 	<ul style="list-style-type: none"> Investments into more energy- and water-efficient building infrastructure Inculcate climate-positive behaviour in employees and guests Implement a Building Management System to monitor and control cooling and heating needs Regular building inspections Risk assessments on heat stress and its impact on employees’ wellness Set up flood adaptation measures

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 Green building standards More stringent regulatory requirements on ESG disclosures 	<ul style="list-style-type: none"> Increase in utility 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 and does not have a national green building standard.</p>	<ul style="list-style-type: none"> Promote 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 low-carbon 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 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"> Enhance 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 Exercise transparency in ESG disclosures through the sustainability report and ESG ratings

Risk Management

a) **Describe the organisation's processes for identifying and assessing climate-related risks**

Our materiality assessments provide insights into the current and emerging ESG topics, including climate-related issues that matter to our stakeholders and business. In 2023, we conducted a comprehensive materiality assessment, which includes a risk assessment of our current and potential impacts on our stakeholders and the environment. For each impact, we rated their severity, likelihood and irremediability. We invited close to 190 internal and external stakeholders to rate the significance of each material ESG topic to our business by considering their impacts. This is followed by an assessment using the financial materiality lens to estimate the scale of their financial impact on the Company. In analysing the stakeholders' responses, several climate-related ESG risks were high in impact materiality. These include "Climate change and carbon management", "Waste and effluent management", "Water management" and "Sustainable supply chain".

b) **Describe the organisation's processes for managing climate-related risks**

The Board plays a crucial role in overseeing risks undertaken by considering risks as part of the strategy-setting process. We have an established risk framework which identifies risks relevant to the operations and activities of the Group and assesses these risks concerning their likelihood and potential impacts. Such systems are designed to manage, rather than eliminate the risk of failure to achieve business objectives and aim to provide a reasonable, as opposed to an absolute assurance, against material misstatement or loss.

Under the framework, management is primarily responsible for designing, implementing and maintaining the risk management and internal control systems. At the same time, the Board and the Audit Committee oversee the management's actions and monitor the effectiveness of these systems in safeguarding the Group's assets. This risk management and internal control framework is reviewed annually by the Audit Committee on behalf of the Board.

In 2023, we adopted an integrated ISO management system software covering ISO 14001: Environmental Management System. This would enable improved assessment and monitoring of our climate-related risks and opportunities.

To raise our vigilance and improve communication on flash floods during monsoon seasons, we established a taskforce comprising representatives from Maintenance, Fire Safety, OSHA, Housekeeping, Front Office and HR departments in 2023. The communication channel activates appropriate protocols (e.g. sandbags) to safeguard our property and building users during flash floods.

c) **Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management**

The Board receives updates on sustainability matters, including climate-related risks, at least once a year. Besides this, the Board also reviews and approves the prioritising of our material ESG topics from the materiality assessment, which includes "Climate change and carbon management".

During the Year, we rolled out a green capital expenditure classification methodology to monitor our capital deployment towards climate mitigation and adaptation efforts across departments from 2024 onwards. Among others, it references the Corporate Knights Sustainable Economy Taxonomy covering green capital expenditure categories related to buildings, renewable energy, vehicles, water and waste.

Metrics and Targets

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

Over the years, we have enhanced our data collection processes and calculation methodology by improving data accuracy, completeness and traceability. Since 2017, we have disclosed our annual energy consumption, carbon emissions, water consumption and waste generated in our sustainability reports. These four climate-related metrics are normalised over the total gross floor area in square meters to derive their respective intensity metrics.

In response to the global push for disclosing Scope 3 emissions, we reported four categories – Category 3, 5, 6 and 7 – of Scope 3 GHG emissions since 2022. We also monitor and disclose energy savings in megawatt-hour and dollar savings to track the effectiveness of our energy reduction initiatives’ effectiveness and provide financial information.

b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

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

For details on our carbon emissions performance and methodology, refer to page 55 of this annual report.

c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

In 2023, we committed to the following environmental targets.

- Reduce grid electricity use by 25% by 2030 from 2018 baseline
- Reduce Scope 1 and 2 carbon emissions by 10% by 2030 from 2018 baseline
- Reduce water use by 10% by 2030 from 2019 baseline
- Maintain 100% food waste diversion

Sustainability Report

GRI Content Index

Statement of use NagaCorp Ltd has reported the information cited in this GRI Content Index for the period 1 January 2023 to 31 December 2023 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		Page 39
	3-2 List of material topics		Page 39, 40-47
Energy Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	General Disclosure: A2, A3	Page 41, 49, 52
		A3.1	
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	A2.1	Page 52-54
	302-3 Energy intensity		Page 53
	302-4 Reduction of energy consumption	A2.3	Page 54-55
Water Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	General Disclosure: A2, A3	Page 42, 49, 59-60
		A2.4, A3.1	Page 59
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource		Page 64
	303-2 Management of water discharge-related impacts		Page 64
	303-3 Water withdrawal	A2.2	Page 59

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	Page 40, 49, 55
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	A1.1, A1.2, A1.5	Page 56-57
	305-2 Energy indirect (Scope 2) GHG emissions		Page 56-57
	305-3 Other indirect (Scope 3) GHG emissions		Page 57
	305-4 GHG emissions intensity		Page 57
	305-5 Reduction of GHG emissions		Page 55
Waste and Effluent Management			
GRI 3: Material Topics 2021	3-3 Management of material topics	General Disclosure: A1, A3	Page 41, 49, 60
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts		Page 60-62 We do not produce material amounts of hazardous waste or packaging waste.
	306-2 Management of significant waste-related impacts	A3.1	Page 62-64
	306-3 Waste generated	A1.3, A1.4	Page 60-62
	306-4 Waste diverted from disposal	A1.6	Page 61
	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.	A2.5	Page 61 Not applicable to NagaCorp as we are focused on providing services and do not utilise significant packaging material.

Sustainability Report

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	Page 42, 58
GRI 305: Emissions 2016	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	A1.1	Page 58
Employee Attraction and Retention			
GRI 3: Material Topics 2021	3-3 Management of material topics	General disclosure: B1, B4	Page 43, 66
GRI 201: Economic Performance 2016	201-3 Defined benefit plan obligations and other retirement plans		Page 76
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community		Page 67
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	B1.2	Page 69, 77-78
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		Page 75-76
	401-3 Parental leave		Page 75-76
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	B1.1	Page 67, 124
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	B4.1, B4.2	Page 66, 86

GRI Standard	Disclosure	Stock Exchange ESG KPIs	Location and Comments
Occupational Health and Safety			
GRI 3: Material Topics 2021 GRI 403: Occupational Health and Safety 2018	3-3 Management of material topics	General disclosure: B2	Page 44, 80
	403-1 Occupational health and safety management system	B2.3	Page 80
	403-2 Hazard identification, risk assessment, and incident investigation		Page 80-82
	403-3 Occupational health services	B2.3	Page 76, 80
	403-4 Worker participation, consultation, and communication on occupational health and safety		Page 80-82
	403-5 Worker training on occupational health and safety	B2.3	Page 80-82
	403-6 Promotion of worker health		Page 74, 76
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	B2.3	Page 80-82
	403-8 Workers covered by an occupational health and safety management system		Page 80 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	Page 82

Sustainability Report

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	Page 43, 70
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	B3.2	Page 72
	404-2 Programs for upgrading employee skills and transition assistance programs	General disclosure: B3	Page 70-71
	404-3 Percentage of employees receiving regular performance and career development reviews		Page 72
	(non-GRI) The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	B3.1	Page 72
Community Investment and Engagement			
GRI 3: Material Topics 2021	3-3 Management of material topics	General disclosure: B8	Page 47, 96-97
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	B8.1	
		B8.2	Page 97, 169, 195
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported		Page 109

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	Page 44, 82-86
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories		Page 83-85
	(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		Page 83
Sustainable Supply Chain			
GRI 3: Material Topics 2021	3-3 Management of material topics	General disclosure: B5 B5.2, B5.3, B5.4	Page 45, 86
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	B5.1	Page 86 We disclosed the proportion of local suppliers by supplier count, in accordance with the Stock Exchange's requirements.

Sustainability Report

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	Page 46, 91-92
GRI 205 Anti-corruption 2016	205-1 Operations assessed for risks related to corruption		Page 136
	205-2 Communication and training about anti-corruption policies and procedures	B7.3	Page 91-92
	205-3 Confirmed incidents of corruption and actions taken	B7.1	Page 92
Anti-money Laundering			
GRI 3: Material Topics 2021	3-3 Management of material topics		Page 46, 92-94
Data Privacy and Cybersecurity			
GRI 3: Material Topics 2021	3-3 Management of material topics	General disclosure: B6 B6.5	Page 47, 94
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	B6.2	Page 94

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 are committed to public-private partnerships, blending economic and environmental concerns as a sustainable and responsible way for the Group to move forward in the 21st century. We are guided by the followings principles:

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 products and services at competitive prices.

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 Group is dedicated to grow the business sustainably where every customer, supplier and employee can benefit in the shared value of our business success. The desired culture is reflected consistently in the Group's daily operations for the entire workforce. Throughout the Year, the Group continued to strengthen its cultural framework by focusing on improving operational efficiency, enhancing entertainment offerings and pursuing environmental sustainability, through various initiatives. Furthermore, the Group has continued to engage in various community programmes to contribute to the growth and future of the community where it operates.

The Company has a strong commitment to ethics and integrity, all the Directors, management and employees are expected to act lawfully, ethically and responsibly.

Our Code of Conduct has set out ethical standards of conduct expected of all employees. Each of them has an obligation to comply with all the relevant laws and regulations applicable to the Group's business, including the laws covering anti-corruption, AML, extortion, fraud and combatting terrorist financing. In order to help new employees better understand the Company's culture and values, orientation training and staff handbook are provided to them. The Company has been monitoring the effectiveness of the cultural promotion and adherence to core values on a continuous basis.

The Board is satisfied that the purpose, values and strategy of the Company are aligned with its culture, which is instilled and continually reinforced across the Group. The Board is committed to maintaining high standards 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 (which has been re-numbered to Appendix C1 with effect from 31 December 2023) 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 (which has been re-numbered to Appendix C3 with effect from 31 December 2023) 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 the Directors, the Company confirmed that the Directors have complied with the required standard set out in the Model Code for the Year.

Corporate Governance Report

The Board

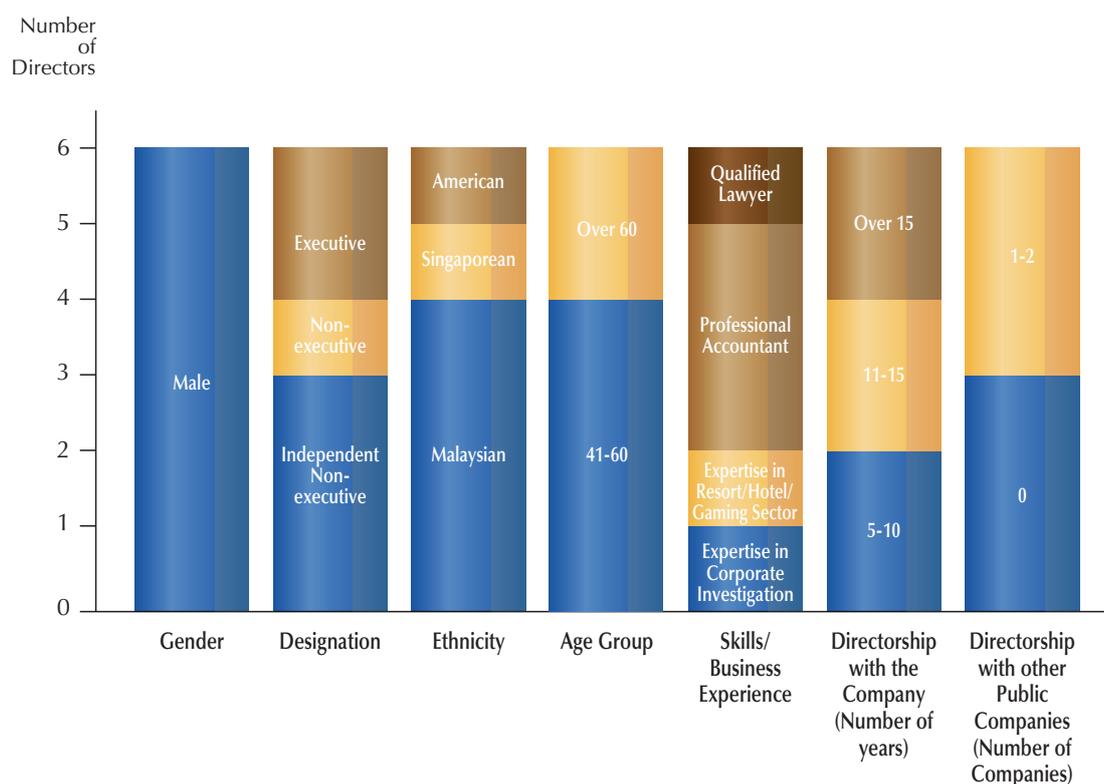
The Board has a balanced composition of executive and non-executive Directors to provide for leadership, control and management of the Group's business and affairs. The Board is committed to making decisions objectively in the interests of the Company and should ensure that the Directors devote sufficient time and make contributions to the Company that are commensurate with their roles and responsibilities.

