2013 ANNUAL REPORT

EMBRACING ECOLOGY & CULTURE

NAGACORP LTD.//金界控股有限公司*

(Incorporated in Cayman Islands with limited liability)

STOCK CODE: 3918

*for identification purpose only

NAGACORP
金界控股有限公司


NAGAWORLD


CHRISTMAS "WISH COMES TRUE" CELEBRATION AND CHARITY LUNCHEON
NAGAWORLD
21 - 12 - 2013


Go For Gold

Contents

Corporate Information

NagaCorp Ltd. ("NagaCorp" or the "Company") is the largest hotel, gaming and leisure operator in Cambodia, and the Company has been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 2006. In fact, NagaCorp became the first company with operations in Cambodia to become a public listed entity, as well as the first gaming-related company traded on the Stock Exchange. Our flagship, NagaWorld, is Phnom Penh's only integrated hotel-casino entertainment complex and we enjoy a 70-year casino licence that will run till 2065, as well as a 41-year monopoly within a 200km radius of Phnom Penh that expires in 2035.

Board of Directors

Executive Directors

Tan Sri Dr Chen Lip Keong *(Chief Executive Officer)*
Philip Lee Wai Tuck *(Chief Financial Officer)*
Chen Yepern

Non-executive Director

Timothy Patrick McNally *(Chairman)*

Independent Non-executive Directors

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

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

AML Oversight Committee

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

Company Secretary

Lam Yi Lin

Authorised Representatives

Philip Lee Wai Tuck
Lam Yi Lin

Auditor

BDO Limited

Solicitors

Troutman Sanders
Reed Smith Richards Butler

Principal Banker

Malayan Banking Berhad *(Phnom Penh Branch)*
CIMB Bank Plc *(Phnom Penh Branch)*
United Overseas Bank Limited *(Hong Kong Branch)*

Investor Relations

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

Listings

The Company's shares have been listed on the Main Board of the Stock Exchange since 19 October 2006.

Annual Report 2013

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

Stock Code

3918

Registered Office

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

Principal Place of Business in Cambodia

NagaWorld
Samdech Techo Hun Sen Park
P.O. Box 1099, Phnom Penh
Kingdom of Cambodia
Tel No: +855 23 228822 Fax: +855 23 217532

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

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

Branch Share Registrar and Transfer Office

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

Chief Executive Officer

Tan Sri Dr Chen Lip Keong

Chief Financial Officer

Philip Lee Wai Tuck

Vice President, Investor Relations (North America)

Kevin Nyland

Investor Relations (Europe)

David Ellis

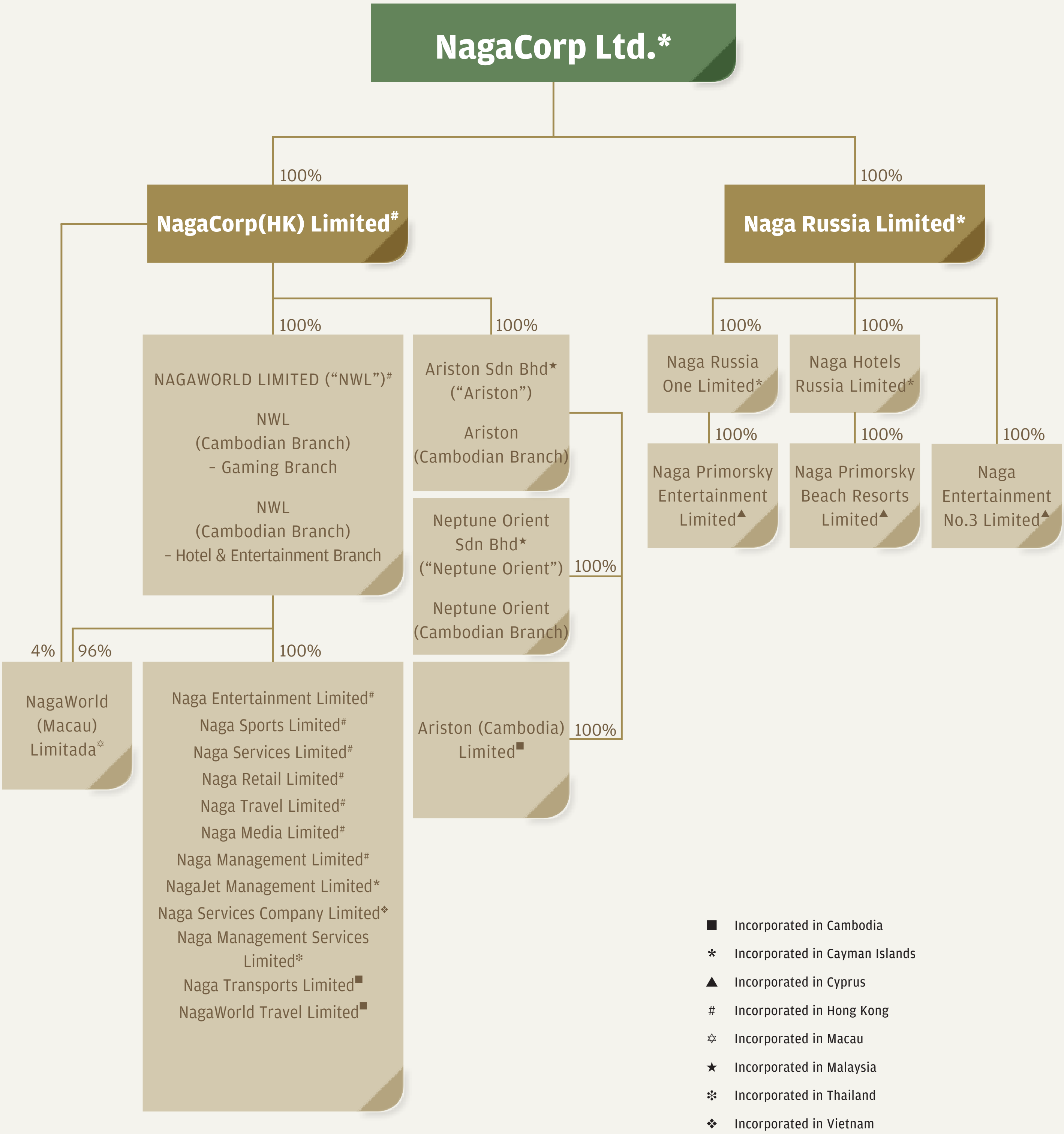
Vice President, Investor Relations (Asia Pacific) & Corporate Finance

Gerard Chai

Company Website

www.nagacorp.com

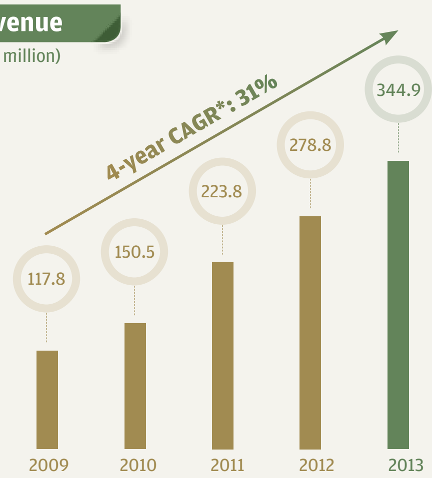
Corporate Structure



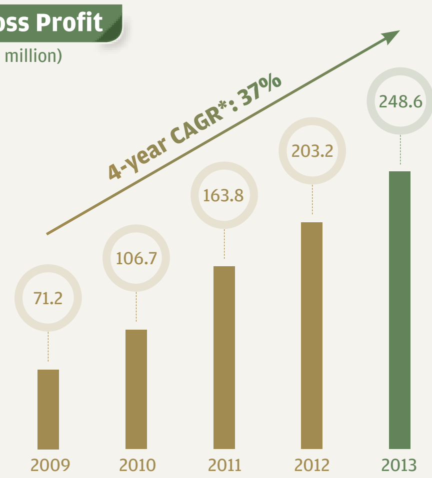
As at 12 February 2014

Financial Highlights

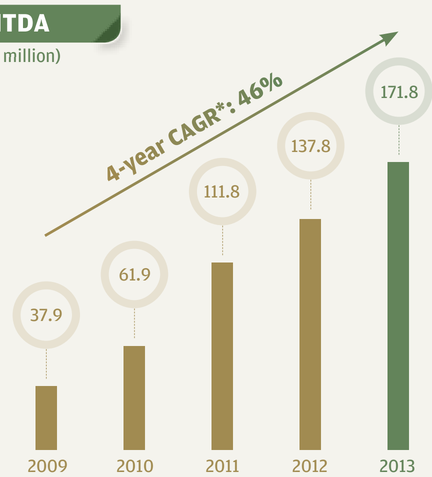
Revenue
(US$ million)



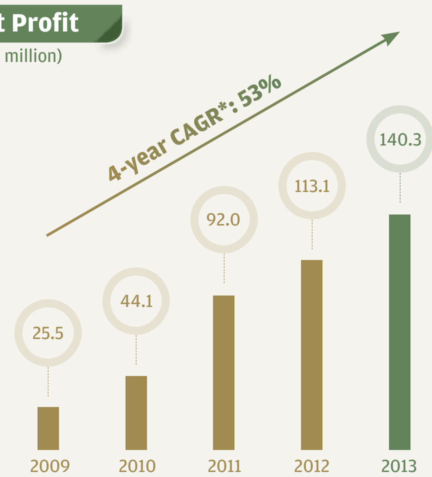
Gross Profit
(US$ million)



EBITDA
(US$ million)

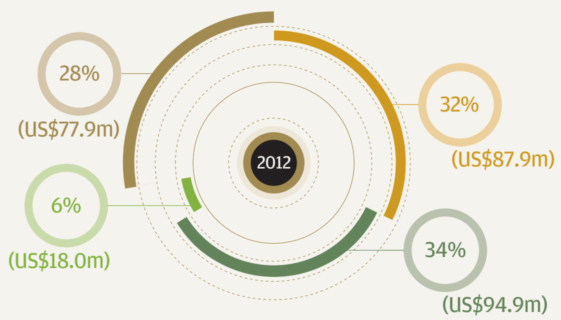


Net Profit
(US$ million)

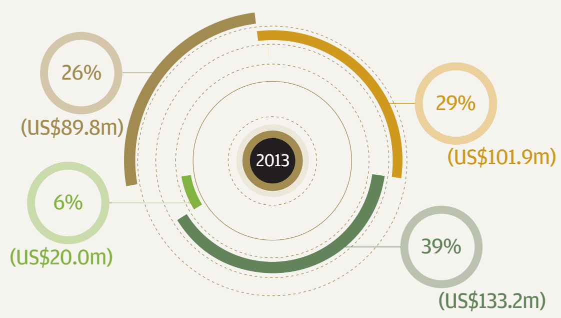


* Compound Annual Growth Rate

Revenue
(US$278.8 million)



Revenue
(US$344.9 million)



Mass Market: Public Floor Gaming Tables | Mass Market: Electronic Gaming Machines | VIP Market | Non-gaming

Chairman & CEO'S Statement

Timothy Patrick McNally
Chairman

Dear Shareholders,

We are pleased to announce that NagaCorp reported a net profit of US$140.3 million for the year ended 31 December 2013, 24% higher than the same period last year. NagaCorp continues to outperform its regional gaming peers on many aspects as gaming in the region continues its global dominance.

NagaWorld continued to benefit from the region's robust atmosphere. The Company's performance during the year was driven by higher business volume from both the Mass and VIP Markets, as well as improved margins from the VIP Market. Throughout the year, we maintained a prudent business strategy and operational efficiency, while remaining steadfast in maximizing growth, and above all else, building continued value for you, our shareholders.

Tourism and Steady Local Economics

International tourist arrivals to Cambodia continued to significantly outpace worldwide tourism growth, helping to drive NagaCorp's performance. During the year, tourism arrivals in Cambodia increased by 17% to approximately 4.2 million visitors, compared to 2012. Solid visitation numbers from the gaming-centric countries of Vietnam (20%), China (11%) and Korea (10%) continued to be a prime driver for the Company's continued business growth. They collectively accounted for 41% of total tourist arrivals to Cambodia. Visitors from China increased by 39% during 2013 (Source: Ministry of Tourism, Cambodia).

The Cambodian economy remains robust in a recovering global economy, with support from increasing investments in both public and private sectors. The National Bank of Cambodia reported a gross domestic product ("GDP") growth rate of 7.0% and an inflation rate of 4.0% for 2013. The positive macroeconomic outlook is underpinned by strong growth in the garment and construction sectors, sustained agricultural growth as a result of favorable weather conditions, strong tourism growth and continued inflows of foreign direct investments ("FDI"). In fact, the World Bank projects that FDI inflows to Cambodia will grow by 12% in 2014 to US$1.6 billion from US$1.5 billion in 2013 (Sources: Asian Development Bank, World Bank).

The increases in FDI and tourist visitations point to the rising profile of Cambodia as a business and leisure destination, boding well for the Company's operations.

Tan Sri Dr Chen Lip Keong
Chief Executive Officer

Strategic Positioning for Regional Leadership

On the back of successful premium mass gaming areas, namely NagaRock and Saigon Palace, the Company continued its strategy to segment the Mass Market and attract higher end public floor players. Aristocrat Private Club, a premium mass gaming area with 31 electronic gaming machines and five gaming tables offering higher table limits, successfully ramped up since its opening in July 2013. These premium mass gaming areas continue to be well-received, with increasing visitations during the year. In addition, the Company raised the minimum table bets on its normal public floor gaming areas towards the end of the year. The Company's loyalty program, the Golden Edge Rewards Club, has been tracking well with increasing registration. As of 31 December 2013, the program had more than 34,500 members. This has allowed the Company to continue its efforts to understand members' profiles, create targeted marketing promotions and rollout player development initiatives to drive frequency of visitations.

At the same time, the Company will continue to develop its VIP Market. Since the implementation of the new incentive program for overseas junkets in March 2013, the Company has experienced a change in players' profiles and betting patterns, which contributed to the increase in rollings and win rate during the year. We will continue our efforts to sign on more junkets around the region under the incentive program, which will help us penetrate the lucrative VIP Market in Macau.

The Company continued its strategic marketing efforts in key target markets to provide internationally recognized services to both gaming and non-gaming patrons and continue to carve a unique niche in an increasingly competitive landscape. The five luxury boutiques opened in NagaWorld, Cartier, Piaget, Rolex, Mont Blanc and Jaeger LeCoultre, continue to enhance the high-end retail experience of its patrons and further strengthen NagaWorld's overall appeal to both the VIP and Mass Markets.

In September, the Company entered into an investment agreement with The Administration of Primorsky Territory of the Russian Federation. With this agreement, the Company will undertake a gaming and resort development project in Russia under the name "Primorsky Entertainment Resort City" sited on an area with dual frontage and majestic views to the sea and an inland lake flanked by two hills. The Company expects that the complex will begin operations in 4-5 years.

Naga2 is expected to be completed in 2016, with a total build-up area of 116,358 square metres, will feature over 1,000 hotel rooms, 50 luxury VIP suites, up to 18,738 square metres of retail space, a 4,000 seating capacity MICE/theatre facilities and additional gaming space (up to 300 gaming tables and 500 electronic gaming machines). The construction work for Naga2 is in full throttle and when completed, will position the Company as the leading integrated gaming and entertainment

Chairman & CEO'S Statement

destination in Indochina. This will also benefit Cambodia as our host nation, and in turn, deliver value to our shareholders.

Impressive Dividend Payout Ratio of 70%

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

The board of directors (the "Board") has resolved to declare a final dividend of US cents 2.38 per share (or equivalent to HK cents 18.45 per share) for the year ended 31 December 2013. The proposed final dividend, together with an interim dividend of US cents 1.93 per share (or equivalent to HK cents 14.96 per share), results in a total dividend for the year ended 31 December 2013 of US cents 4.31 per share (or equivalent to HK cents 33.41 per share), representing a dividend payout ratio of 70% in 2013.

Social Responsibilities

For many years, NagaCorp has been recognized for its leadership in corporate social responsibility. We will continue our journey of being a good corporate citizen and striving for excellence to uphold our responsible position in the country.

Corporate Governance

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

Our Appreciation

The Board would like to express its 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

Tan Sri Dr Chen Lip Keong
Chief Executive Officer

Hong Kong
12 February 2014


Дальневосточный
Инвестиционный Конгресс
Far Eastern Investment Congress
VLADIVOSTOK
Инвестицио
Far Eastern Inv
TAN SRI DR.
CHEN LIP KEONG

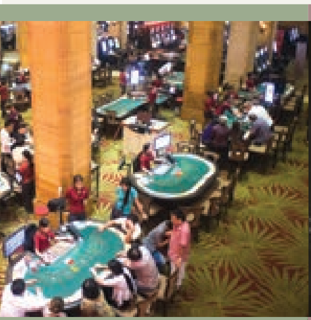
Management Discussion & Analysis

The Group owns, manages and operates the largest integrated gaming and entertainment hotel complex in Cambodia – NagaWorld. NagaWorld is the only licensed casino in the capital city of Phnom Penh.

NagaWorld features a world-class 700-room hotel, 19 food and beverage outlets, and entertainment outlets. NagaWorld is also widely recognised as a popular meetings, incentives, conventions and exhibitions ("MICE") facilities destination in Indochina. This includes 25,000 square metres of meeting and ballroom space, a stand-alone 6,500 square-metre ballroom, a 60-seat auditorium, and an exhibition space. There are also five luxury boutiques in NagaWorld, namely Cartier, Piaget, Rolex, Mont Blanc and Jaeger LeCoultre.

As at 31 December 2013, NagaWorld had available in operation 172 gaming tables and 1,543 electronic gaming machines. With a built-up area of 113,307 square metres, NagaWorld's size and facilities positions it as the leading integrated gaming and entertainment destination in Indochina.