The Board currently consists of two executive Directors, namely Mr. Chen Yiy Fon (Chief Executive Officer) and Mr. Philip Lee Wai Tuck (Executive Deputy Chairman); 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 the Board has a balance of appropriate skills, knowledge, experience and diversity of perspectives to meet the needs of the business of the Group.

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

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



Throughout the Year, the Company has complied with the requirements of the Listing Rules relating to the appointment of INEDs 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 latest annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each INED and considers all INEDs meet the independence criteria 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 of the Group, is a son of Tan Sri Dr Chen Lip Keong, the late senior chief executive officer of the Group, the 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 the Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notices are given. The Directors are also given an opportunity to include matters in the agenda for the Board meetings. Papers for Board meetings and committee meetings together with all relevant information are normally sent to all the 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, the 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 to reflect 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 versions thereof, upon formal approval by the Board or the relevant committee, are filed for record purposes. All the 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 the 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 close associates are materially interested.

Corporate Governance Report

During the Year, six Board meetings and one general meeting were held. Details of the Directors' attendances of the Board meetings and the general meeting are set out below:

Directors	Number of Meetings Attended/ Held During Term of Office	
	Board Meetings	General meeting
Executive Directors		
Tan Sri Dr Chen Lip Keong <i>(Late Senior Chief Executive Officer of the Group, passed away on 8 December 2023)</i>	3/4	0/1
Mr. Philip Lee Wai Tuck <i>(Executive Deputy Chairman)</i>	6/6	1/1
Mr. Chen Yiy Fon <i>(re-designated from Chief Executive Officer - Operations of the Company to Chief Executive Officer of the Group effective 10 December 2023)</i>	5/6	1/1
Non-executive Director		
Mr. Timothy Patrick McNally <i>(Chairman)</i>	6/6	1/1
Independent Non-executive Directors		
Mr. Lim Mun Kee	6/6	1/1
Mr. Michael Lai Kai Jin	6/6	1/1
Mr. Leong Choong Wah	6/6	1/1

Board Independence

The Company recognises that the Board independence is key to good corporate governance. 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 endeavors to ensure independent views by (1) monitoring the composition of the Board and the Board committees; (2) conducting independence assessment of all INEDs; and (3) providing necessary support and adequate information to 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 the Remuneration Committee are both chaired by INED.

Each INED 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 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 INEDs satisfied the criteria of independence as set out in the Listing Rules.

In addition, INEDs do not participate in the day-to-day management of the Group 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 the Shareholders.

Chairman and 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.

Following the sad demise of Tan Sri Dr Chen Lip Keong, the late senior chief executive officer of the Group and the executive Director, Mr. Chen Yiy Fon was re-designated from chief executive officer – Operations of the Company to chief executive officer of the Group effective 10 December 2023 to assume the leadership of the Company as well as managing the Group's business and overseeing the day-to-day operations of the Group.

The chairman of the Board, Mr. Timothy Patrick McNally is responsible for overseeing the function of the Board and ensures the Company's adherence to good corporate governance practices. In addition, as the chairman of the Board, he is also responsible for ensuring that all the Directors are properly briefed on all issues currently on hand, and that all the 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

NED has been appointed for a term of three years and each INED has been appointed for a term of one year.

Directors' Responsibilities

The Board is responsible for the management of the Company, which includes, amongst others, 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 and reviewing the effectiveness of the Group's risk management and internal control systems.

The executive Directors are in charge of different businesses and functional divisions in accordance with their respective areas of expertise. 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, NED and INEDs contribute valuable views and recommendations for the Board's deliberation and decision.

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

Corporate Governance Report

The Board is also entrusted with the overall responsibility of developing, maintaining and reviewing sound and effective corporate governance policies within the Group and is committed to ensuring that corporate governance functions are carried out in accordance with the CG Code, and is proactive in continuously 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 and assess the performance of the Group. During the Year, the Board reviewed the compliance with the CG Code, the disclosure in the corporate governance report within the Company's 2023 annual 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 Group. All the 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 commitment. 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 the 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 the Directors would continuously update and refresh their knowledge and skills, as well as familiarise themselves with the Group through gaining access to its operations and employees.

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

During the Year, Mr. Timothy Patrick McNally, Mr. Chen Yiy Fon, Mr. Philip Lee Wai Tuck, Mr. Lim Mun Kee, Mr. Michael Lai Kai Jin and Mr. Leong Choong Wah received and read materials on anti-money laundering and anti-corruption. The 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 the Directors have been maintained by the Company Secretary.

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

Board Delegation

The Board has established various Board committees including the Audit Committee, the Remuneration Committee, the Nomination Committee and the AML Oversight Committee. These committees have delegated authority to oversee specific aspects of the Group's affairs. Pursuant to their 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 Group is delegated to the senior management.

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 terms of reference of the Audit Committee are available on both the websites of the Stock Exchange and the Company. 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 the Group's material financial, operational and compliance controls.

Whistleblowing Policy

The Company has adopted 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.

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 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.

Corporate Governance Report

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 (Chairman)	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 independent 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 auditor wished to raise.

During the Year, the Audit Committee had considered, reviewed and discussed (1) the auditing and financial reporting matters; (2) the re-appointment of the external auditor including the terms of engagement; (3) the annual and interim financial statements and the relevant results announcements and recommended to the Board for approval; (4) reports on the Group's internal audit; (5) reports on the Group's internal control with a particular focus on AML issued by an independent professional party; (6) the effectiveness of the Group's risk management and internal control systems; and (7) the financial assistance from the controlling Shareholder and recommended to the Board for approval.

The Audit Committee recommended to the Board that, subject to the approval of the Shareholders at the 2024 annual general meeting of the Company (the "2024 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. These terms of reference are available on both the websites of the Stock Exchange and the Company. The Remuneration Committee currently consists of 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 the non-executive Directors and the remuneration packages of executive Directors and senior management of the Company before the Board determines their remuneration based on considerations of the expertise, capability, performance and responsibility, 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; and (2) making recommendation to the Board regarding the Directors' remuneration to be approved by the Shareholders at the 2023 annual general meeting of the Company (the "2023 AGM").

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

Directors	Number of Meetings Attended/Held During Term of Office
Executive Director Tan Sri Dr Chen Lip Keong <i>(Ceased on 8 December 2023)</i>	1/1
Independent Non-executive Directors Mr. Michael Lai Kai Jin <i>(Chairman)</i>	2/2
Mr. Lim Mun Kee	2/2
Mr. Leong Choong Wah	2/2

Director and Employee Remuneration Policy

The Company has adopted a Director and Employee Remuneration Policy that sets out the general principles which guide the Group to deal with the remuneration matters. This 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.

The 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 NED and INEDS, 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.

Employee's remuneration packages (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 the 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 these schemes 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.

Corporate Governance Report

Nomination Committee

The Company has established written terms of reference for the Nomination Committee in accordance with the requirements under the Listing Rules. These terms of reference clearly define the role, authorities, duties and responsibilities of the Nomination Committee. The terms of reference of the Nomination Committee are available on both the websites of the Stock Exchange and the Company. The Nomination Committee currently consists of 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 Group'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 the Directors, a nomination policy concerning the selection criteria and procedures was adopted in December 2018 and updated in 2022.

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 attention, 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 the Shareholders accompanying that separate re-electing resolution should state reasons for the Board's belief (or the Nomination Committee's belief) 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.
- (b) all the Directors' 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 on the Board; and
 - (c) selection of candidates by the Nomination Committee will be based on the Company's nomination policy. This policy will guide the selection process, with the ultimate decision being made on merits and contribution that the selected candidates are expected to bring to the Board.

With the ultimate goal of bringing the Board to gender parity, the Board aspires to have an appropriate proportion of the Directors who have direct experience in the Group's core businesses, with different ethnic backgrounds, and reflecting the Group's strategy. The Board's current target for gender representation is to appoint at least one female director no later than 31 December 2024. In striving to attaining gender diversity, the Nomination Committee is delegated with authority to identify a potential candidate through different means, including external recruitment agencies and any other methods that it deems appropriate.

Board Diversity

The Company acknowledges that diversity is important for the effective functioning of the Board and has made progress in shaping the Board for the future through the adoption of the Board Diversity Policy in August 2013, which was updated in 2022. This policy ensures diversity in its broadest sense. Under the policy:

- (a) the Company formalises, recognises and embraces the benefits of having a

Corporate Governance Report

The Company is also committed to maintaining an environment of respect for all individuals 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 recognised by the laws of countries in which the Group 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 2023, the Group maintained gender balance in workforce (including senior management) with 50.01% female and 49.9% male employees, details of the gender ratio and relevant data are set out in the Sustainability Report on pages 31 to 122 of this annual report.

During the Year, both the Board and the Nomination Committee have reviewed 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 first annual general meeting of the Company after his/her appointment and shall then 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. Lim Mun Kee and Mr. Leong Choong Wah shall retire from office at the 2024 AGM. 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 INED 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 2023 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) reviewing the Nomination Policy; (5) assessing and arranging for confirmation of independence of each INEDs pursuant to Rule 3.13 of the Listing Rules; (6) considering the renewal of term of office of a NED and three INEDs; and (7) considering the re-designation of senior management 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 Group.

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 <i>(Ceased on 8 December 2023)</i>	1/1
Independent Non-executive Directors Mr. Michael Lai Kai Jin <i>(Chairman)</i>	3/3
Mr. Lim Mun Kee Mr. Leong Choong Wah	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.

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 management and internal control 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 framework is designed to manage, rather than eliminate the risk of failure to achieve the Group's 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 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 this policy and the related control systems are set out in the Sustainability Report in this annual report.

Corporate Governance Report

The Internal Audit Department assisted the Audit Committee in reviewing the effectiveness of the Group's 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 for the Year. Based on the review performed by the Audit Committee, the Board conducted a comprehensive review and assessment of these systems for the Year, including financial, operational and compliance controls, and considered the systems are effective and adequate. The Board also assessed the effectiveness of the Group's internal audit function and external audit process, and satisfied, through the work of the 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 Group, 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 is also satisfied that the Group 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 Group maintains high standards of compliance and integrity on AML, the Company has established a programme designed to protect its reputation and mitigate AML risks. The Group's long-term sustainability and success is dependent on its integrity and transparency in its daily gaming operations, adhering 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, is tasked with ensuring that the Company adopts policies and procedures as governed by the AML Procedure Manual in the Group's 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 the 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 Department. Matters of significance are then reported to the Board for deliberation.

Corporate Governance Report

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 the AML Oversight Committee at the Board level 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, Mr. Chen Yiy Fon and Mr. Michael Lai Kai Jin. Mr. Timothy

Patrick McNally acts as the chairman of the AML Oversight Committee.

During the Year, three 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 <i>(Ceased on 8 December 2023)</i>	2/2
Mr. Chen Yiy Fon	2/3
Non-executive Director	
Mr. Timothy Patrick McNally <i>(Chairman)</i>	3/3
Independent Non-executive Director	
Mr. Michael Lai Kai Jin	3/3

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

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

Corporate Governance Report

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 has also provided relevant trainings.