The Group holds a Casino Licence granted to the Group by the Royal Government of Cambodia, for a duration of 70 years commencing from 2 January 1995, and has 41 years of exclusivity within a 200-km radius of Phnom Penh, Cambodia (excluding the Cambodia-Vietnam border area, Bokor, Kirirom Mountains and Sihanoukville).



RESULTS

Table 1: Performance Highlights

For the year ended 31 December 2013 and comparative prior year:

	2013 US$'000	2012 US$'000	Increase/ (Decrease) %
Mass Market: Public Floor Gaming Tables			
– Buy-ins	**400,318**	348,458	14.9%
– Win rate	**22.4%**	22.4%	
– Revenue	**89,803**	77,916	15.3%
Mass Market: Electronic Gaming Machines			
– Bills-in	**1,097,997**	995,464	10.3%
– Win rate	**11.0%**	11.5%	
– Win per unit per day (WUD) (US$)	**217**	236	(8.1%)
– Revenue	**101,936**	87,923	15.9%
– No. of machines at end of year	**1,543**	1,470	5.0%
VIP Market			
– Rollings	**4,573,644**	3,786,670	20.8%
– Win rate	**2.9%**	2.5%	
– Revenue	**133,178**	94,913	40.3%
Non-Gaming			
– Revenue	**20,029**	18,010	11.2%

Management Discussion & Analysis

BUSINESS OVERVIEW

The Group's property, NagaWorld, continues to generate strong operational and financial results. The Group's revenue increased by 24% to US$344.9 million and net profit increased by 24% to US$140.3 million for the year ended 31 December 2013. The positive results were attributed to higher business volume from the Mass Market and VIP Market, as well as improved margins from the VIP Market.

International tourism grew by 5% in 2013 to a record of 1.1 billion travellers globally (Source: United Nations World Tourism Organisation). In Cambodia, international tourist arrivals continued to outperform worldwide tourism growth by recording 4.2 million visitors in 2013, an increase of 17% in 2013 compared to 2012. The top three countries where visitors originated were Vietnam (20%), China (11%) and Korea (10%), which collectively accounted for 41% of total tourist arrivals to Cambodia with a year-on-year increase of 16%. Visitors from China increased by 39% year-on-year to 463,123 visitors in 2013 (Source: Ministry of Tourism, Cambodia (MOTC)). The strong visitor growth from these gaming-centric countries continued to be an important driver of the Group's business growth.

The Cambodian economy remains robust amidst a recovering global economy. The National Bank of Cambodia reported a gross domestic product ("GDP") growth rate of 7.0% and an inflation rate of 4.0% for 2013. The positive macroeconomic outlook is underpinned by strong growth in the garment and construction sectors, sustained agricultural growth as a result of favourable weather conditions, strong tourism growth and continued inflows of foreign direct investments ("FDI") (Sources: Asian Development Bank, World Bank).

Mass Market (Public Floor Gaming Tables and Electronic Gaming Machines)

The Group achieved a growth of 15% in Public Floor Gaming Tables buy-ins and 10% in Electronic Gaming Machines ("EGM") bills-in respectively. Both win rates and margins remained stable.

On the back of successful premium mass gaming areas, namely NagaRock and Saigon Palace, the Group continued its strategy to segment the Mass Market and attract higher end public floor players. Aristocrat Private Club, a premium mass gaming area with 31 EGM and five gaming tables offering higher table limits, successfully ramped up since its opening in July 2013. These premium mass gaming areas continue to be well-received, with increasing visitations during the year. In addition, the Group also raised the minimum table bets on its normal public floor gaming areas towards the end of the year.

In the EGM segment, revenue increased by 16% to US$101.9 million as a result of higher bills-in. The number of EGM in operation at the end of the year increased from 1,470 to 1,543, as a result of additions in the Aristocrat Private Club and Saigon Palace.

The Group's loyalty program, the Golden Edge Rewards Club, has been tracking well with increasing registration. As at 31 December 2013, the program successfully captured more than 34,500 members. This has allowed the Group to continue its efforts to understand its members' profiles, create targeted marketing promotions and rollout player development initiatives to drive frequency of visitations.

VIP Market

The Group's VIP Market comprises the players brought in by junkets, who are either under a commission-based model or incentive program and direct players without an intermediary. The overseas junket incentive program introduced in March 2013 enables the Group to increase the existing table limits, whilst managing volatility and credit risk.

After introducing the incentive program, the Group observed an increase in better quality VIP players, which contributed to the increase in rollings and win rate. This program continued to ramp up with sequential increase in VIP rollings in 2H2013. Total VIP rollings increased by 21% to US$4.6 billion and overall win rate increased from 2.5% to 2.9%. As a result, total VIP Market revenue recorded an increase of 40% to US$133.2 million.

Non-Gaming Revenue

Non-Gaming revenue increased by 11% to US$20.0 million, mainly due to an increase in room revenue, as a result of higher average room rates.

The Group continues its strategic marketing efforts in key target markets to provide internationally recognized services to both gaming and non-gaming patrons and continue to carve an unique niche in an increasingly competitive landscape. The five luxury boutiques opened in NagaWorld, namely Cartier, Piaget, Rolex, Mont Blanc and Jaeger LeCoultre, continue to enhance the high-end retail experience of its patrons and further strengthen NagaWorld's overall appeal to both the VIP and Mass Markets.

Revenue and Gross Profit Analysis

Table 2(a)

2013	**Revenue**		**Gross Profit**		**Gross Profit Margin**
	US$'m	**%**	**US$'m**	**%**	**%**
Mass Market	**191.7**	**55%**	**181.9**	**73%**	**95%**
VIP Market	**133.2**	**39%**	**53.9**	**22%**	**40%**
Non-gaming	**20.0**	**6%**	**12.8**	**5%**	**64%**
Total	**344.9**	**100%**	**248.6**	**100%**	**72%**

Table 2(b)

2012	Revenue		Gross Profit		Gross Profit Margin
	US$'m	%	US$'m	%	%
Mass Market	165.8	60%	157.0	77%	95%
VIP Market	94.9	34%	35.3	17%	37%
Non-gaming	18.0	6%	10.9	6%	61%
Total	278.7	100%	203.2	100%	73%

Management Discussion & Analysis

The Group recorded a gross profit increase of 22% to US$248.6 million for the financial year ended 31 December 2013. The Mass Market continued to generate a high margin of 95% and contributes a significant 73% to the Group's total gross profit. The gross profit margin of the VIP Market increased from 37% to 40% driven by higher win rates in the overall VIP Market and better margins achieved by the overseas junkets incentive program. The VIP Market's contribution to total gross profit also increased from 17% to 22% as a result of higher VIP Market revenue composition of 39% (2012: 34%).

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

Administrative and other operating expenses before impairment losses, depreciation and amortisation increased by 18% to US$78.5 million during the year from US$66.7 million in 2012. Increased expenses were required to support the higher business volume across most segments. Staff related costs also increased due to the hiring of experienced and qualified staff to facilitate the regional marketing efforts and ongoing property enhancements of NagaWorld.

Finance Costs

The Group did not incur any finance costs as there were no financing arrangements as at 31 December 2013. The Group has continued to remain ungeared.

Net Profit

Net profit attributable to shareholders of the Group, or net profit, increased by 24% to US$140.3 million for the year ended 31 December 2013. Net profit margin was maintained at 41%.

Earnings per share were US cents 6.28 (HK cents 48.67 per share) and US cents 5.43 (HK cents 42.08 per share) for the year ended 31 December 2013 and 2012 respectively.

Update on the Investment Project in Vladivostok

On 6 September 2013, the Company entered into an investment agreement with The Administration of Primorsky Territory of the Russian Federation acting by its Governor; the Corporation of Development of Primorsky Territory, the registered lessee of four plots of land situated in The Gambling Zone of the Primorye Region, Russia (the "IEZ"); and the Department of International Cooperation and Tourism Development of the Primorsky Territory, the state authorised body with responsibility for the IEZ; pursuant to which the Group has agreed to invest not less than US$350 million (approximately HK$2.7 billion or approximately Russian Roubles 11.6 billion) in a gaming and resort development project in Russia under the name 'Primorsky Entertainment Resort City' (PERC) sited on an area with dual frontage and majestic views to the sea and an inland lake flanked by two hills.

The proposed investment amount was mutually agreed between the parties based on arm's length negotiation as representing the capital commitment needed to develop a world-class hotel, casino and entertainment complex ("Casino Hotel Complex"), the freehold interest of which is ultimately intended to be owned by the Group, and to landscape the immediate surrounding areas, all as contained within the IEZ. The IEZ is one of four legal designated casino gaming zones established in Russia, within which casino gaming is now permitted following a general nationwide embargo on gaming activities imposed in 2009. The Company intends to fund the proposed investment amount through equity and/or debt.

The Company is currently in the process of establishing one or more indirect subsidiaries in Russia for the purposes of undertaking this gaming and resort project. After establishing the Russia subsidiary, it will apply for a casino permit pursuant to the federal laws of Russia.

The Company anticipates that the process of obtaining all necessary permits for the construction of the Casino Hotel Complex will be in the order of one to two years. Thereafter, it is envisaged that the project will be completed within four years from the date of obtaining all approvals. Accordingly the Company expects that the Casino Hotel Complex may not begin operations before 2018.

FINANCIAL REVIEW

Pledge of Assets

As at 31 December 2013, the Group had not pledged any assets for bank borrowings (31 December 2012: Nil).

Contingent Liabilities

Pursuant to the Service Agreement between the Company and the Chief Executive Officer ("CEO"), the CEO is entitled to an annual performance incentive based on the Group's consolidated profit before taxation. For the financial year ended 31 December 2013, the CEO is entitled to a performance incentive of US$5.9 million. However, the CEO has agreed to accept only a partial performance incentive of US$2.0 million, with the balance of US$3.9 million being deferred and contingently payable in 2015 only upon the Company satisfactorily achieving certain 2014 performance targets.

Exchange Rate Risk

The Group's income is earned principally in United States dollars. The Group's expenditure is paid principally in United States dollars and to a lesser extent in Cambodian Riels. 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

Pursuant to the Placing and Subscription Agreement dated 13 March 2013, the Company allotted and issued 200,000,000 new ordinary shares of US$0.0125 each at a subscription price of HK$6.05 per share to Fourth Star Finance Corp., a substantial shareholder of the Company, on 27 March 2013 following completion of the top-up placing of an aggregate of 200,000,000 existing shares to not less than six independent investors at a placing price of HK$6.05 each. The net proceeds from this placing of shares amounting to HK$1.2 billion (or equivalent to US$156 million) were intended to be used for future growth and market penetration of the Company's overseas high-premium direct-players program and the junket incentive program.

The 200,000,000 subscription shares were allotted and issued under the general mandate granted to the directors by its shareholders at the annual general meeting of the Company held on 24 May 2012.

Liquidity, Financial Resources and Gearing

As at 31 December 2013, the Group had total cash and bank balances, fixed deposits and certificate of deposits of US$252.1 million (31 December 2012: US$73.2 million).

As at 31 December 2013, the Group had net current assets of US$230.8 million (31 December 2012: US$68.9 million). The Group had net assets of US$600.0 million as at 31 December 2013 (31 December 2012: US$401.9 million).

As at 31 December 2013 and 31 December 2012, the Group had no outstanding borrowings.

Capital and Reserves

As at 31 December 2013, the capital and reserves attributable to owners of the Company was US$600.0 million (31 December 2012: US$401.9 million).

Management Discussion & Analysis

Staff

As at 31 December 2013, the Group employed a total work force of 4,894 (31 December 2012: 4,544), stationed in Cambodia, Hong Kong, Macau, Malaysia, Thailand, United States and Vietnam. The remuneration and staff costs for the year were US$34.7 million (31 December 2012: US$29.7 million).

Employee Benefits

Salaries, annual bonuses, paid annual leave, contributions to a 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. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Trade Receivables and Credit Policy

The Group continues to monitor the changes in trade receivables. The increase in net trade receivables from US$6.9 million to US$9.5 million during the year was due to new credit facilities extended to overseas junket operators under the new incentive program.

For the year under review, the Group has not made any provision of impairment loss (31 December 2012: US$0.1 million) and bad debts written off amounted to US$5.7 million (31 December 2012: US$2.4 million). These debts had been fully provided for in previous years.

The Group has adhered to its strict credit guidelines implemented since 2009. From time to time, the Group will review and monitor its junket operators to ensure they comply with the credit guidelines. The Group strives to maintain a win-win cordial commercial relationship with many of these junket operators for a long period of time. Mutual support from these junket operators are essential for the growth in the VIP Market going forward.

PROSPECTS

The World Bank continues to remain positive on FDI inflows to Cambodia, projecting a growth of 12% in 2014 to US$1.63 billion from US$1.45 billion in 2013. Meanwhile, the International Monetary Fund (IMF) is projecting Cambodia's GDP at 7.2% and inflation at 3.4% in 2014. Tourism remains as one of the key pillars of Cambodia's growth. In June 2013, the MOTC revised upwards the forecast for international tourist arrivals from 7.0 million to 7.5 million by 2020. Therefore, the stable macro environment in Cambodia, positive FDI inflows and strong tourism growth will continue to benefit the Group's business growth.

One of the focuses for 2014 is to increase connectivity to NagaWorld, which should translate into higher visitations for both Mass and VIP Markets. The frequency of direct weekly flights to Cambodia has increased from 360 in 2012 to 396 at the end of 2013. Despite the increasing frequency of direct flights to Cambodia, there are several major cities within China and Southeast Asia which presently do not have direct flights to Cambodia. To increase visitation to NagaWorld, the Group is collaborating with travel agents especially from China to organise charter flights to Phnom Penh.

To competitively position the Group's VIP Market within the region, the Company successfully raised US$156 million through a top-up placement (please refer to the section on "Issue of New Shares" for more details). The placement proceeds intended to provide better quality VIP services and experiences to patrons, upgrade facilities in NagaWorld and improve the Group's working capital position.

To penetrate the lucrative VIP Market in Macau, the Group plans to charter flights between Macau and Phnom Penh to facilitate Macau-based junket operators sending their players to NagaWorld. To cope with the expected increase in VIP headcount, the Group is completing level 3 of the hotel block and the rooftop of the pool wing to create additional VIP junket gaming areas that will potentially add up to 63 VIP gaming tables, which is targeted for completion in 2014.

Naga2 is expected to be completed in 2016. Naga2, with a total built-up area of 116,358 square metres, will feature over 1,000 hotel rooms, 50 luxury VIP suites, up to 18,738 square metres of retail space, MICE/theatre facilities with a 4,000 seating capacity and additional gaming space (up to 300 gaming tables and 500 EGM).

In the longer term, the Group's investment in Vladivostok, Russia not expected to be operational before 2018, will be the next catalyst of growth. The Group believes that its participation in an exciting new casino market in a different geography offers the potential for attractive investment returns.

INTERIM AND FINAL DIVIDEND

The Board recommends the payment of final dividend of US cents 2.38 per share (or equivalent to HK cents 18.45 per share) for the year ended 31 December 2013 to shareholders whose names appear on the Company's register of members on Tuesday, 15 April 2014. Subject to the approval of the shareholders of the Company at the annual general meeting ("AGM") to be held on Wednesday, 9 April 2014, the final dividend is expected to be paid to shareholders by post on or about Tuesday, 29 April 2014. The proposed final dividend together with an interim dividend of US cents 1.93 per share (or equivalent to HK cents 14.96 per share) paid on Friday, 27 September 2013, the total dividend declared for the financial year ended 31 December 2013 would thus be US cents 4.31 per share (or equivalent to HK cents 33.41 per share).

CLOSURE OF REGISTER OF MEMBERS

1. AGM

The register of members will be closed from Monday, 7 April 2014 to Wednesday, 9 April 2014, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 4 April 2014.

2. Proposed Final Dividend

The register of members will be closed on Tuesday, 15 April 2014. The ex-dividend date will be Friday, 11 April 2014. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at the abovementioned address not later than 4:30 p.m. on Monday, 14 April 2014.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Directors' Profile

Timothy Patrick McNally

Chairman

Timothy Patrick McNally, age 66, joined the Company in February 2005 as Chairman of the Board. He also serves as Chairman of the AML Oversight Committee of the Company. From April, 1999 until October 2005, Mr. McNally was the Executive Director of Security and Corporate Legal Services for the Hong Kong Jockey Club. He was a member of the Executive Board of Management responsible for corporate governance issues.

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

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

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

Tan Sri Dr Chen Lip Keong

Founder, Controlling Shareholder and Chief Executive Officer

Tan Sri Dr Chen Lip Keong ("TSCLK"), age 66, an Executive Director of the Company, is the founder, controlling shareholder, Chief Executive Officer and a member of the Remuneration Committee, Nomination Committee and AML Oversight Committee of the Company. TSCLK is also a director of several subsidiaries of the Company and a director of Fourth Star Finance Corp. which is a substantial shareholder of the Company. An Executive Director of the Company, Mr. Chen Yepern is a son of TSCLK.

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

Philip Lee Wai Tuck

Executive Director

Philip Lee Wai Tuck, age 51, is a qualified Certified Public Accountant. Mr. Lee has experience in various industries before joining the Group in 2009. He has previously worked in or held directorships in various companies listed on the Bursa Malaysia. Mr. Lee took on senior management positions in financial and management functions with wide experience in accounting, finance, treasury and corporate finance. He is presently Chief Financial Officer of the Company and a director of several of the Company's wholly-owned subsidiaries, namely NagaCorp (HK) Limited, NAGAWORLD LIMITED, Naga Sports Limited, Naga Travel Limited, Naga Retail Limited, Naga Entertainment Limited, Naga Services Limited, Naga Media Limited, Naga Management Limited, NagaJet Management Limited, NagaWorld (Macau) Limitada, Naga Russia Limited, Naga Russia One Limited, Naga Hotels Russia Limited and NagaWorld Travel Limited. Mr. Lee oversees the financial, treasury and business operations of the Group.