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 external 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 Group’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 the Shareholders and management. The Company Secretary also provides professional advice to the Board on corporate governance and related 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 external independent auditor of the Group in respect of the services provided to the Group are set out below:

	US\$'000
Audit services	
– Current year	553
– Under-provision for prior year	23
Non-audit services	
– Carrying out agreed-upon -procedures on interim financial information and fixed charge ratio related to the Company's senior notes; and	277
– Tax filing services to certain subsidiaries incorporated in Hong Kong and Cyprus	47

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

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

Chen Yiy Fon, Chief Executive Officer and Executive Director

- appointed as the chairman of FACBI with effect from 2 August 2023

Michael Lai Kai Jin, Independent Non-Executive Director

- appointed as an independent non-executive director of FACBI with effect from 2 August 2023

Leong Choong Wah, Independent Non-Executive Director

- appointed as an independent non-executive director of FACBI with effect from 2 August 2023

Save as disclosed above, as at 31 December 2023, there had not been any other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Dividend Policy

The Company has adopted a Dividend Policy (the "Dividend Policy") which aims at enhancing transparency and facilitating the 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 the Shareholders. In view of the profitability and ability to generate healthy cashflow, the Company is committed to maintaining its recurring dividend distribution to the Shareholders, while preserving a solid balance sheet and financial flexibility to pursue future development opportunities. From 2006 to 2022, the Company's dividend payments were between 45% to 92% of net profit, whereby total dividend declared and paid was amounted to US\$1.59 billion. The Company has continued to maintain high dividend payout of 60% to 92% from 2014 to 2022, 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 Group.

Corporate Governance Report

The Dividend Policy is 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, the Group's strategies, expected working capital requirements and future expansion plans as well as statutory and regulatory restrictions. In accordance with the Dividend Policy, the Board may propose the payment of dividends, if deemed appropriate.

The distribution of dividends to the 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 balanced and understandable information about the Group in order to enable the Shareholders to exercise their rights in an informed manner. It is the Company's general policy to maintain ongoing and regular dialogue with the Shareholders and investment community.

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

meeting to answer questions from the 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.

The Shareholders with questions about their shareholdings 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.

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

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

Enquiries put to the Board

If any Shareholders who have questions or comments on any aspect of the Group are welcome to contact the Company at any time through the website. The 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, the Board committees or the management for handling as appropriate.

The Board regularly reviews the Shareholders' Communication Policy. During the Year, the Board reviewed the Shareholders' Communication Policy. Having considered the multiple channels of communication and engagements in place, the Board was satisfied that the Shareholders' Communication Policy has been properly in place and is effectively implemented.

Shareholdings as at 31 December 2023

As at 31 December 2023, the Company had around 300 registered Shareholders. Details of the 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	103	31.31%	2,627	0.00%
1,001 – 10,000	160	48.63%	394,045	0.01%
10,001 – 100,000	35	10.64%	1,090,262	0.02%
100,001 – 500,000	16	4.86%	3,775,140	0.09%
Over 500,000	15	4.56%	4,417,728,086	99.88%
Total	329	100.00%	4,422,990,160	100.00%

According to publicly available information and as far as the Directors are aware, as at 31 December 2023, approximately 30.74% of the issued share capital of the Company was held by the public and the public float capitalisation was HK\$4,173,490,010.

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, the Shareholders may convene general meetings of the Company in accordance with the following procedures:

1. Any one or more Shareholders holding together, as at the date of the deposit of the requisition not less than one-tenth of the voting rights, on a one vote per Share basis, in the share 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.

Corporate Governance Report

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 of the deposit of the Requisition the Board fails to proceed to convene the extraordinary general meeting, the Requisitionist(s) himself or themselves may convene a physical extraordinary general meeting at only one location 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, date and place of the meeting and the particulars of resolutions to be considered at the extraordinary general meeting shall be given to all Shareholders entitled to receive such notice from the Company for consideration in the following manner:
 - notice of not less than fourteen (14) clear days, 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 representing not less than 95% of the total voting rights at the meeting of all the Shareholders.
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 Document

The Company has adopted a new set of amended and restated memorandum of association and articles of association on 21 April 2023 which is available on the websites of the Stock Exchange and the Company. Please refer to the circular of the Company dated 24 March 2023 for details of the amendments.

Save as disclosed above, there was no change in the Company's constitutional document during the Year.

Financial Calendar

2023 Final Results Announcement	:	19 February 2024 (Monday)
Closure of Register of Members	:	24 June 2024 (Monday) to 27 June 2024 (Thursday) (for ascertaining the Shareholders' entitlement to attend and vote at the 2024 AGM)
2024 AGM	:	27 June 2024 (Thursday)

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

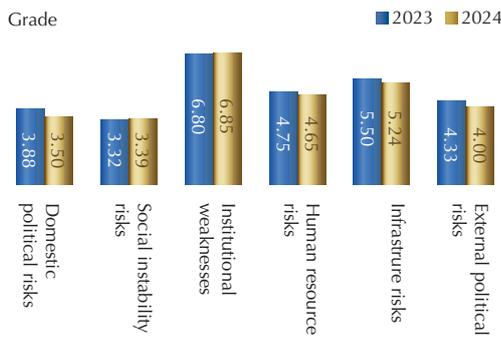
TO THE BOARD OF NAGACORP LTD.

We have assessed and reviewed Cambodia’s political, social, investment, and macroeconomic risks related 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 2023 and the end of December 2023, we summarised our findings below:

Perceptions of Cambodia’s Business Environment Risks

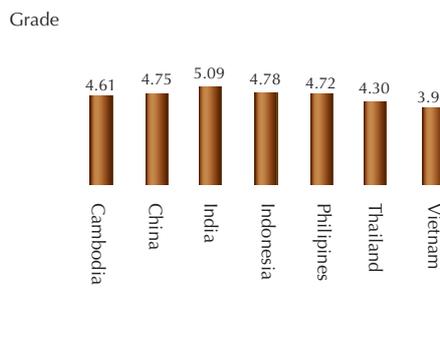


Grades range from zero to 10, with zero being the best grade possible and 10 the worst.

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

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

How Perceptions of Cambodian Socio-Political Risks Compare



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

Each variable comprises several sub-variables relating to specific aspects of the assessed category. 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

Cambodia's biggest concerns going into 2024 are economic rather than political. Events of the past year have answered previous outstanding political questions in reassuring ways. The country has been able to orchestrate a smooth leadership transition. The new government's policies continue those practiced by the previous government. The general population is supportive of the new leadership, which is centered on Prime Minister Hun Manet, the son of the former prime minister, Mr. Hun Sen. The position of the ruling Cambodian People's Party has never been stronger.

Although long-standing factions within the CPP remain a feature of the political scene, all factions have supported the new government. In part, that is because Hun Sen is still present to support his son's transition and to ensure that other factions do not challenge him. It is also partly due to an expansion in the number of special advisors to the prime minister, so key factions have been able to orchestrate generational leadership changes of their own in ways that have protected their influence.

The downside of this transition is that the number of special advisors has grown so large that it is unwieldy and forces the new prime minister to play a more direct role in a wide range of matters. Although the total number of people in advisory positions is large, the prime minister is taking guidance from a much smaller number of experienced advisors who also had the trust of and worked closely with his father. The prime minister is also listening closely to private sector business leaders, including foreign investors, to ensure their biggest concerns are being addressed in ways that protect and enhance the business environment at a time when economic conditions remain challenging.

Cambodia's economy has moved beyond the COVID-19 pandemic but has not returned to its pre-pandemic levels. Most of the reasons for this delayed economic recovery are external. Unfortunately, that means they are largely beyond the ability of the government to control and are likely to disappoint those hoping for a speedy rebound.

Overall growth will remain below pre-pandemic levels for another few years. Construction and several categories of real estate, such as the luxury condominium and office markets, are undergoing corrections. As a result, instead of leading the economy's expansion as they did in the years immediately preceding COVID-19, these industries were a drag on the economy in the second half of 2023 and are likely to remain so in 2024. The most significant adverse influences include a downturn in demand in the US and Europe for some of Cambodia's biggest exports like garments, the continuing reluctance of Mainland Chinese to travel outside their country, and the inflationary impact and other economic disruption caused by the Ukraine and Gaza wars.

All of these negative external factors are likely to continue to impede growth in 2024, just as they did in 2023. Cambodia will also have to contend with the slowness with which the US Federal Reserve lowers interest rates, possible fallout from further strains in US-China relations, and continuing economic weakness in China, the US, and Europe. The new Cambodian government has a more nuanced foreign policy that has positioned the country well to maintain stable relations with all key players, including China, the US, and other ASEAN member countries.

Independent Review of Investment Risks in Cambodia

There will be a few positive external developments. For example, more direct investment will likely flow into Cambodia as multinationals adjust their supply lines and try to reduce their reliance on China for sourcing. Still, Cambodia's domestic economy will have to contend with a continuing correction in the local residential real estate market in 2024, with limited growth in consumer spending due to low wage increases and slow job growth, and with a rise in non-performing loans, which will put pressure on the financial sector.

POSITIVE DEVELOPMENTS

- The government has gone through its first leadership transition in modern history. It was orchestrated peacefully and has fortified confidence in Cambodia's social and political stability.
- The new government's policies will be consistent with those of the previous government. One change likely to be made is greater attention to the environment, such as by reducing reliance on coal, which should be welcomed by those involved in the green tourism industry.
- The new prime minister is changing how he filters the information he gets. First, he relies more on a small number of people with considerable experience. Second, he is listening more to committees of different private sector leaders to discuss specific issues of importance and is acting on this advice.
- The government has further strengthened its special relationship with Mainland China over the past year, even as it has also improved

its relations with other countries, including Vietnam, the US, Thailand, and the EU. Moreover, there has been less negative fallout for Cambodia from Russia's war in Ukraine and Israel's war against Hamas in Gaza than there has been for many other countries. This is likely to continue to be the case in 2024.

- Cambodia is succeeding in growing the number of tourists from sources other than the Mainland. The sharpest increases in percentage terms have been from Russia and other Eastern European countries, while the most significant gains in numerical terms have been from countries like Thailand, Vietnam, Laos, Japan, and South Korea.

THE CHALLENGES

- Official growth figures exaggerate how fast the GDP and some of its components are expanding. The traditional engines of growth – tourism, manufacturing, and construction -- are still experiencing problems. Most causes are external, but the coming year will still be difficult for the private sector. The real estate and financial sectors are experiencing the most significant challenges, but the overall level of consumer spending is weak and likely to remain so in 2024.
- The political transition has involved a bloating of the government, with the appointment of 1,422 secretaries and undersecretaries of state. A team as top-heavy as this will be challenging to coordinate and will make it difficult for Hun Manet to delegate authority easily during his first year in office.

Independent Review of Investment Risks in Cambodia

- Perceptions of some risks are worse than the actual situation. This relates to the stability of the political system and personal security threats. The challenge Cambodia faces is to align perceptions better with reality. These risks are lower than they are often portrayed in the media and lower than the same variables in other countries in the region. Cambodia is more stable than is often appreciated. The challenge is how best to improve perceptions.
- The high costs of using some kinds of infrastructure (mainly power), inadequate development of specific services like waste management, and poor maintenance make physical infrastructure issues some of the most substantial considerations for many foreign investors and a factor that will limit the future economic growth rate.
- Perhaps the most significant human resources shortcoming is the shortage of well-educated labor with strong specialist skills. Labor productivity has declined since the COVID-19 pandemic. That is mainly because there has been a shift in labor from higher-productivity manufacturing to lower-productivity agriculture. The government is trying to transition the economy from a low-skilled, labor-intensive growth model to a skills-driven one. However, progress toward that goal will only be achieved slowly and depends on further improvements in the education system.

Robert Broadfoot

Managing Director PERC

Hong Kong, 10 January 2024

ABOUT THE REVIEWER

Robert Broadfoot researched and wrote the report on the review of 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 use PERC's services to assess key trends and critical issues shaping the region, identify growth opportunities, and develop effective strategies for capitalising on these opportunities.