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

Directors' Profile

Chen Yepern

Executive Director

Chen Yepern, age 30, was appointed an Executive Director on 14 February 2011. He is also a member of the Remuneration Committee, Nomination Committee and AML Oversight Committee of the Company. Mr. Chen graduated with a Bachelor of Science degree in Finance from The California State University Northridge in 2009 and subsequently worked at Caesar's Palace in 2010.

Mr. Chen is currently a director of several wholly-owned subsidiaries of the Company, namely NagaCorp (HK) Limited, NAGAWORLD LIMITED, Naga Sports Limited, Naga Travel Limited, Naga Retail Limited, Naga Entertainment Limited, Naga Services Limited, Naga Media Limited, Naga Management Limited, NagaJet Management Limited, Naga Russia Limited, Naga Russia One Limited, Naga Hotels Russia Limited and NagaWorld Travel Limited. He is a son of Tan Sri Dr Chen Lip Keong, the Chief Executive Officer, founder and controlling shareholder of the Company.

Michael Lai Kai Jin

Independent Non-executive Director

Michael Lai Kai Jin, age 44, was a Non-executive Director from 31 May 2010 to 5 April 2011 and was redesignated as Independent Non-executive Director on 6 April 2011. He is also a member of the Audit Committee, Remuneration Committee, Nomination Committee and AML Oversight Committee of the Company. Mr. Lai graduated from the National University of Singapore with a L.L.B (Hons) Degree in 1994 and was called to the Singapore Bar the following year. He was formerly a partner of Messrs. KhattarWong, one of the largest law firms in Singapore with offices in Singapore, Shanghai, Hanoi and Ho Chi Minh. Mr. Lai's practice focused on marine and admiralty law and has handled numerous legal disputes in the area of international trade and transport. Mr. Lai was formerly the Chairman of the Advisory Body Legal Matters, FIATA and the Legal Counsel for the Singapore Logistics Association.

Mr. Lai is currently the Chairman of PVKeez Pte Ltd ("PVKeez"), a joint venture between EOC Ltd, Ezra Holdings Ltd, Keppel Corporation Ltd and PetroVietnam Transportation Corporation. PVKeez joint venture was set up for the conversion, management and operation and offloading facility in Vietnam's Chim Sao oilfield.

Mr. Lai is an Independent Director of Select Group Ltd and Interlink Petroleum Ltd, the securities of these two companies are listed on the Singapore Stock Exchange and Mumbai Stock Exchange respectively. He is also an Independent Non-executive Director of Pan Asia Mining Limited, a company listed on the Growth Enterprise Market of the Stock Exchange.

Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir

Independent Non-executive Director

Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, age 74, has been an Independent Non-executive Director since 17 September 2007. He is also the Chairman of the Remuneration Committee and Nomination Committee of the Company, and a member of the Audit Committee of the Company. Tan Sri Kadir is a Barrister-At-Law of Lincoln's Inn, London. He was a practicing lawyer at Hisham, Sobri & Kadir and Kadir, Khoo & Aminah and a prominent politician in Malaysia and has served the Federal Government of Malaysia for more than 30 years. His involvement in the Malaysia Federal Government service began in 1970 where he held the position of Political Secretary, Parliamentary Secretary, Deputy Minister and Minister in various ministries. He was holding the position of Minister of Information prior to his resignation from the Cabinet in 2006. Prior to that, he was the Minister of Culture, Arts and Tourism from 1999 to 2004 where he was also the Chairman of Malaysia Tourism Promotion Board.

Tan Sri Kadir was the Chairman and Independent Non-executive Director of MNC Wireless Berhad until 25 July 2013, a company the securities of which are listed on the Bursa Malaysia Securities Berhad.

Lim Mun Kee

Independent Non-executive Director

Lim Mun Kee, age 47, has been an Independent Non-Executive Director of the Company since 17 September 2007. Mr. Lim is the Chairman of the Audit Committee, and a member of the Remuneration Committee and Nomination Committee of the Company.

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

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

Mr. Lim is also an Independent Non-Executive Director of Petaling Tin Berhad, FACB Industries Incorporated Berhad and Karambunai Corp Berhad, all of which are listed in Malaysia and controlled by Tan Sri Dr Chen Lip Keong, an Executive Director and controlling shareholder of the Company.


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SEA GAMES SEND OFF DINNER

Corporate Social Responsibility

At NagaCorp, we continue to embrace a philosophy of running socially responsible operations. Our commitment to good governance, ethical conduct and social responsibility is core to our way of doing business and strongly aligned with our drive to create and increase shareholder value, as well as further business sustainability.

While balancing risk management and effective business strategies are critical for success, maintaining stability and ensuring vitality of the country are equally important. Hence we define Corporate Social Responsibility ("CSR") as conducting business in ways that result in social, environmental and economic benefits and progress for the communities in which we operate, while delivering positive results for all of our stakeholders. Throughout the years, we have invested enormous efforts in educating future leaders and improving the lives of Cambodians.

We demonstrate our dedication and beliefs, guided by the following values:

- Contributing to economic and social growth by utilizing and maximizing the resources through local employment, supporting small businesses, building sustainable relationships and engaging with non-profit partners, community leaders and government organizations;

- Improving the lives of the local community and supporting human aspirations for a rising quality of life. We offer opportunities in education and training where NagaCorp can offer expertise, as well as social investment in the areas of charitable and nation-building activities, making a difference in the social environment;

- Operating in an environmentally sustainable manner at all times, bringing about measurable and systemic improvements through best practices in environmental management and pioneering solutions.

This year, NagaCorp has actively engaged in corporate ecological responsibility by establishing a committee to educate a society in harmony with nature, with the aim of contributing to sustainable growth of society and the planet.

1. Community Development

Cambodian Red Cross

The Cambodian Red Cross is the largest Non-Governmental Organization ("NGO") in Cambodia and is officially recognized by the Cambodian Government as the primary auxiliary for humanitarian services throughout the country. The Red Cross has been one of NagaCorp's long-standing partners in contributing to society, giving back to the community and working as a strong partner towards building Cambodia's social welfare.

The Red Cross provides many humanitarian services such as disaster response and disaster preparedness, community-based health development, water and sanitation services, community-based first aid and responses to human trafficking. As a committed partner to this invaluable organization and to continually help the Red Cross achieve its goals, NagaCorp donates generously with a contribution of over US$530,000 in 2013.

Corporate
Social Responsibility

Christmas "Wish Comes True" Charity Drive

The Christmas festive season is always a time for sharing and giving. This year, in conjunction with NagaWorld's festive promotions, our staff engaged with the Cambodian & International Children Friends Organization ("CICFO"). A "Wish Comes True" Christmas Tree and Charity Drive were created, along with other Food & Beverage and hotel rooms' promotions. The objectives were to focus on positive social impact and to give back to the community by assisting the less privileged.

CICFO is a non-profit organization founded in 2005 by Keo Botevy and Ouk Vanneth, which is dedicated to improving the lives of vulnerable and less fortunate children. There are currently 34 children and teens aged 4 to 17 years old. With their personal savings, they provide a roof over their heads and proper education to the children with the goal to empower each disadvantaged child to improve their quality of life in a sustainable way through building and strengthening their capacities.

The "Wish Comes True" Christmas Tree in the hotel's lobby displayed 34 children's wishes. With the help of the hotel guests and staff, all wishes were fulfilled and the children were also treated to a Christmas lunch at NagaWorld with games, magic and dance performances. The Dollar For Dollar Match donation charity was also carried out in December, with the monies collected given in kind for the food and facilities required by the home.

2. Youth and National Sports Development

Sports is an integral part in creating a healthy community – helping young people develop life skills in areas of character building, teamwork and leadership and essentially a platform to revitalizing disadvantaged communities in a sustainable way. NagaCorp has been working closely with the National Olympic Committee of Cambodia, sponsoring the South East Asian ("SEA") Games, supporting the Rugby Federation and the Football Federation, as well as kick-boxing and tennis youth development programs.

South East Asian Games

NagaCorp was the first company from the private sector to show its support for Cambodian athletes during the 26th SEA Games in 2011, and this support continued in 2013 for the Cambodian contingent that went to Myanmar to complete in the 27th SEA games in December.

The "Cambodia Go For Gold" campaign, which started in 2011, was extended to this year's contingent with cash incentives of US$3,000 and US$5,000 for all gold medalists in individual and team events respectively. Fourteen (14) individual and team gold medalists emerged with honor this year, topping the results throughout the history of Cambodia participation in the SEA Games. In addition, NagaCorp awarded the National Olympic Committee of Cambodia with cash incentives for every gold medal won as a token of recognition and appreciation to the organizer for their efforts.

NagaCorp's Olympic Games initiative also included outfitting the Cambodian contingent with official attire, accessories and equipment for the athletes, coaches and officials. We also sponsored a sports photographer to the event to capture the best action by Cambodian athletes and ensure all photographs were shared with all Cambodian print and on-line media.

Corporate Social Responsibility

Football

Football is far more than a game; it is one of Cambodian's favorite sports, the nation's pop culture, a development ground for young talents, a springboard to a better future and a platform for growth of the society and country.

Nagacorp Football Club, which was formed in 2002 with local players, has won the prestigious Prime Minister Cup for the first time in the club's history after placing runner up on three previous occasions. As part of the sports development program, NagaCorp has been actively involved in sponsorships internationally, celebrity events, and skills enhancement. One such event was the Tiger Street Football series in Cambodia held in March which saw Italy's World Cup winning captain, Fabio Cannavaro, presiding as the event ambassador. NagaWorld also invited Singapore football legend, Aleksandar Duric, to spend a few days in the Kingdom of Wonders to coach and advise Cambodia youth football players, including the National U19 team and National U15 team.

NagaCorp was one of the main sponsors for the BIDC Cup, where six U23 teams from the regions (Vietnam, Thailand, Laos, Myanmar, Malaysia & Cambodia) competed in this 3rd edition of the bi-annual tournament, which served as a warm up for Cambodia's U23 team for the SEA Games.

We are also a key partner of the Youth Soccer League tournament, which is the biggest amateur football event in Cambodia organized by the Youth Association of Cambodia, where over 64 teams from all over Cambodia compete in the Cup competition.

Kick-Boxing

Traditional kick boxing is an inaugural part of the Khmer culture and among the most popular sports in Cambodia. We continue to preserve and promote this community unifying cultural sport. We are partners with Apsara TV (three years running), and the main sponsor of the station's live monthly Kick Boxing bouts between local boxers against international opponents – a sponsorship value of over US$100,000.

Tennis & Rugby

NagaCorp is the official partner of the Tennis Federation of Cambodia ("TFC"), as well as the main sponsor of the TFC's Davis Cup team which went to Myanmar in 2013. The team faced tougher competition and even though they did not manage to gain automatic exemption, they did enough to maintain their status for the 2014 Asian/Oceania Group III.

To develop more grassroots interest in tennis, we provided sponsorship to the Tennis Junior Program worth US$20,000.

NagaCorp also continues to partner with the Cambodia Rugby Federation ("CRF") for the 3rd year running and sponsored the Cambodia Rugby 7s team's first ever venture into the HSBC Asian Rugby 7s Series leg in Bangkok. We also worked closely with the CRF and NGOs in Cambodia in running many grassroots initiatives to spread the message of "Good Men Rugby" with the objective to bring awareness and educate on issues about gender equality and to reducing violence against women in Cambodia.

3. Human Resources and Education

Higher education and training of the community and workforce is of vital importance to the progress of the society and economy of a country. NagaCorp is fully aware of the need for adequate human capital for nation building in Cambodia, given the limited valuable human resources. Since the tourism industry is the country's second-greatest source of earnings, we see significant need to promote training and development of Cambodia's hospitality industry. Naga Academy was established as another key channel to address this need in 2012.

NagaCorp is the first and only hospitality entity in Cambodia that trains numerous youth through its Naga Academy. The initiative to recruit, train and hire these youth is one of NagaWorld's corporate social responsibilities, which align to our corporate values. Since its inception, 80% of the trainees have been hired as regular employees, while others have gone back to study. The academy offers both an academic curriculum and actual operations training in Food & Beverage Service, Kitchen, Housekeeping, Front Office and Information Technology (IT).

This year, Naga Academy decided to "deep dive" the effort to reach out to more youths from over 10 NGOs, universities and high schools, as well as thousands of employee referrals. Late 2013, Naga Academy went and spoke at a symposium to over five hundred students of Norton University about internship programs that NagaWorld offers. We expect to see the average of 40 trainees per quarter in 2012 to increase to over 200 trainees this coming year and significantly more NGO outreach and partnerships.

Naga Academy's main objective in 2013 was to equip Cambodian young adults with the necessary knowledge and skills that will empower them to find

Corporate
Social Responsibility

a job once they graduate from the course. Whether locally or at an international level, it will provide an employee reserve for NagaCorp and other corporations in human resources development, which will benefit the country in the long run.

4. Fire Safety

The safety of our hotel guests and staff is paramount and essential at all times. The monumental increase of visitation to NagaWorld over the past four years has led us to start our very own Fire Safety Department ("FSD"), making us the very first private institution to have its own in house team of fire fighters. Since 2012, the FSD has grown steadily in numbers from 53 to 60 staff by end of 2013.

The staff of FSD continually drives high standards and stringent trainings aligned to Singapore's strict fire safety codes, conducted by a veteran who is certified by the Singapore Civil Defence Force. Since inception, the fire safety team has implemented measures designed to prevent the occurrence of fires or any other such cases.

Other than firefighting, the FSD is also well-equipped and trained with First Aid to attend to any medical situations making NagaWorld a forerunner to provide 24-hour assistance and support for any kind of emergencies. The expertise of locals and expatriates in fields of fire safety, medical and security has allowed FSD to protect and serve NagaWorld as safe establishment for our guests.

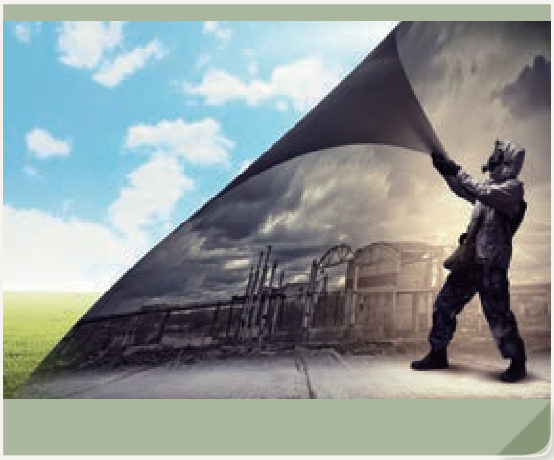
Besides being responsible for any emergency that may arise at the hotel property, NagaWorld's firefighting team continues to lend its assistance to the Phnom Penh fire department in the event of a fire occurring within the city. We take pride in sharing our extensive emergency response equipment to all levels of society in times of emergencies and are also well-known for its advanced emergency and response vehicles to provide quick and efficient support in saving lives.

The year 2013 also marked NagaWorld's accomplishment in extending FSD's education and training faculty not only to communities but also to private and public sectors, thus strengthening NagaWorld's association with police, municipal and government offices. The fire safety knowledge acquired and the skills they honed throughout the training have become valuable assets which not only benefit the individual with desirable future career opportunities locally or internationally, but also bring forth many progressive socio-economic benefits to the people and country.

5. Corporate Ecological Responsibility ("CER")

Since NagaCorp's inception, it has come to embrace the concept of CSR, with its mandate of giving back to communities and to build the business in a sustainable way. But with the increasing impact of human-induced climate change and its consequent toll on both humans and nature, we have developed a great concern for the ecological legacy left for the generations to come.

The rate at which human society is damaging the natural systems of Earth far exceeds the rate at which progress is being made toward care of that natural world. Due to our focus on financial and economic value, the world has lost sight of the unquantifiable value of the natural services provided us by Earth's ecosystems.



As a result, social responsibility is not good enough. A new dedication to ecological responsibility is required to preserve a viable world for future generations. Thus was born a new movement of Corporate Ecological Responsibility ("CER"). With this new movement, NagaCorp expands its focus to include the importance of ecological safety as the highest manifestation of our sense of corporate responsibility to the community in Cambodia and other regions of the world. Our vision is to establish ecological responsibility as an integral part of the corporate culture at NagaCorp and NagaWorld.

In the coming months and years, we will establish a comprehensive program of education and action at NagaCorp. Education will help every member of our team understand what is at stake in ecological terms; that climate change and other ecological threats to civilization are not too remote. Action will arise from each member of the NagaCorp team, developing a greater awareness of his or her personal and professional ecological footprint. We believe that blending economic and ecological concerns is the only responsible way for a corporation to act in the 21st century. Our ultimate goal is to build this belief into our corporate culture, as well as the community, for the benefit of all.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Corporate Governance Report

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

Corporate Governance Practices

In the opinion of the Company's directors (the "Directors"), having considered amongst others, the findings of reviews and/or audits conducted by the independent professional parties (as explained below), the Company has applied the principles and complied with all the applicable code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the financial year ended 31 December 2013.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules (including amendments as effected from time to time) as the code of conduct of the Directors in respect of transactions in securities of the Company. Following specific enquiry by the Company, the Company confirmed that the Directors have complied with the required standard set out in the Model Code for the financial year ended 31 December 2013.

The Board

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

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

Each of the Directors' biographical information is set out under the heading "Directors' Profile" in this annual report.

Save for the fact that Mr. Chen Yepern is a son of Tan Sri Dr Chen Lip Keong, the Chief Executive Officer, Executive Director and controlling shareholder of the Company, to the best knowledge of the Directors, there is no financial, business, family or other material/relevant relationship among members of the Board and between the Chairman and the Chief Executive Officer. All of them are free to exercise their independent judgment.

The Company has received from each of the Independent Non-executive Directors his latest annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all of them to be independent. All of the Independent Non-executive Directors have accepted a letter of appointment by the Company and none of them has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

The Board meets regularly throughout the year as and when necessary. Board minutes with appropriate details are circulated to the Directors for comments within reasonable time after each meeting and are finalized and kept by the company secretary of the Company. Such Board minutes are open for Directors' inspection.

For the financial year ended 31 December 2013, four Board meetings and one general meeting were held. Details of the attendances of the Board meetings and general meeting are set out below:

Directors	No. of meetings attend/held Board	General Meeting
Executive Directors		
Tan Sri Dr Chen Lip Keong *(Chief Executive Officer)*	4/4	0/1
Mr. Philip Lee Wai Tuck *(Chief Financial Officer)*	4/4	1/1
Mr. Chen Yepern	4/4	1/1
Non-executive Director		
Mr. Timothy Patrick McNally *(Chairman)*	4/4	1/1
Independent Non-executive Directors		
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir	3/4	1/1
Mr. Lim Mun Kee	3/4	1/1
Mr. Michael Lai Kai Jin	2/4	1/1

The Directors may seek independent advice as necessary, at the Company's expense, to assist them to discharge their duties. Appropriate and sufficient information is provided to the Directors in a timely fashion to keep them abreast of the Group's development.

Board Diversity

In 2013, diversity was a key theme for governance generally. The Company acknowledged that diversity was important for the effective function of the Board and made progress in shaping the Board for the future by adopting the Board Diversity Policy in August 2013. With this policy, diversity will be ensured in its broadest definition. Below is a summary of the Company's Board Diversity Policy:

Vision

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance.

Policy Statement

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Corporate Governance Report

Measurable Objectives

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

While the Board does not think specific quotas on such criteria as gender are appropriate and considers that the opportunities should be made on merit, it does believe that a diverse mix of skills, experience and knowledge background is important of which gender is a significant element. In making future appointments to the Board, consideration will be given to gender diversity.

The Chairman and the Chief Executive Officer

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

Delegation by the Board

The Board has established various board committees including the Audit Committee, Remuneration Committee, Nomination Committee and AML Oversight Committee, and delegated authority to them for overseeing certain aspects of the Company's affairs. There are clear written terms of reference for the Board committees and requirements for them to report to the Board regularly on their decisions and recommendations. The day-to-day management of the operations of the Company is delegated to the divisional heads.

Directors' Responsibilities

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

Induction, Training and Development

Upon appointment, every Director is given comprehensive documentation of the business operation of the Group and regulatory and statutory requirements as director and receives briefings from senior executives and department heads of the Group.

Directors' training is an ongoing process. During the year, the Company had from time to time provided briefings to all Directors, namely Mr. Timothy Patrick McNally, Tan Sri Dr Chen Lip Keong, Mr. Philip Lee Wai Tuck, Mr. Chen Yepern, Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, Mr. Lim Mun Kee and Mr. Michael Lai Kai Jin, to develop and refresh the Directors' duties and responsibilities. The Company also continuously updates the Directors on the changes and development to the Group's business and to legislative and regulatory environment in which the Group operates. Circulars and guidance notes are issued to Directors to ensure compliance and enhance their awareness of best corporate governance practices. All Directors are also encouraged to attend relevant training courses at the Company's expense. Since April 2012, all Directors have been required to provide the Company with their training records, and such records have been maintained by the Company Secretary.

Audit Committee

The Company has established written terms of reference for the Audit Committee in accordance with the requirements of the Listing Rules. The Audit Committee consists of three Independent Non-executive Directors, namely Mr. Lim Mun Kee, Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir and Mr. Michael Lai Kai Jin. The Audit Committee is chaired by Mr. Lim Mun Kee.

The principal responsibilities of the Audit Committee include, amongst others, ensuring the objectivity and credibility of financial reporting and internal control principles as well as maintaining an appropriate relationship with the external auditor of the Company.

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

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

For the financial year ended 31 December 2013, four Audit Committee meetings were held and details of the attendances of the Audit Committee members are set out below:

Directors	No. of meetings attended/held
Independent Non-executive Directors	
Mr. Lim Mun Kee *(Chairman)*	4/4
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir	3/4
Mr. Michael Lai Kai Jin	4/4

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

For the financial year ended 31 December 2013, the Audit Committee had considered, reviewed and/or discussed (1) the auditing and financial reporting matters; (2) the appointment of external auditor including the terms of engagement; (3) the annual and interim financial results; (4) reports on the Group's internal audit; and (5) the reports on the Group's internal control with a focus on anti-money laundering ("AML") issued by an independent professional party. Each member of the Audit Committee has unrestricted access to the external auditor and all senior staff of the Group.

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

Corporate Governance Report

Remuneration of Directors and Senior Management

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

Nomination and Appointment of Directors

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

Corporate Governance

The Board is entrusted with the overall responsibility of developing, maintaining and reviewing sound and effective corporate governance within the Group and is committed to ensuring that an effective corporate governance is put in place to continuously review and improve the corporate governance practices within the Group.

The Company continued to keep abreast of any updates on the governing laws and regulations of the jurisdictions where it operates businesses and applicable guidelines and rules issued by regulatory authorities. All Directors and members of senior management have been briefed on the updates of the Code during the financial year ended 31 December 2013.

Directors are encouraged to keep up to date on all matters relevant to the Group and attend briefings and seminars as appropriate. The training and continuous professional development of Directors and senior management shall be reviewed by the Board on an annual basis.

Having regard to the recent changes of the regulatory requirements relating to the Group, the Board had updated or established various policies and procedures in areas including, among others, handling of securities dealing, shareholders' communication and reporting on possible improprieties with respect to financial reporting and internal control. The Board has reviewed the compliance status of the Code and is satisfied that all code provisions of the Code are complied with.

Internal Controls

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

For the financial year ended 31 December 2013, three AML Oversight Committee meetings were held and details of the attendances of the AML Oversight Committee members are set out below:

Directors	No. of meetings attended/held
Executive Directors	
Tan Sri Dr Chen Lip Keong	3/3
Mr. Chen Yepern	3/3
Non-executive Director	
Mr. Timothy Patrick McNally *(Chairman)*	3/3
Independent Non-executive Director	
Mr. Michael Lai Kai Jin	3/3

The Company has engaged an independent professional party to review internal controls of the Group with a focus on AML for the financial year ended 31 December 2013. The independent professional party performed reviews of the internal controls of the Group and was of the view that, in general, the internal controls of the Group complied with the relevant recommendations of the Financial Action Task Force. For more details, please refer to the heading "Independent Review of Anti-Money Laundering Internal Controls at NagaCorp Ltd." in this annual report.

The Company has also engaged another independent professional party to assess the investment risks in Cambodia for the financial year ended 31 December 2013. For more details, please refer to the heading "Independent Review of Investment Risks in Cambodia" in this annual report.

For the financial year ended 31 December 2013, the AML Oversight Committee had considered and reviewed and discussed (1) reports from the independent professional party and (2) re-appointment of the independent professional party.

The Board, through the reviews made by the independent professional parties and the AML Oversight Committee, had reviewed the Group's internal controls and considered them to have been implemented effectively.

Management Functions

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

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

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

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

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

Company Secretary

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

Corporate Governance Report

Auditor's Remuneration

For the financial year ended 31 December 2013, the amounts paid to the external auditor of the Group in respect of the following services provided to the Group are set out below:

	2013 US$'000
Audit services – Current year	389

Changes in Directors' Information

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

Philip Lee Wai Tuck, Executive Director

- appointed as a director of NagaWorld (Macau) Limitada, a subsidiary of the Company on 11 December 2013
- appointed as a director of Naga Russia Limited, Naga Russia One Limited and Naga Hotels Russia Limited, subsidiaries of the Company, with effect from 16 December 2013
- appointed as a director of NagaWorld Travel Limited, a subsidiary of the Company on 30 December 2013

Chen Yepern, Executive Director

- appointed as a director of Naga Russia Limited, Naga Russia One Limited and Naga Hotels Russia Limited, subsidiaries of the Company, with effect from 16 December 2013
- appointed as a director of NagaWorld Travel Limited, a subsidiary of the Company on 30 December 2013

Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, Independent Non-executive Director

- resigned as an independent non-executive director of MNC Wireless Berhad, a company listed on the Bursa Malaysia Securities Berhad, on 25 July 2013

Communication with Shareholders

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

The most recent shareholders' meeting was the annual general meeting held on 24 May 2013 at Suite 2806, 28/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. At the said meeting, the Chairman of the Board, the Chairmen of the various Board Committees and the representative of the external auditor were present to answer shareholders' questions. Separate resolutions were proposed at the meeting for each substantive issue. Details of the poll voting procedures and the rights of the shareholders to demand a poll together with details of the proposed resolutions were included in the circulars despatched to shareholders.

At the said annual general meeting, all the resolutions were voted on by poll and were duly passed by the shareholders. The results of the voting by poll were published on the websites of the Stock Exchange, of the Company and of irasia. The major items discussed and the percentage of votes cast in favour of the resolutions relating to each of those items are set out below:

- Received and adopted the audited consolidated financial statements for the year ended 31 December 2012 (99.96%);
- Payment of the final dividend of US cents 2.33 per share (100%);
- Re-election of Tan Sri Dr Chen Lip Keong, Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir and Mr. Lim Mun Kee as Directors (95.12%, 99.29% and 99.70% respectively in respect of each individual resolution);
- General mandate to Directors to issue additional shares in the Company, not exceeding 20% of the issued share capital (70.38%); and
- General mandate to Directors to purchase shares in the Company, not exceeding 10% of the issued share capital (99.96%).

Procedures for Shareholders to Convene General Meetings/Put Forward Proposals

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

1. One or more Shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "Requisitionist(s)") may require the Board of the Company to convene an extraordinary general meeting of the Company ("EGM") by depositing a written requisition (the "Requisition") at the principal place of business of the Company at Suite 2806, 28/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, for the attention of the Board or the Company Secretary.

2. The Requisition must clearly state the name(s) and shareholding in the Company of the Requisitionist(s), specify the purposes of the EGM and the details of the business proposed to be transacted in the EGM and be signed by the Requisitionist(s) and may consist of several documents in like form, each signed by one or more of the Requisitionists.

3. Upon receipt of the Requisition, the Directors shall verify the Requisition with the Company's branch share registrar and upon this confirmation that the Requisition is proper and in order, shall forthwith proceed duly to convene the EGM, and such EGM 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 EGM shall not be convened as requested.

4. If within twenty-one (21) days from the date of the deposit of the Requisition the Board fails to proceed duly to convene the EGM, the Requisitionist(s) may himself or themselves convene the EGM in the same manner and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board shall be reimbursed to the Requisitionist(s) by the Company.

Corporate Governance Report

5. Under the Articles of Association and pursuant to the requirements of the Listing Rules, a notice specifying the time and place and the general nature of the proposed business to be transacted at the EGM shall be given to all Shareholders entitled to attend the EGM for consideration in the following manner:

   - notice of not less than 21 clear days or 10 clear business days, whichever is the longer, if a special resolution is to be passed at the EGM; and

   - notice of not less than 14 clear days or 10 clear business days, whichever is the longer, in all other cases, provided that an EGM 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 EGM, being a majority together holding not less than 95% in nominal value of the issued shares of the Company giving such right.

6. If a Shareholder wishes to propose a person other than a Director of the Company for election as a Director at any general meeting, the nominating Shareholder can deposit a written notice to that effect (the "Notice") at the principal place of business of the Company at Suite 2806, 28/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, for the attention of the Board or the Company Secretary. In order for the Company to inform Shareholders of that proposal, the Notice must state the full name of the person proposed for election as a Director, include the person's biographical details as required by rule 13.51(2) of the Listing Rules, and be signed by the nominating Shareholder and that nominated Director indicating his/her willingness to be elected. The minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that (if the Notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgement of such Notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting. In order to ensure Shareholders have at least 10 business days to receive and consider the relevant information of the nominated Director(s), nominating Shareholder(s) are urged to submit their Notice(s) as early as practicable, to that (if the notice of general meeting has already been given), a supplemental circular or announcement containing information of the nominated Director(s) can be despatched to Shareholders as soon as practicable without the need to adjourn the relevant general meeting.

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

Enquiries put to the Board

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

Shareholdings as at 31 December 2013

At the end of 2013, the Company has around 300 registered Shareholders. Details of Shareholders by aggregated shareholding are listed below:

Size of Registered Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 – 1,000	47	15.72%	2,631	0.00%
1,001 – 10,000	216	72.24%	517,471	0.02%
10,001 – 100,000	22	7.36%	887,188	0.04%
100,001 – 500,000	8	2.67%	1,751,332	0.08%
Over 500,000	6	2.01%	2,278,920,253	99.86%
Total	299	100.00%	2,282,078,875	100.00%

From publicly available information and as far as the Directors are aware, as at 31 December 2013, approximately 58.29% of the issued share capital of the Company is held by the public and the public float capitalization is approximately HK$10,868,416,832.

Constitutional Documents

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

Financial Calendar

2013 Final Results Announcement	:	12 February 2014 (Wednesday)
Closure of Register of Members	:	(i) 7 April 2014 (Monday) to 9 April 2014 (Wednesday) (for ascertaining Shareholders' entitlement to attend and vote at the annual general meeting) (ii) 15 April 2014 (Tuesday) (for ascertaining Shareholders' entitlement to the final dividend)
Annual General Meeting	:	9 April 2014 (Wednesday)
Record Date for 2013 Final Dividend	:	15 April 2014 (Tuesday)
Payment of 2013 Final Dividend	:	29 April 2014 (Tuesday)

Remuneration Committee Report

Remuneration Committee

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

The principal responsibilities of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for remuneration of the Directors and senior management of the Company, and to make recommendations to the Board on the remuneration packages of all Executive Directors, Non-executive Directors and senior management of the Company whilst the Board retains its power to determine their remuneration. Such remuneration policy is determined based on the expertise, capability, performance and responsibility of our Directors and senior management. The Remuneration Committee also takes into consideration of 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 addition to salaries, we provide staff benefits such as medical insurance and contributions to staffs mandatory provident scheme.

For the financial year ended 31 December 2013, two Remuneration Committee meetings were held to review and recommend to the Board (1) the Company's policy and structure for remuneration of the Directors and senior management and (2) the directors' fee for Shareholders' approval at 2013 annual general meeting. Details of the attendances of the Remuneration Committee members are set out below:

Directors	No. of meetings attended/held
Executive Directors	
Tan Sri Dr Chen Lip Keong	2/2
Mr. Chen Yepern	2/2
Independent Non-executive Directors	
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir *(Chairman)*	1/2
Mr. Lim Mun Kee	2/2
Mr. Michael Lai Kai Jin	2/2

Remuneration of Directors for the Year

The Directors received the following remuneration for the year:

Directors	Annual performance bonus US$'000	Discretionary bonus US$'000	Fees US$'000	Basic salaries, allowances and benefits-in-kind US$'000	Total US$'000
Executive Directors					
Tan Sri Dr Chen Lip Keong	2,000	-	-	720	2,720
Philip Lee Wai Tuck	-	30	-	456	486
Chen Yepern	-	10	-	149	159
Non-executive Director					
Timothy Patrick McNally	-	-	414	-	414
Independent Non-executive Directors					
Michael Lai Kai Jin	-	-	36	2	38
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir	-	-	36	2	38
Lim Mun Kee	-	-	48	2	50
Total	2,000	40	534	1,331	3,905

Share Option Scheme

The Company has adopted a share option scheme whereby the Directors are authorized, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options to subscribe for shares of the Company. The purpose of the scheme is to attract and retain the best personnel and to provide additional incentives to employees and directors to promote the success of the Group.

No share options were granted, exercised, cancelled or lapsed under the share option scheme during the year ended 31 December 2013.

Members of the Remuneration Committee

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

Hong Kong, 12 February 2014

Nomination Committee Report

Nomination Committee

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

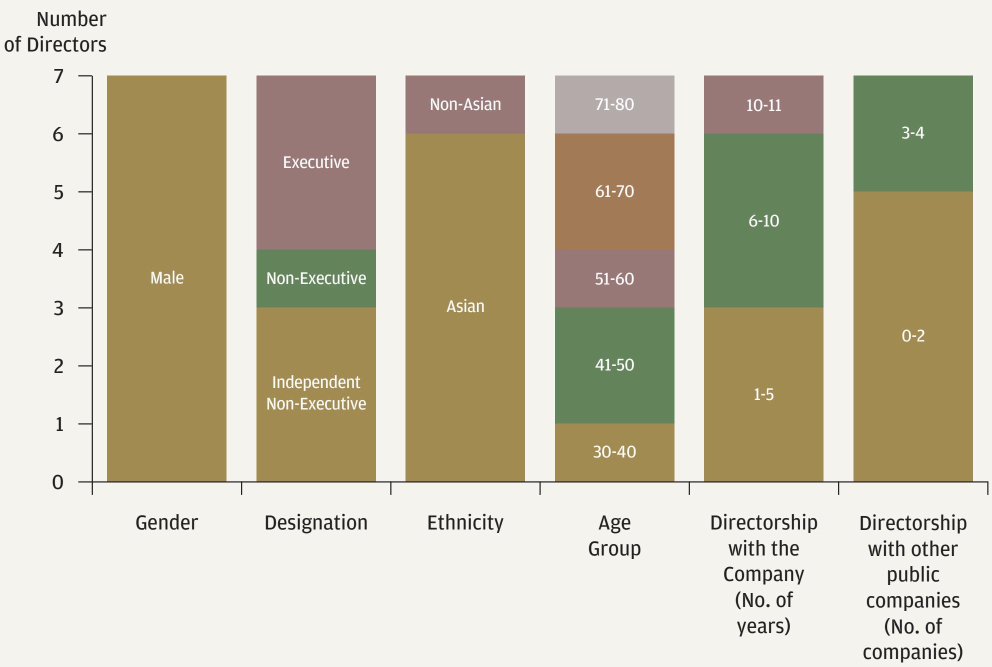
The principal responsibilities of the Nomination Committee are to review from time to time as appropriate the structure, size and composition (including the skills, the knowledge and experience) of the Board and make recommendations to the Board regarding any proposed changes to the composition of the Board to complement the Company's corporate strategy. The Nomination Committee also undertakes to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships. The Nomination Committee also assesses the independence of Independent Non-executive Directors and makes recommendations to the Board on the appointment or re-appointment of and succession planning for Directors.