PERC helps companies understand how politics and other subjective variables shape the business environment. Such variables may be difficult to quantify but can nevertheless 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 organisation'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
22B, Sun Ying Center,
9 Tin Wan Close,
Aberdeen,
Hong Kong.

January 30, 2024
Full Year 2023

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

JB Advisory Services Ltd. ("JBAS") has previously 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 re-commenced on September 15, 2021. Restrictions have in 2023 been completely removed and this has seen a significant return of business across the region. Across Asia, COVID-19 restrictions have been entirely removed and air travel and cross border visitors are gradually returning to pre-pandemic levels, although the Peoples' Republic of China has been slower to open up than other Asian countries.

Given the ongoing restrictions, the independent reviews of the internal controls of NagaCorp with a focus on anti-money laundering ("AML") until the end of 2021 were conducted remotely but given the gradual relaxation of restrictions and their eventual full removal JBAS has been able to conduct reviews on site in Phnom Penh since July 2022. The site visit for the current review took place between January 23 and January 25, 2024.

In 2022, 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 further number of 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.

Following on from the inspection, CAFIU issued a draft report, including recommendations for actions to be taken by the Company. NagaCorp reviewed the draft report and provided responses to each recommendation.

On 20 October 2023, the Commercial Gambling Management Commission ("CGMC") and CAFIU jointly supervised and assessed NagaWorld to ensure its compliance with the Law on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) and Law on Combating the Financing of Proliferation of Weapons of Mass Destruction (CPF). The CGMC minutes of 20th October 2023, recognised that NagaWorld had fully complied with various obligations, such as appointing a Compliance Officer (approved by CAFIU), providing training for frontline employees and sufficient document references.

The increased regulation and oversight of casino gaming by the CGMC in Cambodia is recognised by JBAS as enhancing the external AML environment alongside the continued diligent application of internal controls by NagaCorp.

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

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 throughout 2023. 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 2023 alongside external consultation on the progress of AML controls in Cambodia.

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 beyond the industry norm in any other jurisdiction.

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 2023, a total of 2,328 operations staff underwent refresher training, and 340 new staff undertook the New Employee Induction Programme. JBAS notes that refresher training for existing staff has been conducted via an e-learning platform since April 2023 and NEIP is conducted in person by members of the compliance department. This ongoing process is recognised by JBAS as providing substantial understanding of AML issues at all levels of NagaCorp.

NagaCorp, as of December 2023 had 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 considerable 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.

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

JBAS recognises 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 (“CAFIU”) of the National Bank of Cambodia. The role of the NagaCorp Compliance Officer has been further defined in conversations with the CAFIU which has itself further defined its internal roles in 2020.

As previously noted, 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 recent reviews, 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. As of the end of January 2023, SIRs are no longer issued concerning small amounts of copy notes. These occurrences were always around small amounts, usually one or two hundred US Dollars and copy notes, in particular, are commonplace but readily detectable. JBAS agrees that the SIRs are not needed for this issue as it has no AML relevance.

The AML Oversight Committee met three times in 2023, on February 8, July 19, and December 20. 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 recognises 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 recognised 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 during 2023. One area of concern within banking compliance concerns the arrests in Singapore during 2023, where a significant number of the arrested individuals were foreign nationals who held Cambodian passports and where there was doubt as to the individuals fulfilling all the conditions to hold such passports. JBAS expects that there shall be tightening of these regulations and their application in order to maintain the positive APG assessment of Cambodia’s AML controls.

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

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”.

On January 12, 2023 NagaCorp attended a meeting with the Asia/Pacific Group on International Co-operation Review Group-Joint Group (“ICRG-JG”) in Phnom Penh as part of an updated review by the APG. JBAS Managing Director attended as the independent assessor of the Company’s AML controls. This meeting was one of a number held by the ICRG-JG with the private sector in Cambodia. At the annual meeting of the Financial Action Task Force (“FATF”) on February 24, 2023 it was announced that Cambodia has been removed from the global money-laundering and terrorist-funding watchdog’s “grey list” after working to reduce money laundering, terrorism financing, and proliferation financing in the country.

According to the meeting report posted on the FATF website, Cambodia has made significant progress in improving its anti-money laundering/counter-terrorism financing (AML/CFT) measures and increasing their effectiveness in order to meet the commitments in its action plan regarding the strategic deficiencies identified by the FATF in February 2019.

“As a result, Cambodia is no longer subject to the FATF’s heightened monitoring process,” the taskforce stated. “Cambodia should continue to work closely with APG to sustain its AML/CFT system advancements.”

This removal is a significant recognition of the improvements made in the external country AML environment 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 is 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 30, 2024

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 the Company's 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 15 to 27 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 123 to 143 and 144 to 147, 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 10 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 minimise 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 31 to 122 of this annual report.

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

A review of our employees and management culture is contained in the Sustainability Report on pages 31 to 122 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 information in respect of the Group's revenue and cost of sales attributable to customers brought in by the major VIP operators in the Referral and Premium VIP Markets during the Year is as follows:

	Percentage of the Group's total	
	Revenue	Cost of sales
The largest VIP operator in the Referral and Premium VIP Markets	6%	12%
Five largest VIP operators in the Referral and Premium VIP Markets in aggregate	16%	44%

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 VIP operators in the Referral and Premium VIP Markets for the Year.

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 31 to 122 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 VIP operators in the Referral and Premium VIP Markets) 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 VIP operators in the Referral and Premium VIP Markets) represented less than 30% of the Group's total purchases for the Year.

Report of the Directors

Results and Appropriations

The financial performance of the Group for the Year is set out in the consolidated statement of income on page 169 of this annual report.

The Board does not recommend the payment of the final dividend for the Year.

Summary of Financial Information

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 234 of this annual report.

Transfer to Reserves

The profit attributable to equity shareholders of the Company, before dividends, of US\$177,732,000 (2022: US\$107,254,000) have been transferred to the reserves. Other movements in reserves are set out in the consolidated statement of changes in equity on page 173 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\$1,030,000 (2022: US\$2,000,000), all of which were donated in Cambodia.

Share Capital

On 16 May 2023, the Company issued 40,853,806 ordinary shares under the scrip dividend scheme for 100% of the payment of the 2022 final dividend. The market value for calculating the number of scrip shares allotted to the Shareholders pursuant to the scrip dividend scheme was US cents 80.4

per Share (or HK cents 623.2 per Share), which was the average of the closing prices per Share on the Stock Exchange for the 5 consecutive trading days up to and including 28 April 2023. 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 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 173 of this annual report respectively.

Distributable Reserves

As at 31 December 2023, the Company's reserves available for distribution, calculated in accordance with the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Laws of the Cayman Islands, amounted to approximately US\$473,815,000 (2022: US\$510,982,000).

Remuneration of Directors and Senior Management

The Remuneration Committee is responsible for making recommendations to the Board on the Company's policies and structure for the remuneration of the Directors and the Group's 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}
*(the late Senior Chief Executive Officer
who passed away on 8 December 2023)*

Chen Yiy Fon ^M
(Chief Executive Officer)

Philip Lee Wai Tuck
(Executive Deputy Chairman)

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. Lim Mun Kee and Mr. Leong Choong Wah shall retire from office by rotation at the 2024 AGM. 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

As at 31 December 2023, 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.

Report of the Directors

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 2023, the Shareholders, 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)	4,205,925,735	95.09 (L)
Sakai Private Trust Company Pte. Ltd. ("The Sakai Trustee")	Beneficial owner	1,979,803,846	44.76 (L)
The Sakai Trustee	Interest of controlled corporation ^(Note 3)	1,083,743,314	24.50 (L)
The Sakai Trustee	Interest of controlled corporation ^(Note 4)	1,142,378,575	25.83 (L)
Lipkco Group Limited ("LGL")	Beneficial owner	804,445,667	18.19 (L)
ChenLipKeong Fund Limited ("CLK Fund")	Beneficial owner ^(Note 4)	1,142,378,575	25.83 (L)

Notes:

- (1) Based on the Company's issued share capital of 4,422,990,160 Shares as at 31 December 2023.
- (2) Such interests include (i) Shares directly held by The Sakai Trustee, as trustee of a discretionary family trust named The Sakai Trust of which the late Tan Sri Dr Chen Lip Keong ("Dr Chen"), who passed away on 8 December 2023, was the founder; (ii) Shares indirectly held by The Sakai Trustee through ChenLipKeong Capital Limited ("CLK Capital"), LGL and LIPKCO ENTERPRISES LIMITED ("LEL"); and (iii) Shares to be held by 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 Sakai Trustee as the trustee of The Sakai Trust, which is a Jersey law governed discretionary family trust established by the late Dr Chen as settlor for the purposes of succession planning. The Sakai Trustee is entrusted with legal title to the trust assets for the benefit of the late Dr Chen and his family. The Sakai Trustee is in turn wholly-owned by Sakai Global. Hence, Sakai Global is deemed to be interested in the Shares held by The Sakai Trustee. The sole member of Sakai Global was Dr Chen. For further details, please refer to the announcements of the Company dated 22 July 2022 and 12 December 2023, respectively. The Company will make further disclosure if and when appropriate when it is aware of more details in respect of the administration of The Sakai Trust.
- (3) Such interests are held by CLK Capital, LGL and LEL, all of which in turn are wholly-owned by The Sakai Trustee. The Sakai Trustee is therefore deemed to be interested in the Shares held by CLK Capital, LGL and LEL in its capacity as the trustee of The Sakai Trust.

- (4) Upon the completion of the DBA and the Subscription Agreement on or before 30 September 2029 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 Sakai Trustee is deemed to be interested in the Shares which will be held by CLK Fund in the capacity as the trustee of The Sakai Trust, 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 2023, no other party 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 5.13% of the Shares in issue (i.e. 4,422,990,160 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.

Report of the Directors

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 5.13% of the Shares in issue (i.e. 4,422,990,160 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.

As at the date of this annual report, the remaining life of the Share Option Scheme was about 2 years and 2 months.

Since its adoption and up to the date of this annual report, 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. At the beginning and end of the Year, the total number of Shares available for grant under the Share Option Scheme was 226,998,887 Shares, representing approximately 5.13% of the Shares in issue (i.e. 4,422,990,160 Shares) as at 31 December 2023. Apart from the Share Option Scheme, the Company has no other share option scheme currently in force as at the date of this annual report.

(B) *Share Award Scheme*

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

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

Report of the Directors

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 4.91% of the Shares in issue (i.e. 4,422,990,160 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 award has been granted under the Share Award Scheme since its adoption and up to the date of this annual report. Accordingly, at the

beginning and end of the Year, the total number of Shares available for grant under the Share Award Scheme was 217,050,402 Shares, representing approximately 4.91% of the Shares in issue (i.e. 4,422,990,160 Shares) as at 31 December 2023.

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 sections headed "Equity-linked Agreements" and "Connected Transaction" in this report, 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" and "Connected Transaction" in this report, 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 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 The Sakai Trustee as the trustee of The Sakai Trust, a discretionary family trust of which Dr Chen, the late executive Director, the senior chief executive officer and the controlling shareholder of the Company was 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").

Report of the Directors

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.

Since no Progress Payment (as defined in the circular of the Company dated 22 July 2019) was submitted by the Contractor (as defined in the circular of the Company dated 22 July 2019) to the Employer (as defined in the circular of the Company dated 22 July 2019) during the Year, no Subscription Notice (as defined in the circular of the Company dated 22 July 2019) was issued by the Company to the Subscriber pursuant to the terms of the Subscription Agreement during the Year. Accordingly, no progress billings were made by the Subscriber during the Year. 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.

Connected Transaction

On 17 October 2023, the Company entered into a loan agreement with CLK Capital, a company wholly-owned by The Sakai Trustee (in its capacity as the trustee of The Sakai Trust) and an associate of the late Dr Chen (who was then the executive Director, controlling shareholder and senior chief executive officer of the Company), pursuant to which CLK Capital has agreed to provide a loan of up to US\$80 million (the "Loan") to the Company (the "Loan Agreement"). The sole purpose of the Loan is for refinancing and/or discharging part of the outstanding 2024 Senior Notes upon their maturity. The Loan shall be advanced by CLK Capital to the Company on such date, in such amount and in such manner as may be requested by the Company from time to time. The interest rate shall be 8.0% per annum (accrued daily), which was determined based on arm's length negotiation between CLK Capital and the Company, after considering various alternative funding options available

to the Company. No guarantee or security will be given by the Group for the Loan. Any outstanding principal amount of each advance of the Loan shall be repaid by cash in full on or before the second anniversary of such advance. Any amounts repaid shall not be available for redrawing thereafter.