Board Diversity

The Board Diversity Policy was introduced in August 2013. The Nomination Committee is delegated with the task of reviewing the Board Diversity Policy and the measurable objectives that the Board has set for implementing the Board Diversity Policy, and the progress on achieving the objectives.

For recommending suitable candidates to the Board, the Nomination Committee will take into consideration merit of the candidates, such as qualification, work experiences, and time commitment, and against the objective criteria, with due regard for the benefits of diversity (including without limitation, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service).

The Board currently comprises seven members with professional background and/or wide range of experience and caliber who bring valuable judgement on issues of strategy, performance and resources.



The names of the current Directors and their biographies are set out in the sectioned headed "Directors' Profile" of this Annual Report.

Nomination Procedure, Process and Criteria

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

1. Nomination Committee makes recommendations to the Board on any proposed changes

2. Nomination Committee identifies individuals suitably qualified to become directors

3. Nomination Committee selects or makes recommendations to the Board on the selection of persons nominated for directorships

4. The Board makes formal invitation to selected persons for appointment to the Board

In addition, Shareholders may propose a person for election as a director of the Company in accordance with to the procedure posted on the Company's website.

For the financial year ended 31 December 2013, two Nomination Committee meetings were held to review and recommend to the Board (1) the re-election of directors; (2) the structure, size and composition of the Board; and (3) individual independent non-executive directors' annual confirmation of independence declared pursuant to R.3.13 of the Listing Rules. Details of the attendances of the Nomination Committee members are set out below:

Directors	No. of meetings attended/held
Executive Directors	
Tan Sri Dr Chen Lip Keong	2/2
Mr. Chen Yepern	2/2
Independent Non-executive Directors	
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir *(Chairman)*	1/2
Mr. Lim Mun Kee	2/2
Mr. Michael Lai Kai Jin	2/2

The Articles of Association of the Company 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 only until the next following annual general meeting of the Company 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 their number is not a multiple of three, the number nearest to but not less than one third shall retire from office by rotation at each annual general meeting of the Company provided that every Director shall be subject to retirement by rotation at least once every three years.

In accordance with the Articles of Association of the Company, Mr. Philip Lee Wai Tuck, Mr. Chen Yepern and Mr. Michael Lai Kai Jin shall retire from office by rotation at the forthcoming annual general meeting. Mr. Philip Lee Wai Tuck, Mr. Chen Yepern and Mr. Michael Lai Kai Jin, being eligible, will offer themselves for re-election.

Nomination Committee Report

All Non-executive Directors of the Company were appointed for a specific term of one to three years. The appointment may be renewed at the discretion of the Board but are subject to the relevant provisions of retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association of the Company.

Members of the Nomination Committee

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

Hong Kong, 12 February 2014


DAZZLING BALL
2014
DANCE TO THE NEW YEAR


DAZZLING BALL
2014
DANCE TO THE NEW YEAR


DAZZLING BALL
2014
DANCE TO THE NEW YEAR

Independent Review of Investment Risks in Cambodia

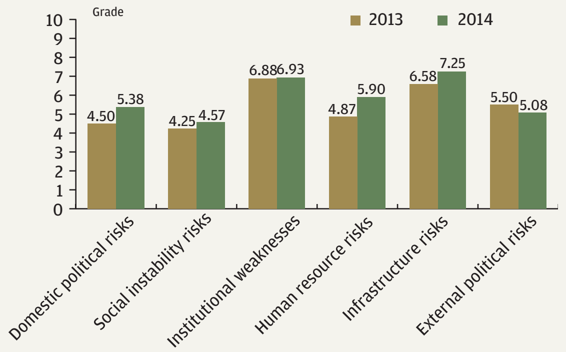
Political and Economic Risk Consultancy, Ltd. ("PERC")
20/F, Central Tower
28 Queen's Road, Central
Hong Kong

To the Board of NagaCorp Ltd.

We have assessed and reviewed the political, social, investment and macro-economic risks in Cambodia, particularly as they relate to NagaCorp's casino, hotel and entertainment business operations. In arriving at our findings below, we have taken into account, amongst others, domestic political risks, social instability risks, institutional weaknesses, human resource risks, infrastructure risks and external political risks.

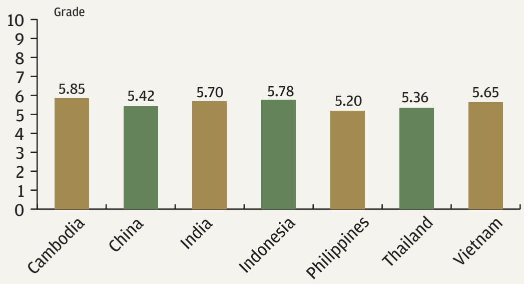
Based on the assessments and reviews carried out between late November 2013 and early January 2014, we summarised our findings below:

Perceptions of Cambodia's Business Environment Risks



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

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.

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

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

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

The maximum possible risk rating is 10 (the worst grade possible) while the minimum is 0 (the most favorable grade possible). PERC's most recent risk survey gives Cambodia an overall risk grade of 5.85 (worse than one year ago). Cambodia is experiencing more labor unrest and the possibility of political change in the medium term is higher, but the economy is continuing to grow rapidly (by 7% or more in real terms), demonstrating its increasing depth and resiliency. Key industries like tourism are continuing to grow rapidly, as foreign tourists are not being put off by the news of labor demonstrations. Foreign direct investment is continuing to flow into the country, and the types of industries into which is being attracted are growing.

The rise in labor militancy and the increase in the strength of the political opposition have caused concern for those who assumed the status quo would prevail, but such developments are only to be expected as the country's democratic system matures and people feel more confident in speaking out and making their aspirations known. In other words, they are not symptoms of Cambodia's failures but of its success. Cambodia ranks 11th in the world in terms of high GDP growth the past 10 years. It ranks 4th in the world in terms of poverty reduction, and 12th in the world in terms of logistics improvement. It has created hundreds of thousands of jobs in industry and services, raised per capita incomes, and improved basic living standards.

Perhaps most importantly, these achievements are the result of policies that place the burden of growth on the private sector. The country has one of the most liberal environments for foreign investment of any country in Southeast Asia. Foreign investors have generally been treated well in Cambodia and the government has not gone back on contract terms and incentives offered.

Moreover, there is little likelihood that the government will change in ways that fundamentally alter the environment for foreign investors for the worst. The policies advocated by the political opposition do not differ significantly from those of the present government when it comes to welcoming foreign investment, keeping the private sector as the main engine of growth, and maintaining stable relations with key economic partners like China, Japan, the US and Europe. The one except here – and it is a concern – relates to the opposition's more antagonistic approach toward Vietnam and Vietnamese. This could be just a short-term tactics designed to play on a bias held by some Cambodians, but it does seem to threaten what has been one of the more positive aspects of Cambodia's foreign relations, namely, the way it has cultivate better relations with Vietnam.

Positive Developments

- The macroeconomic outlook remains positive despite increased labor unrest and political uncertainty. The prospects for transport, retail, finance and tourism for 2014-2015 are broadly favorable and will be one of the main reasons that GDP growth is likely to keep coming in at around 7% in real terms per annum. Exports could also do surprisingly well this year considering that conditions in the US, the EU and Japan, are improving.

- The government is stepping up its efforts to reduce unnecessary bureaucratic delays and to streamline different licensing and approval processes so business costs can be reduced and efficiency improved. Specifically, the government is providing easier export procedures and looking for ways to improve the environment for foreign direct investment.

- New investments are being made to double the capacity of the Phnom Penh International Airport from the current 2.5 million passengers per year to 5 million. Airlines are also adding more direct flights to Phnom Penh from countries like China, Korea, Japan and India.

- While the CPP government is more vulnerable than many people assumed prior to last July's elections, the opposition CNRP has not said or done anything that indicates it would adopt a different policy than the present government regarding relations with China, Japan, and Korea, or with Cambodia's role within ASEAN. It would also want to encourage foreign investment and tourism as growth engines for the economy.

- Although the garment industry continues to dominate manufacturing in Cambodia, one of the most notable recent developments has been a broadening of the kinds of industries that are finding Cambodia attractive to include electronics, small motors, and food processing. Japanese investment, in particular, has been growing rapidly over the past three years.

Independent Review of Investment Risks in Cambodia

The Challenges

- Dealing with the impact of greater political uncertainty on business confidence. The overall system of checks and balances in the government is weak and is complicated by a general lack of transparency. One of the country's biggest needs is to build the capacity of public institutions, improving service delivery and good governance so there is a higher level of confidence that there will be continuity and consistency in the overall environment even if there are political changes.

- Companies will have to manage a big increase in labor costs as well as a rise in labor militancy.

- In addition to rising labor costs, companies will also have to deal with high energy costs and weak physical infrastructure.

- A challenge for the government is to prevent a coalescing of the labor movement with the political opposition without seeming to be heavy-handed in the process.

- The domestic political situation is growing more complicated as a result of a swing in grassroots support toward the main opposition party, which, although mounting a strong fight to gain political power in future elections, is not really in a position at present to govern effectively due to a lack of talent. This could change over the next four or five years, but developing such capacity takes time. Moreover, the opposition's policy agenda is currently built more on populism than on a solid economic program.

- The more Cambodia develops economically, the more a wide range of industries are facing the challenge of increased competition. In gaming there could also be more regional competition if governments like those in Vietnam liberalize their own rules in an attempt to develop a domestic gaming industry.

Robert Broadfoot
Managing Director
PERC
Hong Kong, 22 January 2014

Robert Broadfoot researched and wrote the report on the review on investment risks in Cambodia. Mr. Broadfoot is the founder and Managing Director of PERC. Established in 1976, PERC is headquartered in Hong Kong and engaged principally in the monitoring and auditing of country risks in Asia. From this base, PERC manages a team of researchers and analysts in the ASEAN countries, the Greater China region and South Korea. Corporations and financial institutions worldwide use PERC's services to assess key trends and critical issues shaping the region, to identify growth opportunities, and to develop effective strategies for capitalizing on these opportunities.

PERC helps companies understand how politics and other subjective variables are shaping the business environment. Such variables may be difficult to quantify, but nevertheless can have a critical impact on investment performance and therefore have to be factored into the decision-making process, which is the function of PERC's services. PERC's value lies in the organization's experience, its Asian network of seasoned analysts, its emphasis on primary research, its complete independence from any vested interest groups, its pioneering work in the technical aspects of country risk research, its discretion, and its integrated, regional approach to analysis.

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

Hill & Associates Ltd.
1701 – 08 Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

To the Board of NagaCorp Ltd.

Hill & Associates Ltd. ("H&A") has conducted two independent reviews of the internal controls of NagaCorp Ltd. ("NagaCorp") with a focus on anti-money laundering ("AML") for the financial year ended 31 December 2013. The reviews were conducted in July and December 2013. Once again the review team acknowledged the continued development of NagaWorld as a resort destination and the expansion of gaming operations. It was also noted that NagaCorp has signed an initial agreement to operate outside of Cambodia, in Vladivostok, Russia. Although this is in the early stages of planning, it demonstrates that NagaCorp is a listed Hong Kong company with significant and growing business. H&A notes that the Board of NagaCorp has demonstrated the commitment to ensure compliance with all regulations and laws of every jurisdiction in which the company operates. As such, the experience gained in the operations in Phnom Penh will facilitate the structure and application of all necessary controls in Vladivostok and any other future jurisdiction in which NagaCorp may operate.

H&A notes that the new Head of Internal Audit, our main point of contact for these audit, has very competently filled the position. H&A recognizes the continued significant positive importance of this role in advising on the controls and procedures within the AML department and implementing all audit operations in NagaCorp. There has been no deterioration whatsoever in the diligence applied in the adherence to all laws and regulations concerning AML in NagaCorp.

H&A notes that the Suspicious Transaction Records ("STRs") continue to record all necessary and relevant information and that there is cross-checking between surveillance, operations and AML compliance staff within a large number of these reports. During our review all of the STRs from the relevant period were examined and H&A is confident that all relevant information is being captured and recorded during the application of AML controls within NagaCorp operations. During our review it was revealed that some operational changes are being considered, by NagaCorp management, to the cash handling operations on the property. At present all cash transactions take place at the designated windows in either the main floors or certain VIP rooms. Management is planning to follow industry practice in allowing cash to be received at gaming tables. In our discussions, it is apparent that NagaCorp is taking steps to ensure that this change in operational procedure in no way impacts AML controls in any negative fashion. H&A shall review the new procedures when they are ready to be implemented to ensure compliance with all AML requirements. The review team is satisfied NagaCorp maintains full control of the gaming operations and these operations remain compliant with all relevant recommendations of the Financial Action Task Force ("FATF").

The most recent statement by the FATF regarding Cambodia was issued in October 2013. It stated as follows:

"In June 2011, Cambodia made a high-level political commitment to work with the FATF and Asia/Pacific Group to address its strategic AML/Countering Financing of Terrorism ("CFT") deficiencies. Since June 2013, Cambodia has taken steps towards improving its AML/CFT regime, including by strengthening operational functions of its Financial Intelligence Unit ("FIU"). However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Cambodia should continue to work on implementing its action plan to address these deficiencies, including by:

(1) establishing and implementing adequate procedures to identify and freeze terrorist assets;

(2) ensuring an effectively functioning FIU; and

(3) establishing and implementing effective controls for cross-border cash transactions. The FATF encourages Cambodia to address its remaining deficiencies and continue the process of implementing its action plan"

As previously noted, the FIU at the National Bank of Cambodia has completed its initial work on the banking sector and is now focused on the inspection and upgrading, where necessary, of AML controls in non-banking organisations. The relevant controls are set out in the "Prakas on Anti-Money Laundering and Combating the Financing of Terrorism relating to All Reporting Entities not regulated by the National Bank of Cambodia". Prakas are government guidelines with legislative force which further dictate the method of implementation of laws within Cambodia, in this case the 2007 Law on Anti-Money Laundering and Combating the Financing of Terrorism.

The gaming industry is part of this second target group of industries. In our visit in July 2012 H&A discussed with both the FIU management and NagaCorp the sections of the Prakas that directly affect the operations of NagaCorp and it was recognized that NagaCorp would require to implement changes to remain totally compliant with the Prakas. It was also acknowledged by the FIU that certain clauses within the Prakas might not be appropriate to the operations of a casino as opposed to other non-financial entities and further discussions shall take place between the FIU and NagaCorp as the 2007 Law is implemented. Given the statement by FATF in October of last year, H&A consider sit likely that some urgency may be applied by the FIU to address outstanding issues.

During our review of July 2012 the FIU leaders advised that a dedicated AML Compliance Officer would need to be appointed. H&A recommended that NagaCorp move forwards with this and during our January 2013 review we were pleased that a candidate had been identified. Unfortunately the departure of the compliance officer required that a replacement was appointed but H&A understands that the position shall be filled in the near future and H&A has also advised on the best individual to fulfil this position within NagaCorp. H&A recognizes that NagaCorp 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. The review team found NagaCorp to be in full compliance with all relevant FATF recommendations.

John Bruce
Director of Operations (Macau)
Hill & Associates Ltd.

Hong Kong, 20 January 2014

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

Report of the Directors

The Directors have pleasure in submitting their annual report together with the audited consolidated financial statements for the year ended 31 December 2013.

Principal place of business

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

Principal activities and geographical analysis of operations

The Company is an investment holding company. The principal activity of the Group is the operation of a hotel and entertainment complex, NagaWorld, in Cambodia. Other particulars of its principal subsidiaries are set out in note 17 to the consolidated financial statements. An analysis of the Group's performance for the year by business segment is set out in note 14 to the consolidated financial statements. As the Group's operations are in Phnom Penh, Cambodia, no geographical segment information is presented.

Major junket operators

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

	Percentage of the Group's total	
	Revenue	Cost of sales
The largest junket operator	8%	21%
Five largest junket operators in aggregate	22%	49%

To the best knowledge of the Directors, none of the Directors or their associates had any interest in the five largest junket operators for the financial year ended 31 December 2013.

Results

The profit of the Group for the year ended 31 December 2013 are set out in the consolidated statement of income on page 71.

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 128.

Transfer to reserves

The profit attributable to equity shareholders of the Company, before dividends, of US$140,290,000 (2012: US$113,141,000) have been transferred to the reserves. Other movements in reserves are set out in note 24 to the consolidated financial statements.

An interim dividend of US cents 1.93 per share (2012: US cents 1.51 per share) was declared in August 2013 and paid in September 2013. The Directors proposed the payment of a final dividend of US cents 2.38 per share (2012: US cents 2.33 per share) for the financial year ended 31 December 2013. The proposed final dividend together with the interim dividend represented a dividend payout ratio of approximately 70%.

Pre-emptive rights

There are no provisions for pre-emptive rights under the articles of association of the Company (the "Articles") 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$4,985,000 (2012: US$3,606,000), all of which were donated in Cambodia.

Fixed assets

During the year, the Group acquired fixed assets of approximately US$56.3 million (2012: US$68.6 million). Details of these purchases and other movements in fixed assets are set out in note 15 to the consolidated financial statements.

Share capital

Details of the movement in share capital of the Company during the year are set out in note 24 to the consolidated financial statements.

Reserves

Movements in the reserves of the Company and of the Group are set out in note 24 to the consolidated financial statements and the consolidated statement of changes in equity respectively.