The Loan Agreement was entered into on normal commercial terms or better from the perspective of the Company and the Loan is not secured by any assets of the Group. As such, the Loan is fully exempt from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

For further details, please refer to the announcement of the Company dated 17 October 2023.

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 Indenture 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. These Original Notes and 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 Group, were entered into or existed during the Year.

Events after Reporting Period

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

Report of the Directors

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 or continuing 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 2024 AGM to re-appoint BDO Limited as the Company's independent auditor.

By order of the Board

Timothy Patrick McNally
Chairman

Hong Kong, 19 February 2024

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 169 to 233, which comprise the consolidated statement of financial position as at 31 December 2023, 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 material accounting policy information.

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 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting 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(e), 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 2023 of \$153,957,000 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.

Independent Auditor's Report

In carrying out the impairment assessment, management, assisted by an external specialists 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 slot 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 projection.

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 IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

As part of an audit in accordance with ISAs, we exercise professional 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.

Independent Auditor's Report

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

BDO Limited

Certified Public Accountants

Pak Tak Lun

Practising Certificate Number P06170

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

Hong Kong, 19 February 2024

Consolidated Statement of Income

for the year ended 31 December 2023
(Expressed in United States dollars)

	Note	2023 \$'000	2022 \$'000
Revenue	6	533,247	460,693
Gaming tax	11	(31,263)	(25,129)
Cost of sales		(80,348)	(59,598)
Gross profit		421,636	375,966
Other income	7	6,504	9,400
Administrative expenses		(44,407)	(52,182)
Other operating expenses		(185,057)	(201,462)
Profit from operations		198,676	131,722
Finance costs	8	(20,708)	(24,256)
Profit before taxation	9	177,968	107,466
Income tax	11	(236)	(212)
Profit attributable to owners of the Company		177,732	107,254
Earnings per share (US cents)			(Restated)
Basic	13	4.02	2.42
Diluted	13	4.02	2.42

The notes on pages 176 to 233 form part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2023
(Expressed in United States dollars)

	2023 \$'000	2022 \$'000
Profit for the year	177,732	107,254
Other comprehensive income for the year		
Item that maybe reclassified subsequently to profit or loss		
– exchange differences from translation of foreign operations	(2,413)	(700)
Total comprehensive income attribute to the owners of the Company for the year	175,319	106,554

The notes on pages 176 to 233 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

as at 31 December 2023
(Expressed in United States dollars)

	Note	2023 \$'000	2022 \$'000
Non-current assets			
Property, plant and equipment	15	2,016,155	2,070,090
Right-of-use assets	16	77,505	83,209
Intangible assets	17	59,763	62,480
Prepayments for acquisition, construction and fitting-out of property, plant and equipment	18	182,326	143,913
Promissory notes	19	5,576	–
		2,341,325	2,359,692
Current assets			
Consumables	20	2,344	2,897
Trade and other receivables	21	39,589	41,724
Promissory notes	19	–	10,139
Restricted bank balance and fixed deposits	22	19,217	19,200
Cash and cash equivalents	22	348,381	156,004
		409,531	229,964
Current liabilities			
Trade and other payables	23	169,376	177,256
Senior notes	25	471,021	–
Contract liabilities	24	6,793	8,777
Lease liabilities	16	3,977	10,838
Current tax liability		2,031	1,795
		653,198	198,666
Net current (liabilities)/assets		(243,667)	31,298
Total assets less current liabilities		2,097,658	2,390,990

Consolidated Statement of Financial Position

as at 31 December 2023

(Expressed in United States dollars)

	Note	2023 \$'000	2022 \$'000
Non-current liabilities			
Other payables	23	15,641	5,829
Senior notes	25	–	468,827
Contract liabilities	24	7,000	13,000
Lease liabilities	16	50,371	54,007
		73,012	541,663
NET ASSETS		2,024,646	1,849,327
CAPITAL AND RESERVES			
Share capital	26	55,288	54,777
Reserves		1,969,358	1,794,550
TOTAL EQUITY		2,024,646	1,849,327

Approved and authorised for issue by the Board on 19 February 2024

Timothy Patrick McNally
Chairman

Philip Lee Wai Tuck
Executive Deputy Chairman

The notes on pages 176 to 233 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2023
(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 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	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

	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 2023		54,777	751,356	151	(12,812)	55,568	316,060	(3,689)	687,916	1,849,327
Profit for the year		-	-	-	-	-	-	-	177,732	177,732
Other comprehensive income										
- exchange differences from translation of foreign operations		-	-	-	-	-	-	(2,413)	-	(2,413)
Total comprehensive income for the year		-	-	-	-	-	-	(2,413)	177,732	175,319
Issue and allotment of scrip dividend shares under scrip dividend scheme	12, 26(a)	511	-	-	-	-	-	-	(511)	-
		511	-	-	-	-	-	(2,413)	177,221	175,319
Balance at 31 December 2023		55,288	751,356	151	(12,812)	55,568	316,060	(6,102)	865,137	2,024,646

The notes on pages 176 to 233 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2023

(Expressed in United States dollars)

	2023 \$'000	2022 \$'000
Operating activities		
Profit before taxation	177,968	107,466
Adjustments for:		
– Depreciation	93,945	110,977
– Amortisation of casino licence premium	2,717	2,717
– Interest income	(2,428)	(1,063)
– Finance costs	20,708	24,256
– Gain on repurchase of senior notes	–	(4,071)
– COVID-19-related rent concessions	–	(810)
– Unrealised exchange gain	(1,505)	(769)
– (Reversal of impairment loss)/impairment loss on trade receivables	(1,500)	2,400
– (Gain)/loss on disposal of property, plant and equipment	(260)	18
– Write-off of property, plant and equipment	–	36
Operating profit before changes in working capital	289,645	241,157
Decrease/(increase) in consumables	553	(1,104)
Decrease in trade and other receivables	3,635	22,650
Increase in trade and other payables	3,268	54,433
Decrease in contract liabilities	(7,984)	(7,349)
Cash generated from operations	289,117	309,787
Tax paid	–	(3,248)
Net cash generated from operating activities	289,117	306,539
Investing activities		
Interest received	5,138	576
(Increase)/decrease in restricted bank balance and fixed deposits	(17)	3,150
Decrease in promissory notes	945	–
Payment for the purchase of property, plant and equipment and for the construction cost of properties	(54,863)	(128,208)
Proceeds from disposal of property, plant and equipment	5,887	52
Net cash used in investing activities	(42,910)	(124,430)

Consolidated Statement of Cash Flows
for the year ended 31 December 2023
(Expressed in United States dollars)

	2023 \$'000	2022 \$'000
Financing activities		
Interest paid	(37,536)	(43,726)
Payment for lease liabilities	(16,294)	(12,100)
Repurchase of senior notes	–	(73,003)
Net cash used in financing activities	(53,830)	(128,829)
Net increase in cash and cash equivalents	192,377	53,280
Cash and cash equivalents at beginning of year	156,004	102,724
Cash and cash equivalents at end of year	348,381	156,004
Analysis of cash and cash equivalents		
Cash and bank balances	348,381	156,004

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

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		Principal activities
				the Company	a subsidiary	
Naga Retail Limited	Hong Kong	Cambodia	HK\$2	–	100%	Operation of retail business
Naga Entertainment Limited	Hong Kong	–	HK\$2	–	100%	Inactive
Naga Management Limited	Hong Kong	–	HK\$2	–	100%	Investment holding
Naga Media Limited	Hong Kong	–	HK\$2	–	100%	Inactive
Naga Services Limited	Hong Kong	Hong Kong	HK\$2	–	100%	Investment holding
Naga Services Company Limited	Vietnam	–	\$50,000	–	100%	In liquidation
Naga Management Services Limited	Thailand	Thailand	Thai Baht 3,000,000	–	100%	Management consulting services
NagaJet Management Limited	Cayman Islands	Cambodia	\$1	–	100%	Management of company aircraft
NAGA TRANSPORT LIMITED	Cambodia	Cambodia	KHR200,000,000	–	100%	Transportation support activities
GOLDEN PASSAGE DESTINATIONS CO., LTD.	Cambodia	Cambodia	KHR200,000,000	–	100%	Travel agency services
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	–	RUB10,000	–	100%	Inactive
NagaWorld Three Limited	British Virgin Islands	–	\$1	–	100%	Inactive
Naga Lease Limited	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

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

1 General (continued)

Information about subsidiaries (continued)

Name of subsidiary	Place of incorporation	Place of business	Issued and paid up share capital	Effective equity held by the Company	a subsidiary	Principal activities
NAGAi Limited	Cayman Islands	-	\$1	100%	-	Inactive
NAGAHOTEL Limited	Cayman Islands	-	\$1	100%	-	Inactive
NagaGroup Global Limited	Cayman Islands	-	\$1	100%	-	Inactive
NagaGroup Global Limited	British Virgin Islands	-	\$1	100%	-	Inactive
NAGAi Inc	British Virgin Islands	-	\$1	100%	-	Inactive
NAGAHOTEL Limited	British Virgin Islands	-	\$1	100%	-	Inactive
NAGA Limited	British Virgin Islands	-	\$1	100%	-	Inactive
NAGA 3 COMPANY LIMITED	Cambodia	Cambodia	KHR4,000,000,000	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 dollar1	-	100%	Inactive
NAGA 7 COMPANY LIMITED	Cambodia	Cambodia	KHR4,000,000,000	100%	-	Property development and property investment
NAGA 8 COMPANY LIMITED	Cambodia	Cambodia	KHR4,000,000,000	100%	-	Property development and property investment

The class of shares held is ordinary.

2 Adoption of new or revised IFRS Accounting Standards

Impact of new amendments which are effective during the Year

- (a) In the current year, the Group has applied, for the first time, the following new or amended IFRS Accounting Standards issued by the International Accounting Standards Board (the "IASB"), that are effective for the current accounting period of the Group.

Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules
IFRS 17	Insurance Contract

None of the new or amended IFRS Accounting Standards have a material effect on the reported results or financial position of the Group for both current and prior reporting periods except as discussed below. The Group has not early applied any new or amended IFRS Accounting Standards or interpretations that are not yet effective for the current accounting period.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements 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 amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

2 Adoption of new or revised IFRS Accounting Standards (continued)

Impact of new amendments which are effective during the Year (continued)

- (b) New Guidance on accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA"):

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") was enacted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers' mandatory contributions under the mandatory provident fund ("MPF") to offset severance payment ("SP") and long service payments ("LSP") (the "Abolition"). Subsequently, the Government of HKSAR announced that the Abolition will take effect on 1 May 2025 (the "Transition Date"). The following key changes will take effect since the Transition Date:

- Accrued benefits derived from employers' mandatory MPF contributions cannot be used to offset the LSP/SP in respect of the employment period after the Transition Date.
- The pre-transition LSP/SP is calculated using the last month's salary immediately preceding the Transition Date, instead of using the salary of employment termination date.

Due to the complexities of the accounting for the offsetting of accrued benefits derived from an employer's MPF contributions and its LSP obligation and the accounting for offsetting mechanism could become material in light of the Abolition, the HKICPA published 'Accounting implications of the Abolition of the MPF-LSP offsetting mechanism in Hong Kong' (the "Guidance") in July 2023 to provide guidance to account for the offsetting mechanism and the Abolition. The HKICPA concluded that there are two acceptable accounting approaches for the offsetting mechanism, being:

Approach 1: Account for the amount expected to be offset as a deemed employee contribution towards that employee's LSP benefits in terms of HKAS19.93(a) (equivalent to IAS 19.93(a))

Approach 2: Account for the employer MPF contributions and the offsetting mechanism as a funding mechanism for the LSP obligation

For the years ended 31 December 2022 and 2023, the Group's LSP liability before the expected offsetting under the MPF-LSP offsetting mechanism is immaterial. Application of the Guidance had no material impact on the consolidated financial statements of the Group.

3 Basis of preparation and going concern assumption

The consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards, International Accounting Standards and Interpretations (hereinafter collectively referred to as “IFRS Accounting Standards”) 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.

As at 31 December 2023, the Group had net current liabilities of \$243,667,000 that included senior notes amounting to \$471,021,000 that are due in July 2024 (note 25).

Management of the Group has prepared a cash flow forecast that covers the next eighteen months after the end of the reporting period for the purpose of assessing the Group’s ability to continue as a going concern. Based on the cash flow forecast, the Directors of the Company is of the view that, taking into account the cash inflow from the Group’s casino and hotel businesses during the forecast period, existing cash and bank balances and a loan facility of \$80 million provided by ChenLipKeong Capital Limited, a related company controlled by the controlling shareholder of the Company, the Group would have sufficient financial resources to repay the 2024 Senior Notes (as defined in note 25) in July 2024 and to meet its day-to-day working capital requirements for the foreseeable future and continue as a going concern. Accordingly, it is appropriate to prepare the consolidated financial statements on a going concern basis.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards 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.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

3 Basis of preparation and going concern assumption (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 33.

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

4 Accounting policies

(a) 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(e)).

- 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(j));
- freehold land; and
- other items of property, plant and equipment.

(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 Accounting policies (continued)

(b) 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(e)).

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(e)).

(c) Financial instruments

(i) Financial assets

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

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

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

Debt instruments

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

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

4 Accounting policies (continued)

(c) Financial instruments (continued)

(i) Financial assets (continued)

Debt instruments (continued)

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.

(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.

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.

4 Accounting policies (continued)

(c) Financial instruments (continued)

(ii) Impairment loss on financial assets (continued)

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 as financial liabilities at amortised cost which are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

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

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

(iv) Effective interest method

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

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

4 Accounting policies (continued)

(c) Financial instruments (continued)

(v) 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.

(d) 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.

(e) 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.

4 Accounting policies (continued)

(e) Impairment of other assets (continued)

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

- Calculation of recoverable amount

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

- Recognition of impairment losses

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

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

(f) 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.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

4 Accounting policies (continued)

(f) Income tax (continued)

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.

(g) 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.

(h) 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 MPF, Employee Provident Fund and Social Security Schemes 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.

Defined benefit scheme

LSP under the Hong Kong Employment Ordinance (the "Ordinance") is categorised as a defined benefit plan. Employees qualified under the Ordinance are entitled to LSP in certain circumstances specified in the Ordinance. There are no legal funding requirements on employers and the Group does not have any arrangement in place to settle its payment obligation in the future. The Group's obligation to LSP is measured at:

- Gross LSP obligation which is estimated using the projected unit credit method discounted to its present value using market yields available on high quality corporate bonds (or government bonds if there is no deep market in such high quality corporate bonds) that have maturity dates approximating to the terms of the liabilities and are denominated in Hong Kong Dollars which is the currency of the LSP obligations; less

4 Accounting policies (continued)

(h) Employee benefits (continued)

Defined benefit scheme (continued)

- Negative service costs. Under the Ordinance and the MFP Schemes Ordinance, the Group can offset the accrued benefits derived from the Group's MPF contributions against the Group's LSP obligations. The Group regards these MPF contributions are deemed contributions by employees towards the LSP benefits. The nature is negative service costs. These deemed contributions are estimated by applying an expected investment return rate on the MPF contributions and then attributed to periods of service using the same attribution method for gross LSP obligation.

Service costs are recognised in profit or loss, and include current and past service costs (including result from a plan amendment).

Interest expense is recognised in profit or loss, and is calculated by applying the discount rate used to measure the LSP obligation at the beginning of the annual period to the balance of the LSP obligation, considering the effects of benefit payments during the period.

Remeasurements of the LSP obligation, including actuarial gains and losses, are recognised in other comprehensive income.

The Group's LSP obligation for both years is immaterial.

(i) Foreign currencies

The functional currency of the group entities has been determined as United States dollars rather than Cambodian Riel and Russian Ruble, as 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.

(j) 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.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

4 Accounting policies (continued)

(j) Leasing (continued)

(i) Accounting as a lessee (continued)

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

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.

4 Accounting policies (continued)

(j) Leasing (continued)

(i) Accounting as a lessee (continued)

Lease liability (continued)

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.

(k) 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.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

4 Accounting policies (continued)

(k) 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.

(l) 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.

(m) Joint arrangements

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

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

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

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

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

4 Accounting policies (continued)

(n) 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, Ariston 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.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

5 Casino licence (continued)

(c) Casino complex

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

6 Revenue

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

	2023 \$'000	2022 \$'000
Casino operations – gaming tables	387,520	321,566
Casino operations – electronic gaming	127,280	124,315
Hotel room income, food and beverage and others	18,447	14,812
	533,247	460,693

7 Other income

	2023 \$'000	2022 \$'000
Interest income	2,428	1,063
Rental income	3,456	3,214
Gain on repurchase of senior notes	–	4,071
Others	620	1,052
	6,504	9,400

8 Finance costs

	2023 \$'000	2022 \$'000
Interest expenses and amortisation of transaction costs relating to senior notes (note 25)	39,730	43,684
Interest on lease liabilities	5,797	6,790
Other interest expenses	524	481
	46,051	50,955
Less: Interest expenses capitalised into capital work-in-progress	(25,343)	(26,699)
	20,708	24,256

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

9 Profit before taxation

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

	2023 \$'000	2022 \$'000
(a) Staff costs (including directors' remuneration):		
Salaries, wages and other benefits	87,902	87,231
Contributions to defined contribution retirement scheme [#]	508	170
Total staff costs*	88,410	87,401
(b) Other items:		
Auditor's remuneration		
– Current year	877	804
– Under provision for prior year	23	40
Amortisation of casino licence premium*	2,717	2,717
Depreciation*		
– Own assets	88,241	105,330
– Right-of-use assets	5,704	5,647
Exchange (gain)/loss*	(15)	367
(Reversal of impairment loss)/impairment loss on trade receivables	(1,500)	2,400
Write-off of property, plant and equipment	–	36
(Gain)/loss on disposal of property, plant and equipment	(260)	18
Short-term lease expenses	3,008	3,065

* 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 both years.

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	2023 Total \$'000
<i>Executive directors</i>					
Tan Sri Dr Chen Lip Keong (Passed away on 8 December 2023)	6,989	-	-	675	7,664
Philip Lee Wai Tuck	-	-	-	302	302
Chen Yiy Fon	-	-	-	296	296
<i>Non-executive director</i>					
Timothy Patrick McNally	-	-	240	163	403
<i>Independent non-executive directors</i>					
Michael Lai Kai Jin	-	-	36	-	36
Lim Mun Kee	-	-	48	-	48
Leong Choong Wah	-	-	36	-	36
Total	6,989	-	360	1,436	8,785

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

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	2022 Total \$'000
Executive directors					
Tan Sri Dr Chen Lip Keong <i>(Passed away on 8 December 2023)</i>	4,183	-	-	720	4,903
Philip Lee Wai Tuck	-	-	-	293	293
Chen Yiy Fon	-	-	-	286	286
Non-executive director					
Timothy Patrick McNally	-	-	240	132	372
Independent non-executive directors					
Michael Lai Kai Jin	-	-	36	-	36
Lim Mun Kee	-	-	48	-	48
Leong Choong Wah	-	-	36	-	36
Total	4,183	-	360	1,431	5,974

During the Year, no contributions were made to defined contribution retirement scheme for any of the directors (including past directors) (2022: Nil).

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

10 Directors' remuneration and senior management remuneration

(continued)

(a) Directors' remuneration (continued)

The late 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 the late Dr Chen, it is acknowledged and agreed that the late Dr Chen is entitled to a performance incentive of \$6,989,000 (the "2023 Performance Incentive Entitlement") (2022: \$4,183,000) for the Year. The 2023 Performance Incentive Entitlement amounting to \$6,989,000 (2022: \$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 (2022: 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 (2022: three) are as follows:

	2023 \$'000	2022 \$'000
Salaries, wages and other benefits	1,640	1,569
Contribution to defined contribution retirement scheme	—	—
Discretionary bonus	—	—
Total	1,640	1,569

Notes to the Consolidated Financial Statements
(Expressed in United States dollars)

10 Directors' remuneration and senior management remuneration

(continued)

(b) Five highest paid individuals (continued)

The emoluments of the three individuals (2022: three) with the highest emoluments are within the following bands:

	2023 Number of individuals	2022 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)	–	–
\$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	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 (2022: Nil).

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

11 Gaming tax and income tax

Gaming tax

The gaming tax of \$31,263,000 for the Year (2022: \$25,129,000) 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.

	2023 \$'000	2022 \$'000
Gaming tax expense		
– Current year	31,263	29,288
– Over provision in prior year	–	(4,159)
	31,263	25,129

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

Income tax

	2023 \$'000	2022 \$'000
Current tax expense		
– Current year	236	212

Income tax for the Year represents income tax on NWL Hotel and Entertainment Branch, the Group’s branch registered in Cambodia. Details of income tax were set out in note (a)(ii) below.

Reconciliation between income tax and accounting profit at applicable tax rate:

	2023 \$'000	2022 \$'000
Profit before taxation	177,968	107,466
Tax calculated using Cambodian corporation tax rate of 20% (2022: 20%)	35,594	21,493
Tax effect of tax exempt profits from Cambodian operations (note (a)(ii))	(47,643)	(36,292)
Tax effect of expenses not deductible for tax purpose	6,200	14,042
Tax loss not recognised	6,085	969
	236	212

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

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 SSSDA 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 SSSDA relating to the gaming operations. The assignment of these tax incentives was confirmed by the Senior Minister, Minister in charge of the Council of Ministers, in a letter dated 20 November 2000.

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

During the Year, gaming tax is levied 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 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%. 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 SSSDA 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.

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.

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)

NWL has obtained a legal opinion confirming that the gaming activities will not be bound by the LoT, subject to the announcement made by the relevant tax authorities.

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 was reviewed annually.

The above non-gaming Obligation Payment was considered as a composite of various other taxes such as salary tax, fringe benefit tax, withholding tax, value-added tax, patent tax, tax on rental of moveable and unmoveable assets, minimum tax, advance profit tax, advertising tax and specific tax on entertainment services up to 31 December 2020.

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

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, subject to the announcement made by the relevant tax authorities. The directors will also closely monitor on any developments on Casino Law, LoT and its relevant supplementary guidance/regulations in the future.

(d) Deferred taxation

As at 31 December 2023, the Group had deductible temporary differences not recognised in respect of tax losses arising in Cambodia available for offsetting future assessable profits of \$152,760,000 (2022: \$122,335,000). The tax losses can be carried forward for a period of five years from the year in which the losses arose.

At 31 December 2023, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that may subject to withholding taxes of the Group's subsidiaries operating in Cambodia. In the opinion of the directors, it is not probable that the Group's subsidiaries operating in Cambodia will distribute such earnings in the foreseeable future. The aggregate amount of temporary difference associated with investments in the Group's subsidiaries operating in Cambodia for which deferred tax liabilities have not been recognised totalling approximately \$1,240,973,000 at 31 December 2023 (2022: \$1,022,927,000).

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

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

	2023 \$'000	2022 \$'000
Interim dividend declared during the year:		
2023: US cents Nil per ordinary share	–	–
2022: US cents 0.73 per ordinary share	–	31,619
Final dividend proposed after the end of reporting period:		
2023: US cents Nil per ordinary share	–	–
2022: US cents 0.75 per ordinary share	–	32,733
	–	64,352

On 21 April 2023, the shareholder of the Company (the “Shareholders”) approved the payment of the final dividend of US cents 0.75 (or equivalent to HK cents 5.81) per share for the year ended 31 December 2022 to be satisfied wholly by way of scrip shares without offering any right to Shareholders to elect to receive such dividend in cash in lieu of such allotment. As a result, 40,853,806 ordinary shares were allotted to the Shareholders. Further details are set out in note 26(a).