Remuneration

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

Report of the Directors

Remuneration of the directors and senior management

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

Directors

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

Chairman and Non-executive Director:

Timothy Patrick McNally M

Executive Directors:

Tan Sri Dr Chen Lip Keong R/N/M *(Chief Executive Officer)*
Philip Lee Wai Tuck *(Chief Financial Officer)*
Chen Yepern R/N/M

Independent Non-executive Directors:

Michael Lai Kai Jin A/R/N/M
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir A/R/N
Lim Mun Kee A/R/N

A: Members of Audit Committee
R: Members of Remuneration Committee
N: Members of Nomination Committee
M: Members of Anti-Money Laundering Oversight Committee

In accordance with Article 87 of the Articles of the Company, Mr. Philip Lee Wai Tuck, Mr. Chen Yepern and Mr. Michael Lai Kai Jin shall retire from office by rotation at the forthcoming annual general meeting. Mr. Philip Lee Wai Tuck, Mr. Chen Yepern and Mr. Michael Lai Kai Jin, being eligible, will offer themselves for re-election.

Directors' and chief executives' interests and short positions in shares and underlying shares

The Directors who held office at 31 December 2013 had the following interests in the shares and underlying shares of the Company at that date as recorded in the register of directors' and chief executives' interests required to be kept under section 352 of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (the "SFO") or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules:

Interests in issued shares

Name of director	Capacity	Number of ordinary shares/ underlying shares held	% of total issued ordinary Shares (Note 1)
Tan Sri Dr Chen Lip Keong	Founder of a discretionary trust (Note 2)	951,795,297 (L)	41.71 (L)
Tan Sri Dr Chen Lip Keong	Beneficial owner (Note 3)	1,566,282,107 (L)	68.63 (L)

Notes:

(1) Based on the Company's issued share capital of 2,282,078,875 shares as at 31 December 2013.

(2) Tan Sri Dr Chen Lip Keong is the founder of ChenLa Foundation. ChenLa Foundation indirectly holds, through Cambodia Development Corporation and Fourth Star Finance Corp., a total of 951,795,297 shares. As founder of ChenLa Foundation, Tan Sri Dr Chen Lip Keong is taken to be interested in the shares of the Company held by ChenLa Foundation.

(3) These 1,566,282,107 underlying shares are the consideration for the very substantial acquisition for TanSriChen Inc. and TanSriChen (CityWalk) Inc. (collectively referred to as the "Target Companies") under the conditional Share Purchase Agreement and a supplemental agreement entered into between the Company and Tan Sri Dr Chen Lip Keong on 13 June 2011 and 28 December 2011 respectively (collectively referred to as the "Acquisition Agreements"). These underlying shares will not be issued until the respective completion applicable to each of the Target Companies, pursuant to the terms of the Acquisition Agreements.

(4) The letter "L" denotes the entity's long position in the shares.

Save as disclosed above, as at 31 December 2013, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code.

Report
of the Directors

Share option scheme

The Company has a share option scheme which was adopted upon the listing of the Company's shares on the Main Board of the Stock Exchange on 19 October 2006 (the "Share Option Scheme") whereby the Directors are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up option to subscribe for shares of the Company. The purpose of the scheme is to attract and retain the best personnel and to provide additional incentives to employees and directors to promote the success of the Group.

The Company did not grant any share options during the year and there are no outstanding share options at the year end.

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.

Substantial shareholders' and other persons' interests and short positions in shares and underlying shares

So far as the Directors or the chief executives of the Company are aware of, as at 31 December 2013, the shareholders, other than the Directors or the chief executives of the Company, who had an interest or short positions in the shares or underlying shares of the Company 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:

(1) Substantial shareholders (as defined in the Listing Rules)

Name of shareholders	Capacity	Number of ordinary shares held	% of total issued ordinary Shares (Note 1)
Fourth Star Finance Corp.	Beneficial owner (Note 2)	789,534,854 (L)	34.60 (L)
ChenLa Foundation	Interest of controlled corporation (Note 2)	951,795,297 (L)	41.71 (L)

(2) Other Persons

Name of shareholders	Capacity	Number of ordinary shares held	% of total issued ordinary Shares (Note 1)
Cambodia Development Corporation	Beneficial owner (Note 2)	162,260,443 (L)	7.11 (L)
Ameriprise Financial Inc	Interest in controlled corporation	137,096,000 (L)	6.01 (L)

Notes:

(1) Based on the Company's issued share capital of 2,282,078,875 shares as at 31 December 2013.

(2) Such interests are held by a company controlled by ChenLa Foundation under which Tan Sri Dr Chen Lip Keong is the founder.

(3) The letter "L" denotes the entity's long position in the shares.

Save as disclosed above and so far as the Directors and the chief executives of the Company are aware of, as at 31 December 2013, no other party (other than the Directors or the chief executives of the Company) had an interest or short positions in the shares or the underlying shares of the Company 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.

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 interested in any business (apart from the Group's businesses) which competes or is likely to compete, either directly and indirectly, with the businesses of the Group during the year or at 31 December 2013.

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 contracts

Other than as disclosed under the section "Connected transactions" below, no contracts of significance to which the Company, any of its holding companies, subsidiaries or fellow subsidiaries was a party, and in which a Director had a material interest, subsisted at the end of the year or at any time during the year.

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, there were no purchases, sales or redemptions by the Company, or any subsidiaries, of the listed securities of the Company.

Connected transactions

During 2013, the Company entered into (or continued to be party to) certain transactions with First Travel & Tours (M) Sdn Bhd ("FTT"), Karambunai Resorts Sdn Bhd ("KRSB"), Karambunai Corp Bhd and One Travel and Tours Limited ("One Travel"). FTT and One Travel have been providing air ticketing and travel booking services to the Group, primarily in relation to travels between Cambodia and other parts of the South East Asia. KRSB has provided accommodation and facilities in Malaysia for the use of the Group. Tan Sri Dr Chen Lip Keong is a controlling shareholder of all four of these companies and therefore is considered a connected person.

Report of the Directors

Although these transactions were "connected transactions" as defined in the Listing Rules, all of them were either sharing of administrative services or de minimis transactions exempted under Rule 14A.33(3) of the Listing Rules from all reporting, announcement and independent shareholders' approval requirements.

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 29 to the consolidated financial statements. Those related party transactions which constituted connected transactions under Chapter 14A of the Listing Rules have complied with the disclosure requirements thereon.

Compliance with the model code

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

Auditor

BDO Limited acted as auditor of the Company and audited the Group's consolidated financial statements for the financial year ended 31 December 2013.

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

By order of the Board

Timothy Patrick McNally
Chairman

Hong Kong, 12 February 2014

Independent Auditor's Report

To the shareholders of NagaCorp Ltd.
(Incorporated in the Cayman Islands with limited liability)

We have audited the accompanying consolidated financial statements of NagaCorp Ltd. (the "Company") and its subsidiaries (collectively the "Group") set out on pages 71 to 127, which comprise the consolidated and the company statements of financial position as at 31 December 2013, the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with our terms of 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.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and of the Group as at 31 December 2013, and of the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants
Tony Yuk Tung Chan
Practising Certificate Number P04654

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

Hong Kong, 12 February 2014

Consolidated Statement of Income

For the year ended 31 December 2013
(Expressed in United States dollars)

	Note	2013 $'000	2012 $'000
Revenue	6	344,946	278,762
Cost of sales		(96,395)	(75,568)
Gross profit		248,551	203,194
Other income	7	1,762	1,386
Administrative expenses		(46,973)	(40,615)
Other operating expenses		(57,937)	(46,348)
Profit before taxation	8	145,403	117,617
Income tax	10	(5,113)	(4,476)
Profit for the year attributable to owners of the Company	11	140,290	113,141
Earnings per share (US cents)			
Basic and dilute	13	6.28	5.43

The notes on page 79 to 127 form part of these consolidated financial statements.

Consolidated
Statement of Comprehensive Income

For the year ended 31 December 2013
(Expressed in United States dollars)

	2013 $'000	2012 $'000
Profit for the year	140,290	113,141
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit or loss:		
– Exchange adjustments	–	(2)
Total comprehensive income attribute to owners of the Company for the year	140,290	113,139

The notes on pages 79 to 127 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2013
(Expressed in United States dollars)

	Note	2013 $'000	2012 $'000
Non-current assets			
Property, plant and equipment	15(a)	270,115	237,576
Interest in leasehold land held for own use under operating lease	15(a)	616	624
Intangible assets	16	76,842	80,389
Prepayments for purchase of construction materials	20	18,108	14,436
Prepayments – non-current		3,519	–
		369,200	333,025
Current assets			
Consumables	19	1,007	1,142
Trade and other receivables	18	17,771	20,890
Cash and cash equivalents	21	252,130	73,225
		270,908	95,257
Current liabilities			
Trade and other payables	23	39,723	26,010
Current tax liability		426	373
		40,149	26,383
Net current assets		230,759	68,874
NET ASSETS		599,959	401,899

Consolidated
Statement of Financial Position

	Note	2013 $'000	2012 $'000
CAPITAL AND RESERVES	24(a)		
Share capital		**28,526**	26,026
Reserves		**571,433**	375,873
TOTAL EQUITY		**599,959**	401,899

Approved and authorised for issue by the Board on 12 February 2014

Timothy Patrick McNally
Chairman

Tan Sri Dr Chen Lip Keong
Chief Executive Officer

The notes on pages 79 to 127 form part of these consolidated financial statements.

Statement of Financial Position

As at 31 December 2013
(Expressed in United States dollars)

	Note	2013 $'000	2012 $'000
Non-current assets			
Property, plant and equipment	15(b)	297	376
Investments in subsidiaries	17	15,503	15,500
		15,800	15,876
Current assets			
Trade and other receivables	18	215,914	202,193
Cash and cash equivalents	21	112,537	191
		328,451	202,384
Current liabilities			
Trade and other payables	23	2,074	24,150
		2,074	24,150
Net current assets		326,377	178,234
NET ASSETS		342,177	194,110
CAPITAL AND RESERVES	24(b)		
Share capital		28,526	26,026
Reserves		313,651	168,084
TOTAL EQUITY		342,177	194,110

Approved and authorised for issue by the Board on 12 February 2014

Timothy Patrick McNally
Chairman

Tan Sri Dr Chen Lip Keong
Chief Executive Officer

The notes on pages 79 to 127 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013
(Expressed in United States dollars)

	Note	Share capital $'000	Share premium $'000	Merger reserve $'000	Capital contribution reserve $'000	Exchange reserve $'000	Retained profits $'000	Total $'000
Balance at 1 January 2012		26,026	135,498	(12,812)	55,568	65	148,133	352,478
Changes in equity during the year 2012								
Profit for the year		-	-	-	-	-	113,141	113,141
Other comprehensive income		-	-	-	-	(2)	-	(2)
Total comprehensive income for the year		-	-	-	-	(2)	113,141	113,139
Dividend declared and paid		-	-	-	-	-	(63,718)	(63,718)
		-	-	-	-	(2)	49,423	49,421
Balance at 31 December 2012 and 1 January 2013		**26,026**	**135,498**	**(12,812)**	**55,568**	**63**	**197,556**	**401,899**
Changes in equity during the year 2013								
Profit for the year		-	-	-	-	-	140,290	140,290
Total comprehensive income for the year		-	-	-	-	-	140,290	140,290
Issue of shares under placement		2,500	153,629	-	-	-	-	156,129
Share placement expenses		-	(1,191)	-	-	-	-	(1,191)
Dividend declared and paid	12	-	-	-	-	-	(97,168)	(97,168)
		2,500	152,438	-	-	-	43,122	198,060
Balance at 31 December 2013		**28,526**	**287,936**	**(12,812)**	**55,568**	**63**	**240,678**	**599,959**

The notes on pages 79 to 127 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2013
(Expressed in United States dollars)

	2013 $'000	2012 $'000
Operating activities		
Profit before taxation	145,403	117,617
Adjustments for:		
– Depreciation and amortisation	22,877	16,637
– Amortisation of casino licence premium	3,547	3,547
– Interest income	(625)	(463)
– Exchange loss, net	1,054	295
– Impairment loss on trade receivables	–	89
– Loss/(Gain) on disposal of property, plant and equipment	1	(6)
– Write-off of property, plant and equipment	858	1,502
– Reversal of impairment loss on trade receivables previously recognised	(537)	(659)
Operating profit before changes in working capital	172,578	138,559
Decrease in consumables	135	100
Decrease in trade and other receivables	137	4,071
Increase in trade and other payables	12,123	5,603
Cash generated from operations	184,973	148,333
Tax paid	(5,060)	(4,435)
Net cash generated from operating activities	179,913	143,898
Investing activities		
Interest received	625	463
Payment for the purchase of property, plant and equipment and for the construction cost of property	(59,403)	(72,185)
Proceeds from disposal of property, plant and equipment	–	6
Net cash used in investing activities	(58,778)	(71,716)

Consolidated
Statement of Cash Flows

	2013 $'000	2012 $'000
Financing activities		
Proceeds from issue of shares under placement	156,129	–
Share placement expenses	(1,191)	–
Dividend paid	(97,168)	(63,718)
Repayment of finance leases	–	(3)
Net cash generated/(used) in financing activities	57,770	(63,721)
Net increase in cash and cash equivalents	178,905	8,461
Cash and cash equivalents at beginning of year	73,225	64,764
Cash and cash equivalents at end of year	252,130	73,225
Analysis of cash and cash equivalents		
Cash and bank balances	114,941	58,225
Fixed rate certificates of deposit with original maturity of less than three months when acquired	75,000	–
Non-pledged time deposits with original maturity of less than three months when acquired	62,189	15,000
Cash and cash equivalents as stated in the statement of cash flow	252,130	73,225

Notes to the Consolidated Financial Statements

(Expressed in United States dollars)

1 General

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

The Company is engaged in investment holding while 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.

2 Adoption of new or revised International Financial Reporting Standards

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

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

IFRSs (Amendments)	Annual Improvements 2009 – 2011 Cycle
IFRSs (Amendments)	Annual Improvements 2010 – 2012 Cycle
Amendments to IFRS 7	Disclosures -Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 19 (2011)	Employee Benefits
IAS 27 (2011)	Separate Financial Statements
IAS 28 (2011)	Investments in Associates and Joint Ventures

Except as explained below, the adoption of new/revised standards and interpretations has no significant impact on the Group's financial statements.

IFRSs (Amendments) – Annual Improvements 2010-2012 Cycle

The Basis of Conclusions for IFRS 13 Fair Value Measurement was amended to clarify that short-term receivables and payables with no stated interest rate can be measured at their invoice amounts without discounting, if the effect of discounting is immaterial. This is consistent with the Group's existing accounting policy.

Amendments to IAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future and those that may not. Tax on items of other comprehensive income is allocated and disclosed on the same basis. As the amendments affect presentation only, there are no effects on the Group's financial position or performance.

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

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

IFRS 10 – Consolidated Financial Statements

IFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. IFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them.

The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The accounting requirements in IAS 27 (2008) on other consolidation related matters are carried forward unchanged. The Group has changed its accounting policy in determining whether it has control of an investee and therefore is required to consolidate that interest (see note 4(a)).

The Group has not applied any amendments, new or revised standards or interpretations that are issued but not yet effective for the current accounting period (note 31).

The Group is in the process of making an assessment of the potential impact of these amendments and new or revised standards or interpretations but the Directors are not yet in a position to conclude the potential impact on the results and the financial position of the Group.

3 Basis of preparation

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

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

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

3 Basis of preparation (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 32.

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

4 Principal accounting policies

(a) Business combination and basis of consolidation

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

Subsidiaries

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

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

(b) Property, plant and equipment

(i) Owned assets

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

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

- other items of property, plant and equipment.

Notes to the Consolidated Financial Statements

4 Principal accounting policies (continued)

(b) Property, plant and equipment (continued)

(i) Owned assets (continued)

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

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

(ii) Depreciation

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

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

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

(c) Intangible assets

Acquired intangible assets – Casino licence premium

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

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

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

(d) Consumables

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

4 Principal accounting policies (continued)

(e) Financial assets

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

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

(i) Impairment loss on financial assets

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

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

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

Notes to
the Consolidated Financial Statements

4 Principal accounting policies (continued)

(e) Financial assets (continued)

(i) Impairment loss on financial assets (continued)

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

(ii) Effective interest method

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

(iii) Derecognition

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

(f) Trade and other payables

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

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

(i) Effective interest method

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

(ii) Derecognition

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

4 Principal accounting policies (continued)

(g) Provisions

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

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

(h) Impairment of other assets

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

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

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 to sell 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).

Notes to the Consolidated Financial Statements

4 Principal accounting policies (continued)

(h) Impairment of other assets (continued)

– Recognition of impairment losses

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

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

(i) Income tax

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

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

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

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

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

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

4 Principal accounting policies (continued)

(j) Cash and cash equivalents

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

(k) Commissions and incentives

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

(l) Employee benefits

Short term employee benefits and contributions to defined contribution retirement scheme

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

(m) Foreign currencies

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

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

(n) Dividends

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

Notes to the Consolidated Financial Statements

4 Principal accounting policies (continued)

(o) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

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

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

4 Principal accounting policies (continued)

(p) Leased assets

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

(i) Assets acquired under finance leases

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

(ii) Operating lease charges

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

(iii) Prepaid land lease

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

Notes to
the Consolidated Financial Statements

4 Principal accounting policies (continued)

(q) Revenue recognition

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

(i) Casino revenue represents net house takings arising from casino operations and is recognised in profit or loss when the stakes are received by the casino and the amounts are paid out to the players.

(ii) Income from the provision and maintenance of gaming machine stations which comprises revenue in relation to profit sharing arrangements for the gaming machine operations where third parties provide and maintain the gaming machine stations is recognised in profit or loss in accordance with the substance of the relevant agreement when the right to receive such amounts is ascertained.

(iii) Income from restaurant represents revenue from the provision of food and beverages and is recognised when the service is provided.

(iv) Rental income under operating leases is recognised on a straight-line basis over the terms of the relevant leases.

(v) Interest income is recognised as it accrues using the effective interest method.

(r) Joint arrangements

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

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

5 Casino licence

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

(a) Duration of licence

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

(b) Exclusivity

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

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

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

(c) Casino complex

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

Notes to the Consolidated Financial Statements

6 Revenue

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

	2013 $'000	2012 $'000
Casino operations – gaming tables	**222,981**	172,829
Casino operations – electronic gaming machine stations	**101,936**	87,923
Hotel room income, sales of food and beverages and others	**20,029**	18,010
	344,946	278,762

7 Other income

	2013 $'000	2012 $'000
Interest income	**625**	463
Rental income	**459**	237
Reversal of impairment loss previously recognised	**537**	659
Others	**141**	27
	1,762	1,386

8 Profit before taxation

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

		2013 $'000	2012 $'000
(a)	Staff costs (including directors' remuneration):		
	Salaries, wages and other benefits	**34,672**	29,720
	Contributions to defined contribution retirement scheme	**22**	9
	Total staff costs	**34,694**	29,729
	Average number of employees (Full-time equivalent)	**4,711**	4,181
(b)	Other items:		
	Auditor's remuneration		
	– Current year	**389**	349
	– Under-provision for prior year	**–**	47
	Fuel expenses	**8,776**	9,154
	Amortisation of casino licence premium charged to other operating expenses	**3,547**	3,547
	Depreciation and amortisation	**22,877**	16,637
	Impairment loss on trade receivables	**–**	89
	Reversal of impairment loss on trade receivables previously recognised	**(537)**	(659)
	Write-off of property, plant and equipment	**858**	1,502
	Loss/(Gain) on disposal of property, plant and equipment	**1**	(6)
	Operating lease charges for land lease rental	**187**	187
	Operating lease charges for office and car park rental	**1,206**	807
	Operating lease charges for hire of equipment	**3,488**	1,938
	Exchange loss, net	**1,054**	295

Notes to the Consolidated Financial Statements

9 Directors' remuneration and senior management remuneration

(a) Directors' remuneration

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

	Annual performance bonus $'000	Discretionary bonus $'000	Fees $'000	Basic salaries, allowances and benefits-in-kind $'000	**2013 Total $'000**
Executive Directors					
Tan Sri Dr Chen Lip Keong	2,000	–	–	720	**2,720**
Philip Lee Wai Tuck	–	30	–	456	**486**
Chen Yepern	–	10	–	149	**159**
Non-executive Director					
Timothy Patrick McNally	–	–	414	–	**414**
Independent Non-executive Directors					
Michael Lai Kai Jin	–	–	36	2	**38**
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir	–	–	36	2	**38**
Lim Mun Kee	–	–	48	2	**50**
Total	2,000	40	534	1,331	**3,905**

9 Directors' remuneration and senior management remuneration (continued)

(a) Directors' remuneration (continued)

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

	Discretionary bonus $'000	Fees $'000	Basic salaries, allowances and benefits-in-kind $'000	2012 Total $'000
Executive Directors				
Tan Sri Dr Chen Lip Keong	–	–	720	720
Philip Lee Wai Tuck	225	–	422	647
Chen Yepern	10	–	146	156
Non-executive Director				
Timothy Patrick McNally	–	287	1	288
Independent Non-executive Directors				
Michael Lai Kai Jin	–	36	2	38
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir	–	36	3	39
Lim Mun Kee	–	48	3	51
Total	235	407	1,297	1,939

Notes to
the Consolidated Financial Statements

9 Directors' remuneration and senior management remuneration (continued)

(a) Directors' remuneration (continued)

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

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

Tan Sri Dr Chen Lip Keong ("TSCLK") is entitled to annual performance bonus of approximately of US$5.9 million as a result of the achievement of again positive results for the Company. However, TSCLK has agreed to accept a partial performance bonus of US$2.0 million for the year ended 31 December 2013. Due to term revised, the remaining balance of approximately US$3.9 million is only payable in 2015 upon the Company satisfactorily achieving certain 2014 performance targets. Accordingly, the remaining performance bonus may or may not be payable to TSCLK. In the prior year, TSCLK had waived his right to the annual performance bonus for the year ended 31 December 2012.

(b) Five highest paid individuals

Of the five individuals with highest emoluments, three (2012: three) are directors whose emoluments are disclosed in note 9(a). The aggregate of the emoluments in respect of the two individuals for the year ended 31 December 2013 (2012: two) are as follows:

	2013 $'000	2012 $'000
Basic salaries, housing and other allowances and benefits-in-kind	751	858

9 Directors' remuneration and senior management remuneration (continued)

(b) Five highest paid individuals (continued)

The emoluments of the two individuals (2012: two) with the highest emoluments are within the following bands:

	2013 Number of Individuals	2012 Number of Individuals
$Nil – $256,400 (approximately HK$ Nil – HK$2,000,000)	–	–
$256,401 – $320,500 (approximately HK$2,000,001 – HK$2,500,000)	1	1
$320,501 – $384,600 (approximately HK$2,500,001 – HK$3,000,000)	–	–
$384,601 – $448,700 (approximately HK$3,000,001 – HK$3,500,000)	–	–
$448,701 – $512,800 (approximately HK$3,500,001 – HK$4,000,000)	1	–
$512,801 – $576,900 (approximately HK$4,000,001 – HK$4,500,000)	–	1
	2	2

10 Income tax

Income tax in profit or loss represents:

	2013 $'000	2012 $'000
Current tax expense		
– Current year	5,113	4,476

Notes to the Consolidated Financial Statements

10 Income tax (continued)

Reconciliation between tax expense and accounting profit at applicable tax rate:

	2013 $'000	2012 $'000
Profit before taxation	**145,403**	117,617
Profits tax using Cambodian corporation tax rate of 20% (2012: 20%)	**29,081**	23,523
Tax exempt profits from Cambodian operations (Note (a))	**(29,081)**	(23,523)
Obligation Payments (Note (a))	**5,113**	4,476
	5,113	4,476

Notes:

(a) Income tax in profit or loss

Income tax represents monthly gaming Obligation Payment of $288,650 (2012: $256,577) and monthly non-gaming Obligation Payment of $137,396 (2012: $116,438) payable to the Ministry of Economy and Finance (the "MOEF") of Cambodia by NWL Gaming Branch and NWL Hotel & Entertainment Branch, branches registered in Cambodia.

(i) Casino tax and licence fees

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

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

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

10 Income tax (continued)

Notes: (continued)

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

(i) Casino tax and licence fees (continued)

In May 2000, the MOEF levied an Obligation Payment of $60,000 per month on NWL Gaming Branch payable from January 2000 to December 2003 in respect of the gaming activities. The MOEF has also confirmed that gaming taxes and licence fees are not payable in respect of periods prior to January 2000. NWL has also obtained a legal opinion confirming that the Obligation Payment is not payable prior to January 2000. Since December 2003, the MOEF has been revising the Obligation Payment every year, and for the year ended 31 December 2013, the Obligation Payments became $288,650 per month (2012: $256,577 per month).

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

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

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

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

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

Notes to
the Consolidated Financial Statements

10 Income tax (continued)

Notes: (continued)

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

(ii) Corporate and other taxes on gaming activities

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

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

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

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

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

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

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

10 Income tax (continued)

Notes: (continued)

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

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

In July 2002, the MOEF imposed a non-gaming Obligation Payment on NWL in respect of tax on non-gaming activities of a fixed sum of $30,500 per month for the six months ended 31 December 2002. Subject to annual revision, the MOEF revised the non-gaming obligation payment to $137,396 per month (2012: $116,438 per month) for the year ended 31 December 2013. The monthly rate of non-gaming Obligation Payment will be reviewed annually.

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

(iii) Other jurisdictions

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

(b) Taxes on other businesses

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

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

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

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

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

Notes to the Consolidated Financial Statements

10 Income tax (continued)

Notes: (continued)

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

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

(d) Deferred taxation

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

11 Profit attributable to owners of the Company

The consolidated profit attributable to owners of the Company includes a profit of $90,297,000 (2012: $59,755,000) which has been dealt with in the financial statements of the Company.

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

	2013 $'000	2012 $'000
Interim dividend declared during the year:		
2012: US cents 1.51 per ordinary share	–	31,438
2013: US cents 1.93 per ordinary share	**43,996**	–
Final dividend proposed after the end of reporting year:		
2012: US cents 2.33 per ordinary share	–	53,172
2013: US cents 2.38 per ordinary share	**54,207**	–
	98,203	84,610

The interim dividend of $43,996,000 (2012: $31,438,000) for the six-month period ended 30 June 2013 was declared in August 2013 and paid in September 2013.

13 Earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to owners of the Company of $140,290,000 (2012: $113,141,000) and the weighted average number of 2,235,503,533 (2012: 2,082,078,875) ordinary shares in issue during the year.

The weighted average number of ordinary shares is as follows:

	2013 $'000	2012 $'000
At 1 January	**2,082,078,875**	2,082,078,875
Issue of shares under placement	**153,424,658**	-
	2,235,503,533	2,082,078,875

There were no dilutive potential ordinary shares in existence during the years ended 31 December 2013 and 31 December 2012.

14 Segment information

The Group manages its business by division, which are organised by a mixture of business lines (casino, hotel & 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 for the purpose of resource allocation and performance assessment.

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

(a) Segment results, assets and liabilities

The Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment of the following bases:

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

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

Notes to the Consolidated Financial Statements

14 Segment information (continued)

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

	Casino operations $'000	Hotel and entertainment operations $'000	Total $'000
Segment revenue:			
Year ended 31 December 2012			
Revenue from external customers	261,180	17,582	278,762
Inter-segment revenue	–	33,732	33,732
Reportable segment revenue	261,180	51,314	312,494
Year ended 31 December 2013			
Revenue from external customers	325,033	19,913	344,946
Inter-segment revenue	–	31,782	31,782
Reportable segment revenue	325,033	51,695	376,728
Segment profit:			
Year ended 31 December			
2012	124,645	18,655	143,300
2013	164,496	16,649	181,145

14 Segment information (continued)

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

	Casino operations $'000	Hotel and entertainment operations $'000	Total $'000
Segment assets:			
As at 31 December			
2012	419,529	235,839	655,368
2013	521,271	384,944	906,215
Segment liabilities:			
As at 31 December			
2012	(17,788)	(237,862)	(255,650)
2013	(28,779)	(277,396)	(306,175)
Net assets/(liabilities):			
As at 31 December			
2012	401,741	(2,023)	399,718
2013	492,492	107,548	600,040
Other segment information			
Capital expenditure:			
Year ended 31 December			
2012	16,030	52,126	68,156
2013	2,164	53,849	56,013
Impairment loss on trade receivables:			
Year ended 31 December			
2012	89	–	89
2013	–	–	–

Notes to the Consolidated Financial Statements

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:

	2013 $'000	2012 $'000
Revenue		
Reportable segment revenue	376,728	312,494
Elimination of inter-segment revenue	(31,782)	(33,732)
Consolidated revenue	344,946	278,762
Profit		
Reportable segment profit	181,145	143,300
Other revenue	121	-
Depreciation and amortisation		
– reportable segment	(26,216)	(20,098)
– unallocated	(208)	(86)
Unallocated head office and corporate expenses	(9,439)	(5,499)
Consolidated profit before taxation	145,403	117,617
Assets		
Reportable segment assets	906,215	655,368
Elimination of inter-segment assets	(268,150)	(229,402)
	638,065	425,966
Unallocated corporate assets	2,043	2,316
Consolidated total assets	640,108	428,282
Liabilities		
Reportable segment liabilities	(306,175)	(255,650)
Elimination of inter-segment payables	268,150	229,402
	(38,025)	(26,248)
Unallocated corporate liabilities	(2,124)	(135)
Consolidated total liabilities	(40,149)	(26,383)

14 Segment information (continued)

(b) Geographical information

The Group's operations and activities are located entirely in Cambodia.

15 Property, Plant and Equipment, and Interest in Leasehold Land held for own use under operating lease

(a) The Group

	Plant and equipment $'000	Buildings $'000	Capital work-in-progress $'000 (Note (i))	Renovations, furniture and fittings $'000	Motor vehicles $'000	Aircraft $'000	Total property, plant and equipment $'000	Interest in leasehold land held for own use under operating lease $'000 (Note (ii))
Cost:								
At 1 January 2012	20,832	52,964	42,973	104,306	1,822	-	222,897	751
Additions	5,477	-	51,537	201	2,406	9,002	68,623	-
Disposal	-	-	-	-	(29)	-	(29)	-
Written off	(512)	-	-	(2,003)	-	-	(2,515)	-
Transfer	-	32,558	(63,159)	30,601	-	-	-	-
At 31 December 2012	25,797	85,522	31,351	133,105	4,199	9,002	288,976	751
At 1 January 2013	25,797	85,522	31,351	133,105	4,199	9,002	288,976	751
Additions	2,456	-	53,474	253	84	-	56,267	-
Disposal	(5)	-	-	-	-	-	(5)	-
Written off	(148)	(779)	-	(291)	-	-	(1,218)	-
Transfer	-	5,400	(74,986)	69,586	-	-	-	-
At 31 December 2013	28,100	90,143	9,839	202,653	4,283	9,002	344,020	751

Notes to the Consolidated Financial Statements

15 Property, Plant and Equipment, and Interest in Leasehold Land held for own use under operating lease (continued)

(a) The Group (continued)

	Plant and equipment $'000	Buildings $'000	Capital work-in-progress $'000 (Note (i))	Renovations, furniture and fittings $'000	Motor vehicles $'000	Aircraft $'000	Total Property, plant and equipment $'000	Interest in leasehold land held for own use under operating lease $'000 (Note (ii))
Accumulated depreciation/ amortisation:								
At 1 January 2012	8,792	4,124	-	21,443	1,454	-	35,813	119
Charge for the year	2,944	1,752	-	10,988	607	338	16,629	8
Disposal	-	-	-	-	(29)	-	(29)	-
Written off	(511)	-	-	(502)	-	-	(1,013)	-
At 31 December 2012	11,225	5,876	-	31,929	2,032	338	51,400	127
At 1 January 2013	11,225	5,876	-	31,929	2,032	338	51,400	127
Charge for the year	3,334	1,754	-	16,758	573	450	22,869	8
Disposal	(4)	-	-	-	-	-	(4)	-
Written off	(133)	(79)	-	(148)	-	-	(360)	-
At 31 December 2013	14,422	7,551	-	48,539	2,605	788	73,905	135
Net book value:								
At 31 December 2013	13,678	82,592	9,839	154,114	1,678	8,214	270,115	616
At 31 December 2012	14,572	79,646	31,351	101,176	2,167	8,664	237,576	624

15 Property, Plant and Equipment, and Interest in Leasehold Land held for own use under operating lease (continued)

(a) The Group (continued)

Notes:

(i) Capital work-in-progress at net book value relates to the following assets under construction:

	2013 $'000	2012 $'000
Hotel and casino complex, Cambodia	9,839	31,351

Capital work-in-progress is incurred on the hotel and casino complex in Cambodia known as NagaWorld which is constructed on land held under a lease expiring on 31 July 2095. The premium paid to obtain the lease of $751,000 is included within interest in leasehold land held for own use under operating lease at its amortised cost.

(ii) Interest in leasehold land held for own use under operating lease is located as follows:

	2013 $'000	2012 $'000
Cambodia	616	624

In addition to the prepaid lease payments to acquire the interest in the leasehold land held for own use under operating lease, the Group was obliged to pay the annual operating lease charge of approximately $187,000 (2012: $187,000), subject to increment for every 10 years, as shown in notes 5 and 26 to the consolidated financial statements.

The land has a remaining leasehold period expiring on 31 July 2095. The lease is undertaken between NWL and the Municipality of Phnom Penh, Cambodia.

Notes to the Consolidated Financial Statements

15 Property, plant and equipment (continued)

(b) The Company

	Office equipment $'000	Motor vehicles $'000	Total $'000
Cost:			
At 1 January 2012	374	60	434
Additions	3	235	238
At 31 December 2012	377	295	672
At 1 January 2013	377	295	672
Additions	6	–	6
At 31 December 2013	383	295	678
Accumulated depreciation:			
At 1 January 2012	188	57	245
Charge for the year	36	15	51
At 31 December 2012	224	72	296
At 1 January 2013	224	72	296
Charge for the year	38	47	85
At 31 December 2013	262	119	381
Net book value:			
At 31 December 2013	121	176	297
At 31 December 2012	153	223	376

16 Intangible assets

	The Group	
	2013	2012
	$'000	$'000
Casino licence premium and extended exclusivity premium:		
Cost:		
At 1 January and 31 December	**108,000**	108,000
Accumulated amortisation:		
At 1 January	**27,611**	24,064
Charge for year	**3,547**	3,547
At 31 December	**31,158**	27,611
Net book value	**76,842**	80,389

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 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 in consideration for the surrender by Ariston of the rights and concessions granted under the SDA signed on 2 January 1995 and SSDA 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, Tan Sri Dr Chen Lip Keong, on 30 August 2002. In order to fulfill its obligations under the Addendum Agreement, Ariston proposed to enter into an agreement with Ariston Holdings Sdn. Bhd., pursuant to which Ariston Holdings Sdn. Bhd. would surrender all rights, title, benefits and interests in and to the Assigned Assets to the Cambodian Government with an effective date of 12 August 2005 in consideration for $105 million.

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

- On 11 May 2006, the Company issued 202,332,411 ordinary shares of $0.0125 each to Tan Sri Dr Chen Lip Keong 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.