The Board does not recommend the payment of final dividend (the “**Final Dividend**”) for the Shareholders for the Year (2022 Final dividend: US cents 0.75 per share (or equivalent to HK cents 5.81 per Share)).

13 Earnings per Share

The calculation of basic earnings per share is based on the consolidated profit attributable to owners of the Company of \$177,732,000 (2022: \$107,254,000) and the weighted average number of shares of 4,422,990,160 (2022: 4,422,990,160 (Restated)) in issue during the Year.

The earnings per share for the year ended 31 December 2022 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 (2022: 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.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

14 Segment information (continued)

(a) Segment results, assets and liabilities

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

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

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

	Casino operations \$'000	Hotel and entertainment operations \$'000	Total \$'000
Segment revenue:			
Year ended 31 December 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
Year ended 31 December 2023			
Timing of revenue recognition			
– At point in time	454,102	9,090	463,192
– Transferred over time	60,698	9,357	70,055
Revenue from external customers	514,800	18,447	533,247
Inter-segment revenue	(284)	5,376	5,092
Reportable segment revenue	514,516	23,823	538,339
Segment profit/(loss):			
Year ended 31 December			
2022	273,850	(10,345)	263,505
2023	326,622	(7,465)	319,157

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
<i>Segment assets:</i>			
As at 31 December			
2022	2,308,202	678,015	2,986,217
2023	2,522,151	626,188	3,148,339
<i>Segment liabilities:</i>			
As at 31 December			
2022	(168,500)	(499,583)	(668,083)
2023	(152,743)	(513,278)	(666,021)
<i>Net assets:</i>			
As at 31 December			
2022	2,139,702	178,432	2,318,134
2023	2,369,408	112,910	2,482,318
<i>Other segment information</i>			
<i>Capital expenditure:</i>			
Year ended 31 December			
2022	242,891	816	243,707
2023	39,019	910	39,929
<i>Impairment loss on trade receivables/ (Reversal of impairment loss):</i>			
Year ended 31 December			
2022	2,400	–	2,400
2023	(1,500)	–	(1,500)

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:

	2023 \$'000	2022 \$'000
Revenue		
Reportable segment revenue	538,339	466,331
Elimination of inter-segment revenue	(5,092)	(5,638)
Consolidated revenue	533,247	460,693
Profit		
Reportable segment profit	319,157	263,505
Other revenue	22	4,092
Depreciation and amortisation	(96,662)	(113,694)
Unallocated head office and corporate expenses	(23,841)	(22,181)
Finance costs	(20,708)	(24,256)
Consolidated profit before taxation	177,968	107,466
Assets		
Reportable segment assets	3,148,339	2,986,217
Elimination of inter-segment assets	(444,741)	(424,414)
	2,703,598	2,561,803
Unallocated cash and bank balances and restricted bank balance	43,336	23,307
Unallocated corporate assets	3,922	4,546
Consolidated total assets	2,750,856	2,589,656
Liabilities		
Reportable segment liabilities	(666,021)	(668,083)
Elimination of inter-segment payables	444,741	424,414
	(221,280)	(243,669)
Senior notes	(471,021)	(468,827)
Unallocated corporate liabilities	(33,909)	(27,833)
Consolidated total liabilities	(726,210)	(740,329)

(b) Geographical information

The Group's operations and activities are mainly located in Cambodia. As at 31 December 2023, the Group had non-current assets other than financial instruments located in Cambodia and Russia of \$2,054,167,000 (2022: \$2,077,064,000) and \$281,582,000 (2022: \$282,628,000), respectively.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

14 Segment information (continued)

(c) Information about major customers

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

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
<i>Cost:</i>								
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
At 1 January 2023	186,672	845,418	843,576	759,936	6,274	51,831	80,000	2,773,707
Additions	1,381	–	37,027	198	1,327	–	–	39,933
Disposal	(274)	–	–	–	(39)	(10,978)	–	(11,291)
Written off	(502)	–	–	–	–	–	–	(502)
Transfer	5	–	(21,745)	21,740	–	–	–	–
At 31 December 2023	187,282	845,418	858,858	781,874	7,562	40,853	80,000	2,801,847

	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>Accumulated depreciation and impairment loss:</i>								
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
At 1 January 2023	168,309	103,518	–	410,375	6,149	15,266	–	703,617
Charge for the year	5,597	16,899	–	63,084	76	2,585	–	88,241
Disposal	(273)	–	–	–	(39)	(5,352)	–	(5,664)
Written off	(502)	–	–	–	–	–	–	(502)
At 31 December 2023	173,131	120,417	–	473,459	6,186	12,499	–	785,692

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 2023	14,151	725,001	858,858	308,415	1,376	28,354	80,000	2,016,155
At 31 December 2022	18,363	741,900	843,576	349,561	125	36,565	80,000	2,070,090

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 2023, included in the property, plant and equipment of the Group is property, plant and equipment with net carrying amount of \$153,957,000 (2022: \$154,552,000) related to the Project.

The property, plant and equipment is allocated to the cash-generating unit of Russian operation (the "CGU") and assessed for impairment together with the prepayments for construction for the Project with carrying amount of \$126,982,000 (2022: \$126,982,000) (note 18) and other non-current assets of the CGU.

In performing impairment assessment for the non-current assets in the 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 is developing 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 \$193 million (2022: \$192 million)
- Win per machine per day (“WUD”) in the first year of operation of \$276 (2022: \$280)
- Average revenue growth rate for gaming revenue of 11% (2022: 11%)
- Average revenue growth rate for non-gaming revenue of 9% (2022: 9%)
- Operating expenses to revenue ratio of 30% (2022: 30%)
- Terminal growth rate of 4% (2022: 4%)
- Post-tax discount rate of 24% (2022: 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	Increase in impairment loss	
		2023	2022
		\$'000	\$'000
Mass table buys-in	Reduced by 10% (2022: 10%)	44	8,193
WUD	Reduced by 10% (2022: 10%)	–	5,591
Post-tax discount rate	Increased by 1% (2022: 1%)	7,007	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 casino and hotel resorts near Angkor Wat, Cambodia. The lease agreements are for a period of 37 years to 99 years and do not include any provisions for renewal upon expiry or contingent rentals. Provisions for periodic adjustments to reflect market rentals are fixed and included in the lease agreements. The Group also entered into lease agreements in respect of the leasehold land for the construction of NagaCity Walk, construction of 3-level and 4-Level underground car park and retail stores for a term of 50 years. Under the terms of the lease agreements, upon the expiry of the initial lease term of 50 years, the lease shall be automatically renewed at the option of the Group for another term in accordance with the laws of Cambodia. The Group expected to exercise the renewal options.

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

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

16 Leases (continued)

(a) The Group as lessee (continued)

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.

(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 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
As at 1 January 2023	47,503	20,281	15,425	83,209
Depreciation expense	(2,330)	(2,373)	(1,001)	(5,704)
As at 31 December 2023	45,173	17,908	14,424	77,505

(ii) Lease liabilities

	2023 \$'000	2022 \$'000
As at 1 January	64,845	70,946
Additions	–	19
Interest expense	5,797	6,790
COVID-19-related rent concessions	–	(810)
Payments	(16,294)	(12,100)
As at 31 December	54,348	64,845
Less: Current portion	(3,977)	(10,838)
Non-current portion	50,371	54,007

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:

	2023			2022		
	Minimum lease payments	Interest	Present value	Minimum lease payments	Interest	Present value
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Within 1 year	8,407	4,430	3,977	15,714	4,876	10,838
1 to 5 years	31,929	17,962	13,967	33,958	19,308	14,650
After 5 years	136,865	100,461	36,404	143,824	104,467	39,357
	177,201	122,853	54,348	193,496	128,651	64,845

(i) 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 \$7,870,000 (2022: \$10,797,000).

(ii) Information in relation to short-term leases

	2023 \$'000	2022 \$'000
Short-term lease expenses	3,008	3,065
Aggregate undiscounted commitments for short-term leases	92	268

(b) The Group as lessor

The Group has leased out the shops in its properties to certain tenants. The lease was negotiated for a term of 16.5 years. The terms of the lease also provide for periodic rent adjustments according to the then prevailing market conditions. Rent is calculated at the higher of base rent or 8% (9.5% for last 6 years) on turnover generated from the tenant plus 5% on turnover generated from its licences, operator or sub-tenants. Contingent rental of \$27,000 (2022: \$39,000) was recognised during the Year.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

16 Leases (continued)

(b) The Group as lessor (continued)

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

	2023 \$'000	2022 \$'000
Within 1 year	3,040	2,742
1 to 5 years	12,893	11,751
After 5 years	12,439	13,710
	28,372	28,203

17 Intangible assets

	2023 \$'000	2022 \$'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	60,522	57,805
Charge for year	2,717	2,717
At 31 December	63,239	60,522
Net book value	59,763	62,480

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 SDA 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.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

17 Intangible assets (continued)

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 (2022: \$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 (2022: 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 a gaming and resort development project in Vladivostok, Russia.

In December 2014, in accordance with the terms of the Investment Agreement including the requirement to obtain a bank guarantee, the Company's Russian subsidiary Primorsky Entertainment Resorts City LLC deposited approximately \$8.9 million in a 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.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

19 Promissory Notes (continued)

The promissory notes (the “Promissory Notes”) in total amount of RUB469,100,000 (approximately \$10,139,000) at 31 December 2022 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. On 31 January 2023, the Promissory Notes in the amount of RUB715,767,000 (approximately \$10,285,000) including interest matured. New promissory notes in total of RUB400,000,000 (approximately \$5,576,000) bear an imputed interest of 6.8% per annum and the maturity date of which is 895 days until 30 July 2025 were issued by another Russian bank for a new bank guarantee on 15 February 2023.

20 Consumables

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

21 Trade and other receivables

	2023 \$'000	2022 \$'000
Trade receivables	17,413	14,212
Less: Allowance for impairment loss	(3,609)	(5,109)
	13,804	9,103
Prepayments	5,727	10,135
Deposits and other receivables	20,058	22,486
	39,589	41,724

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:

	2023 \$'000	2022 \$'000
Within 1 month	4,165	4,052
1 to 3 months	744	842
3 to 6 months	1,238	2,356
6 to 12 months	6,613	1,853
More than 1 year	1,044	–
	13,804	9,103

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

22 Cash and bank balances

	2023 \$'000	2022 \$'000
Cash and bank balances	203,681	156,004
Restricted bank balance	18,768	18,768
Fixed deposits	145,149	432
	367,598	175,204
Less: – Fixed deposits with original maturity of more than three months when acquired	(449)	(432)
– Restricted bank balance	(18,768)	(18,768)
	(19,217)	(19,200)
Cash and cash equivalents	348,381	156,004

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

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 2024.

As at 31 December 2023, fixed deposits bear interest from 3.5% to 4.8% (2022: 4%) per annum and mature at various times up to and including April 2024 (2022: various times up to and including April 2023).

23 Trade and other payables

	2023 \$'000	2022 \$'000
Trade payables (note)	14,337	34,259
Unredeemed casino chips	9,572	10,376
Deposits	17,131	14,756
Construction creditors	1,528	3,388
Interest payable	18,220	18,220
Accruals and other creditors	75,828	72,798
Gaming tax payables	48,401	29,288
	185,017	183,085
Less: current portion	(169,376)	(177,256)
Non-current portion	15,641	5,829

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

23 Trade and other payables (continued)

Note:

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

	2023 \$'000	2022 \$'000
Due within 1 month or on demand	5,415	1,461
Due after 1 month but within 3 months	7,256	9,803
Due after 3 months but within 6 months	1,639	15,586
Due after 6 months but within 1 year	27	7,393
Due after 1 year	–	16
Total	14,337	34,259

24 Contract liabilities

	2023 \$'000	2022 \$'000
Customer loyalty programme	793	1,277
Licence fee	13,000	20,500
	13,793	21,777
Less: current portion	(6,793)	(8,777)
Non-current portion	7,000	13,000

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

Movement in contract liabilities

	Customer loyalty programme \$'000	Licence fee \$'000
Balance 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 1 January 2023	1,277	20,500
Decrease as a result of recognising revenue during the year	(2,861)	(7,500)
Increase as a result of award points earned	2,377	–
Balance as at 31 December 2023	793	13,000

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

24 Contract liabilities (continued)

Movement in contract liabilities (continued)

The contract liabilities of \$8,777,000 (2022: \$8,626,000) 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 ended 31 December 2022, 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 for 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 Sakai Trustee") of The Sakai Trust, a discretionary family trust which was established by the late Dr Chen as settlor for the purposes of succession planning and The Sakai Trustee is entrusted with legal title to the trust assets for the benefit of the late Dr Chen and his family. The interest expenses payable to the related company for the Year amounted to \$3,578,000 (2022: \$3,578,000).

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

26 Capital and reserves

(a) Share capital

(i) Authorised:

	2023 \$'000	2022 \$'000
8,000,000,000 ordinary shares of \$0.0125 each	100,000	100,000

(ii) Issued and fully paid:

	2023		2022	
	Number of shares	\$'000	Number of shares	\$'000
<i>Issued and fully paid:</i>				
Ordinary shares of \$0.0125 each				
At 1 January	4,382,136,354	54,777	4,341,008,041	54,263
Issue and allotment of scrip shares	40,853,806	511	41,128,313	514
As at 31 December	4,422,990,160	55,288	4,382,136,354	54,777

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

Issue and allotment of Shares during the year

On 16 May 2023 (2022: 29 September 2022), the Company issued 40,853,806 (2022: 41,128,313) ordinary shares under the scrip dividend scheme for 100% of the payment of the 2022 final dividend (2022: 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 80.4 per share (or HK cents 623.2 per share) (2022: 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 28 April 2023 (2022: 16 September 2022). The allotment of the scrip shares during the Year resulted in transfer of \$511,000 (2022: \$514,000) from retained profits to share capital which represents the aggregate par value of these scrip shares.

(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.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

26 Capital and reserves (continued)

(a) Share capital (continued)

(iii) Capital management (continued)

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:

	2023 \$'000	2022 \$'000
Debt	471,021	468,827
Cash and bank balances	(367,598)	(175,204)
Net debt	103,423	293,623
Equity	2,024,646	1,849,327
Net debt to equity ratio	5.1%	15.9%

(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 173 of the consolidated financial statements.

(c) Nature and purpose of reserves

(i) Share premium

Under the Companies Act 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.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

26 Capital and reserves (continued)

(c) Nature and purpose of reserves (continued)

(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 Act 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 2023, the aggregate amount of reserves available for distribution to owners of the Company was \$473,815,000 (2022: \$510,982,000) within which \$751,356,000 (2022: \$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 (2022: \$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:

	2023 \$'000	2022 \$'000
Hotel and casino complex – contracted but not incurred	3,145,781	3,163,829

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

28 Share option or share award scheme

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

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

The Company did not grant any share options or share awards during the Year (2022: Nil) and there are no outstanding share options at the end of the reporting period (2022: Nil).

29 Risk management

(a) Financial risk management objectives and policies

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

(b) Political and economic risks

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

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.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

29 Risk management (continued)

(c) Credit risk

The credit policy on gaming receivables is five to thirty days (2022: five to thirty days) from the end of tour. The credit policy on non-gaming receivables is thirty days from end of month (2022: thirty days from end of month). Trade receivables relate mostly to referral VIP operators. At the end of the reporting period, the Group has a certain concentration of credit risk at 29% (2022: 19%) 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(c)(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 referral VIP operators. Credit evaluations are performed on all customers/referred VIP operators requesting credit facilities.

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:

2023	Expected loss rate %	Gross carrying amount \$'000	Loss allowance \$'000
Current (not past due)	0.65	4,193	28
1 to 3 months past due	2.41	762	18
3 to 6 months past due	4.81	1,301	63
6 to 12 months past due	10.74	7,409	796
More than 1 year past due	72.16	3,748	2,704
		17,413	3,609

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

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

29 Risk management (continued)

(c) Credit risk (continued)

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.

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

	2023 \$'000	2022 \$'000
At 1 January	5,109	8,489
(Reversal of impairment loss)/impairment loss recognised	(1,500)	2,400
Bad debts written off	–	(5,780)
At 31 December	3,609	5,109

During the Year, decrease (2022: increase) in expected loss rate of trade receivable balances in all age brackets have resulted in a decrease (2022: increase) in loss allowance of \$1,500,000 (2022: \$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 and the values of their major assets as appropriate. As at 31 December 2023, the Group assessed the ECL of an other receivable with gross carrying amount of \$6,782,000 (2022: \$12,857,000) based on lifetime ECLs. No impairment loss was recognised against the gross carrying amount of the other receivable after considering the debtor's financial position, past repayment history and forward-looking information of the country. Except for the abovementioned other receivable, ECLs of other receivables are measured based on 12-month ECLs for which no impairment loss were recognised during the Year.

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

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

29 Risk management (continued)

(d) Liquidity risk

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

2023	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	136,616	160,263	130,263	-	-	30,000
Senior notes	471,021	509,691	509,691	-	-	-
	607,637	669,954	639,954	-	-	30,000

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

(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.

(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.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

29 Risk management (continued)

(g) Fair values

Categories of financial assets and financial liabilities by category

	2023 \$'000	2022 \$'000
Financial assets at amortised cost	407,036	216,932
Financial liabilities at amortised cost	607,637	622,624

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 note 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

	2023 \$'000	2022 \$'000
Basic salaries, housing and other allowances and benefits in kind	8,275	8,374
Bonus	6,989	4,183
	15,264	12,557

(b) Balance with related companies

As at 31 December 2023, amounts due from the related companies of \$244,000 (2022: \$244,000) are included in trade and other receivables as disclosed in note 21 to the consolidated financial statements. The maximum balance during the Year was \$244,000 (2022: \$291,000).

As at 31 December 2023, amount due to the late Dr Chen of \$10,894,000 (2022: \$280,000) is included in trade and other payables as disclosed in note 23 to the consolidated financial statements.

The amounts with related companies and the late Dr Chen are unsecured, interest-free and repayable on demand.

30 Related party transactions (continued)

(c) Share-based payment transactions with the Subscriber

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 representing 50% of the aggregate amount of the progress billings issued by the Contractor and borne by the Subscriber during the year ended 31 December 2022.

31 Ultimate controlling party

As disclosed in the announcement of the Company dated 22 July 2022, The Sakai Trust is a Jersey law governed discretionary family trust established by the late Dr Chen as settlor for the purposes of succession planning and The Sakai Trustee is entrusted with legal title to the trust assets for the benefit of the late Dr Chen and his family.

As at 31 December 2023, The Sakai Trustee directly holds 1,979,803,846 Shares (representing approximately 44.76% of the total number of Shares in issue) and indirectly holds 1,083,743,314 Shares (representing approximately 24.50% of the total number of Shares in issue) through three of its wholly-owned subsidiaries, ChenLipKeong Capital Limited, Lipkco Group Limited and LIPKCO ENTERPRISES LIMITED.

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

31 Ultimate controlling party (continued)

Accordingly, as at 31 December 2023, The Sakai Trustee, directly and indirectly, holds 3,063,547,160 Shares (representing approximately 69.26% of the total number of Shares in issue). Based on the above, The Sakai Trustee (in its capacity as the trustee of The Sakai Trust) remains as the controlling shareholder of the Company after the passing away of the late Dr Chen.

32 Possible impact of amendments and new or revised standards issued but not yet effective for the annual accounting year ended 31 December 2023

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 2023, 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 7 and IFRS 7	Supplier Finance Arrangements ¹
Amendments to IFRS 16	Lease Liabilities in a Sale and Leaseback 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 2024.

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.

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 7 and IFRS 7, Supplier Finance Arrangements

The amendments clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Early adoption is permitted, but will need to be disclosed.

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 2023 (continued)

Amendments to IFRS 16, Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e. 1 January 2019). Earlier application is permitted.

The Directors do not anticipate that the application of these amendments in the future will have a material impact on the consolidated financial statements.

Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The Directors do not anticipate that the application of these amendments in the future will have a material impact on the consolidated financial statements.

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.

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)

(i) Provision of ECLs for trade receivables (continued)

The provision of ECLs is sensitive to changes in estimates. The information about the ECLs on the Group's trade receivables is disclosed in note 29(c).

(ii) Provision of ECL for other receivables

The Group assesses at the end of the reporting period the ECLs of other receivables in accordance with accounting policy in notes 4(c)(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 forward-looking information of the country 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

As at the reporting date, the Group's non-financial assets (including property, plant and equipment, prepayments for acquisition, construction and fitting-out of property, plant and equipment 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 discount cash flow 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 2023.

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 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
At 1 January 2023	468,827	18,220	64,845
Changes from cash flows:			
Interest paid	–	(37,536)	–
Lease payments	–	–	(16,294)
	–	(37,536)	(16,294)
Other changes:			
Finance costs	2,194	37,536	5,797
	2,194	37,536	5,797
At 31 December 2023	471,021	18,220	54,348

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

36 Statement of financial position of the Company

	2023 \$'000	2022 \$'000
Non-current assets		
Property, plant and equipment	18,436	17,420
Right-of-use assets	1,883	2,327
Investments in subsidiaries	397,389	395,388
	417,708	415,135
Current assets		
Deposits, prepayments and other receivables	1,272	1,285
Amounts due from subsidiaries	912,854	961,866
Restricted bank balance	18,768	18,768
Cash and cash equivalents	24,568	4,539
	957,462	986,458
Current liabilities		
Accruals and other payables	31,475	25,020
Senior notes	471,021	-
Amounts due to subsidiaries	25,526	23,526
Lease liabilities	292	431
	528,314	48,977
Net current assets	429,148	937,481
Total assets less current liabilities	846,856	1,352,616
Non-current liabilities		
Senior notes	-	468,827
Lease liabilities	1,542	1,819
	1,542	470,646
NET ASSETS	845,314	881,970
CAPITAL AND RESERVES		
Share capital	55,288	54,777
Reserves (Note)	790,026	827,193
TOTAL EQUITY	845,314	881,970

Approved and authorised for issue by the Board on 19 February 2024

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 2022	751,356	151	55,000	222,810	(294,232)	735,085
Loss for the year	-	-	-	-	(628)	(628)
Issue and allotment of scrip dividend 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
At 1 January 2023	751,356	151	55,000	316,060	(295,374)	827,193
Loss for the year	-	-	-	-	(36,656)	(36,656)
Issue and allotment of scrip dividend shares under scrip dividend scheme	-	-	-	-	(511)	(511)
At 31 December 2023	751,356	151	55,000	316,060	(332,541)	790,026

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 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)

	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000	2023 \$'000
Consolidated statement of income					
Revenue	1,755,466	878,681	225,857	460,693	533,247
Profit/(loss) attributable to owners of the Company	521,278	102,303	(147,022)	107,254	177,732
Basic earnings/(loss) per share (US cents)	12.01	2.36	(3.36)	(Restated) 2.42	4.02
Diluted earnings/(loss) per share (US cents)	12.01	2.36	(3.36)	2.42	4.02
Dividend					
Interim dividend declared	147,063	12,376	–	31,619	–
Final dividend proposed after the end of reporting period	220,938	81,677	–	32,733	–
Total dividend attributable to the year	368,001	94,053	–	64,352	–
Dividend per share (US cents)	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	1,594,848	1,673,717	1,931,729	2,070,090	2,016,155
Right-of-use assets	85,758	90,194	88,837	83,209	77,505
Intangible assets	70,631	67,914	65,197	62,480	59,763
Other non-current assets	139,515	143,707	147,739	143,913	187,902
Net current assets/(liabilities)	281,170	107,017	42,268	31,298	(243,667)
Employment of capital	2,171,922	2,082,549	2,275,770	2,390,990	2,097,658
Represented by:					
Share capital	54,263	54,263	54,263	54,777	55,288
Reserves	1,734,108	1,602,203	1,595,260	1,794,550	1,969,358
Shareholders' funds	1,788,371	1,656,466	1,649,523	1,849,327	2,024,646
Non-current liabilities	383,551	426,083	626,247	541,663	73,012
Capital employed	2,171,922	2,082,549	2,275,770	2,390,990	2,097,658
Net assets per share in open market (US cents)	41.20	38.16	38.00	42.20	45.78