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

Notes to the Consolidated Financial Statements

17 Investments in principal subsidiaries

The Company

	2013 $'000	2012 $'000
Unlisted shares, at cost	**15,503**	15,500

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

Name of subsidiary	Place of incorporation	Place of business	Particulars of 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	10 shares of HK$1 each	100%	-	Investment holding
Naga Primorsky Entertainment Limited	Cyprus	Russia	1,000 shares of Euro 1 each	100%	-	Investment holding
Naga Primorsky Beach Resorts Limited	Cyprus	Russia	1,000 shares of Euro 1 each	100%	-	Investment holding
Naga Russia Limited	Cayman Islands	Russia	1 share of $1	100%	-	Investment holding
Naga Russia One Limited	Cayman Islands	Russia	1 share of $1	-	100%	Investment holding
Naga Hotels Russia Limited	Cayman Islands	Russia	1 share of $1	-	100%	Investment holding
NWL	Hong Kong	Cambodia	78,000,000 shares of HK$1 each	-	100%	Gaming, hotel and entertainment operations
Ariston	Malaysia	Malaysia & Cambodia	56,075,891 shares of Malaysian Ringgit ("RM") 1 each	-	100%	Holding casino licence and Investment holding
Neptune Orient Sdn. Bhd.	Malaysia	Malaysia & Cambodia	250,000 shares of RM 1 each	-	100%	Inactive
Ariston (Cambodia) Limited	Cambodia	Cambodia	1,000 shares of Cambodian Riel ("KHR") 120,000 each	-	100%	Inactive

17 Investments in principal subsidiaries (continued)

Name of subsidiary	Place of incorporation	Place of business	Particulars of issued and paid up share capital	Effective equity held by the Company	Effective equity held by a subsidiary	Principal activities
Naga Sports Limited	Hong Kong	Cambodia	2 shares of HK$1 each	-	100%	Provision and maintenance of slot machine stations
Naga Travel Limited	Hong Kong	Hong Kong	2 shares of HK$1 each	-	100%	Investment Holding
Naga Retail Limited	Hong Kong	Cambodia	2 shares of HK$1 each	-	100%	Operation of retail business
Naga Entertainment Limited	Hong Kong	Cambodia	2 shares of HK$1 each	-	100%	Organisation of entertainment events
Naga Services Limited	Hong Kong	Hong Kong	2 shares of HK$1 each	-	100%	Investment Holding
Naga Media Limited	Hong Kong	Hong Kong	2 shares of HK$1 each	-	100%	Inactive
Naga Management Limited	Hong Kong	Hong Kong	2 shares of HK$1 each	-	100%	Inactive
Naga Services Company Limited	Vietnam	Vietnam	$50,000	-	100%	Management consulting services
Naga Management Services Limited	Thailand	Thailand	30,000 shares of Thai Baht 100 each	-	100%	Management consulting services
NagaJet Management Limited	Cayman Islands	Cambodia	1 share of $1	-	100%	Management of company aircraft
Naga Transport Limited#	Cambodia	Cambodia	1,000 shares of KHR200,000 each	-	100%	Investment Holding
NagaWorld Travel Limited	Cambodia	Cambodia	1,000 shares of KHR200,000 each	-	100%	Tourism Services
NagaWorld (Macau) Limitada	Macau	Macau	MOP25,000	-	100%	Marketing, sales, consultancy & services in connection with travelling, hotels and resorts

The class of shares held is ordinary.

The shares in Naga Transport Limited are held in trust by director on behalf of NWL.

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the Consolidated Financial Statements

18 Trade and other receivables

	The Group		The Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Trade receivables	**11,778**	15,459	**–**	–
Less: Allowance for impairment loss	**(2,290)**	(8,537)	**–**	–
	9,488	6,922	**–**	–
Deposits, prepayments and other receivables	**8,283**	13,968	**518**	528
Amounts due from subsidiaries (note 22)	**–**	–	**215,396**	201,665
	17,771	20,890	**215,914**	202,193

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

	The Group	
	2013	2012
	$'000	$'000
Current to within 1 month	**6,984**	1,331
1 to 3 months	**578**	794
More than 1 year	**1,926**	4,797
	9,488	6,922

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

	The Group	
	2013	2012
	$'000	$'000
Less than 1 month overdue	**6,700**	1,263
1 to 3 months overdue	**578**	794
More than 1 year overdue	**1,353**	3,861
	8,631	5,918

18 Trade and other receivables (continued)

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

The balances of other classes within trade and other receivables of the Group and of the Company are neither past due nor impaired. They comprise other receivables which are currently aged, and receivables from related companies and group companies which are active during the year. Management considers that these related parties have sufficient financial capacities to repay.

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

	The Group	
	2013	2012
	$'000	$'000
At 1 January	**8,537**	11,469
Impairment loss recognised	**–**	89
Bad debts written off	**(5,710)**	(2,362)
Reversal of impairment loss previously recognised	**(537)**	(659)
At 31 December	**2,290**	8,537

The Group recognises impairment loss in accordance with the policy in note 4(e)(i). The Group's credit policy is set out in note 28(c).

The amounts due from related parties are unsecured, interest-free and repayable on demand.

19 Consumables

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

20 Prepayments for purchase of construction materials

Prepayments for purchase of construction materials relate to prepayments made for the purchase of raw materials necessary for the construction of NagaWorld.

The materials have not been received by the Group as at the year end. It is anticipated that the materials will be used in the construction of NagaWorld within twelve months from the end of the year.

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21 Cash and cash equivalents

	The Group		The Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Cash and bank balances	**114,941**	58,225	**37,537**	191
Fixed deposits	**62,189**	15,000	**–**	–
Certificates of deposits	**75,000**	–	**75,000**	–
	252,130	73,225	**112,537**	191

Fixed deposits bear interest of 0.09% to 1.5% (2012: 1.9%) per annum and mature in various periods up to January 2014 (2012: mature in various periods up to January 2013).

Fixed rate certificate of deposits bear interest of 0.45% to 0.62% per annum (2012: Nil) and mature in various periods up to March 2014.

The carrying amounts of these assets approximate their fair values.

22 Amounts due from/(to) subsidiaries

	The Company	
	2013	2012
	$'000	$'000
Amount due from Ariston	**104,986**	104,986
Amount due from NagaCorp (HK) Limited	**29,654**	–
Amount due from NWL	**80,756**	96,679
Amounts due from subsidiaries	**215,396**	201,665
Amount due to NagaCorp (HK) Limited	**–**	(24,057)
Amount due to other subsidiaries	**(3)**	–
Amounts due to subsidiaries	**(3)**	(24,057)

The balances are unsecured, interest-free and repayable on demand.

23 Trade and other payables

	The Group		The Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Trade payables (Note)	**2,108**	1,170	**–**	–
Unredeemed casino chips	**15,950**	10,030	**–**	–
Deferred revenue	**484**	357		
Deposits	**4,873**	100	**–**	–
Construction creditors	**7,385**	6,849	**–**	–
Accruals and other creditors	**8,923**	7,504	**2,071**	93
Amounts due to subsidiaries (note 22)	**–**	–	**3**	24,057
	39,723	26,010	**2,074**	24,150

Note:

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

	The Group	
	2013	2012
	$'000	$'000
Due within 1 month or on demand	**2,018**	1,012
Due after 1 month but within 3 months	**–**	20
Due after 3 months but within 6 months	**72**	60
Due after 6 months but within 1 year	**18**	78
Total	**2,108**	1,170

Notes to the Consolidated Financial Statements

24 Capital and reserves

(a) The Group

	Share capital $'000	Share Premium $'000	Merger reserve $'000	Capital contribution reserve $'000	Exchange reserve $'000	Retained profits $'000	Total $'000
At 1 January 2012	26,026	135,498	(12,812)	55,568	65	148,133	352,478
Profit for the year	-	-	-	-	-	113,141	113,141
Dividend declared and paid	-	-	-	-	-	(63,718)	(63,718)
Exchange differences on translation of financial statements of foreign entities	-	-	-	-	(2)	-	(2)
At 31 December 2012	26,026	135,498	(12,812)	55,568	63	197,556	401,899
At 1 January 2013	26,026	135,498	(12,812)	55,568	63	197,556	401,899
Issue of shares under placement	2,500	153,629	-	-	-	-	156,129
Share placement expenses	-	(1,191)	-	-	-	-	(1,191)
Profit for the year	-	-	-	-	-	140,290	140,290
Dividend declared and paid	-	-	-	-	-	(97,168)	(97,168)
At 31 December 2013	28,526	287,936	(12,812)	55,568	63	240,678	599,959

(b) The Company

	Share capital $'000	Share premium $'000	Capital contribution reserve $'000	Accumulated losses $'000	Total $'000
At 1 January 2012	26,026	135,498	55,000	(18,451)	198,073
Profit for the year	-	-	-	59,755	59,755
Dividend declared and paid	-	-	-	(63,718)	(63,718)
At 31 December 2012	26,026	135,498	55,000	(22,414)	194,110
At 1 January 2013	26,026	135,498	55,000	(22,414)	194,110
Issue of shares under placement	2,500	153,629	-	-	156,129
Share placement expenses	-	(1,191)	-	-	(1,191)
Profit for the year	-	-	-	90,297	90,297
Dividend declared and paid	-	-	-	(97,168)	(97,168)
At 31 December 2013	28,526	287,936	55,000	(29,285)	342,177

24 Capital and reserves (continued)

(c) Share capital

(i) Authorised:

	2013 $'000	2012 $'000
8,000,000,000 ordinary shares of $0.0125 each	100,000	100,000

(ii) Issued and fully paid:

	2013 Number of shares	2013 $'000	2012 Number of shares	2012 $'000
Ordinary shares of $0.0125 each				
At 1 January	2,082,078,875	26,026	2,082,078,875	26,026
Issue of share under placement (Note (a))	200,000,000	2,500	-	-
At 31 December	2,282,078,875	28,526	2,082,078,875	26,026

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

Note:

(a) On 27 March 2013, the Company allotted and issued 200,000,000 new ordinary shares of US$0.0125 each at a subscription price of HK$6.05 per share pursuant to the Placing and Subscription Agreement dated 13 March 2013. The Company received a total cash consideration, before expenses, of $156,129,000 (or HK$1,210,000,000 equivalent) from the share placement during the year.

(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

24 Capital and reserves (continued)

(c) Share capital (continued)

(iii) Capital management (continued)

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

	2013 US$	2012 US$
Debt	–	–
Cash and cash equivalents	(252,130)	(73,225)
Net debt	(252,130)	(73,225)
Equity	559,959	401,899
Net debt to equity ratio	N/A	N/A

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

(d) Nature and purpose of reserves

(i) Share premium

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

(ii) Merger reserve

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

(iii) Capital contribution reserve

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

(iv) Exchange reserve

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

24 Capital and reserves (continued)

(e) Distributable reserves

At 31 December 2013, the aggregate amount of reserves available for distribution to owners of the Company was $313,651,000 (2012: $168,084,000) within which $287,936,000 (2012: 135,498,000) related to the share premium of the new ordinary shares issued under placement and $55,000,000 (2012: $55,000,000) related to the capital contribution reserve, which the Directors have no current intention of distributing.

After the end of the reporting period, the Directors proposed a final dividend of US cents 2.38 per ordinary share (2012: US cents 2.33 per ordinary share) amounting to $54.2 million (2012: $53.2 million). The dividend has not been recognised as a liability at the end of the reporting period.

25 Lease commitments

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

	The Group									
	2013 In respect of:					2012 In respect of:				
	Land lease $'000	Office, staff quarters and car park rental $'000	Equipment rental $'000	Gaming machines stations & Tables games $'000	Total $'000	Land lease $'000	Office, staff quarters and car park rental $'000	Equipment rental $'000	Gaming machines stations & Tables games $'000	Total $'000
Within 1 year	219	765	1,536	1,203	3,723	187	765	1,062	1,394	3,408
1 to 5 years	916	673	5,670	451	7,710	771	1,372	-	1,654	3,797
After 5 years	20,872	618	-	-	21,490	20,468	684	-	-	21,152
	22,007	2,056	7,206	1,654	32,923	21,426	2,821	1,062	3,048	28,357

	The Company 2013 $'000	2012 $'000
In respect of office rental:		
Within 1 year	438	438
1 to 5 years	419	857
	857	1,295

Note: Hotel and entertainment complex, Phnom Penh

The Group has entered into lease arrangements in respect of land in Phnom Penh, Cambodia which forms the site for the NagaWorld hotel and entertainment complex with integrated casino facilities currently under construction. The lease agreement is for a period of ninety-nine years and does not include any provisions for renewal upon expiry or contingent rentals. Provisions for periodic adjustments to reflect market rentals are included in the lease agreement and in the commitments shown above. Please refer to note 15(a) for further details in respect of the land.

Notes to the Consolidated Financial Statements

26 Capital commitments

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

	The Group	
	2013	2012
	$'000	$'000
Hotel and casino complex, Phnom Penh – contracted but not incurred	**62,634**	39,348

The capital commitments relating to the NagaWorld project are expected to be incurred over one year in accordance with a phased construction plan.

27 Equity settled share-based transactions

The Company has adopted a share option scheme upon listing of the Company's shares on the Main Board of the Stock Exchange on 19 October 2006 whereby the Directors are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at nil consideration to subscribe for shares of the Company.

The Company did not grant any share options during the year (2012: Nil) and there are no outstanding share options at the end of the reporting period (2012: Nil).

28 Risk management

(a) Financial risk management objectives and policies

Exposures to political and economic risks, credit, interest rate and 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 laws on taxation and investment and in policies affecting the industry in which the Group operates could have a significant negative effect on its operating results and financial condition.

28 Risk management (continued)

(c) Credit risk

The credit policy on gaming revenue is seven days from the end of tour. Trade receivables relate mostly to Junket VIP operators and local operators who have good track records with the Group or were active during the year. At the end of the reporting period, the Group has a certain concentration of credit risk at 45% (2012: 29%) of the total trade and other receivables that were due from the five largest operators.

The Group recognises impairment losses in accordance with the policy in note 4(e)(i). The Group has a credit policy in place and the exposure to credit risk is monitored on a regular basis. The Group grants credit facilities, on an unsecured basis, to selected Junket VIP operators who have good financial background or with whom the Group has had extensive dealings over the past several years. Credit evaluations are performed on all customers requesting credit facilities.

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

(d) Liquidity risk

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

	2013	2012
	$'000	$'000
Less than one year	**39,723**	26,010

(e) Interest rate risk

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

	2013		2012	
	Effective interest rate	**One year or less**	Effective interest rate	One year or less
	%	**$'000**	%	$'000
Bank deposits				
- On demand	**0.01 to 0.8**	**84,433**	0.01 to 1.5	19,627
- Fixed term of 7 days or less	**0.09**	**37,043**	-	-
- Within one year	**0.45 to 1.50**	**100,146**	1.9	15,000
		221,622		34,627

The Group has no significant interest bearing assets except fixed rate bank deposits and fixed rate certificates of deposits detailed in note 21. The Group policy is to manage its interest rate risk, working within an agreed framework, to ensure that there are no unduly exposures to significant interest rate movements and rates are approximately fixed when necessary. The directors considered that the Group's cash flow interest rate risk is minimal.

Notes to
the Consolidated Financial Statements

28 Risk management (continued)

(f) Foreign currency risk

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

(g) Fair values

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, due from subsidiaries, trade and other payables and due to subsidiaries. Due to their short term nature, the carrying values of these financial instruments approximately fair values.

29 Related party transactions

Significant transactions entered into between the Group and its related parties are as follows:

(a) Compensation of key management personnel

	2013 $'000	2012 $'000
Basic salaries, housing and other allowances and benefits in kind	5,241	5,174
Bonus	2,236	649
	7,477	5,823

(b) Others (Note)

	2013 $'000	2012 $'000
Travel expenses	680	717
Expenses paid on behalf of related companies	3,496	5,022

Note: The Group has transacted with related companies, the controlling beneficiary of which is Tan Sri Dr Chen Lip Keong, the ultimate controlling shareholder of the Company, for the provision of travel and tour services and hotel accommodation to the Group and expenses paid on behalf of the related companies.

As at 31 December 2013, amounts due from related companies of $344,000 (2012: $5,022,000) are included in trade and other receivables as disclosed in note 18 to the consolidated financial statements. The balance is unsecured, interest-free and repayable on demand. The maximum balance during the year was $344,000 (2012: $5,022,000).

30 Ultimate controlling party

At 31 December 2013, Tan Sri Dr Chen Lip Keong was taken to be interested in 951,795,297 ordinary shares out of the 2,282,078,875 issued ordinary shares of the Company by virtue of being the founder of a discretionary trust, namely ChenLa Foundation.

31 Possible impact of amendments and new or revised standards issued but not yet effective for the annual accounting year ended 31 December 2013

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 2013, potentially relevant to the Group's financial statements, and have not been early adopted in these consolidated financial statements.

Amendments to IFRS 9, IFRS 7 and IAS 39	Hedge Accounting
Amendments to IFRS 10, IFRS 12 and IAS 27 (2011)	Investment Entities [1]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions [2]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities [1]
Amendments to IAS 36	Recoverable Amount Disclosures for Non-financial Assets [1]
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting [1]
IFRIC Interpretation 21	Levies [1]
IFRS 9	Financial Instruments [2]
IFRSs (Amendments)	Annual Improvements 2010-2012 Cycle [3]
IFRSs (Amendments)	Annual Improvements 2011-2013 Cycle [2]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Effective for annual periods beginning, or transactions occurring, on and after 1 July 2014

Notes to the Consolidated Financial Statements

31 Possible impact of amendments and new or revised standards issued but not yet effective for the annual accounting year ended 31 December 2013 (continued)

Amendments to IFRS 9, IFRS 7 and IAS 39 – Hedge Accounting

The amendments overhaul hedge accounting to allow entities to better reflect their risk management activities in financial statements. Changes included in IFRS 9 to address the own credit risk issue on financial liabilities designated at fair value through profit or loss can be applied in isolation without the need to change any other accounting for financial instruments. The amendments also remove the 1 January 2015 effective date for IFRS 9.

Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to IAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

Amendments to IAS 36 – Recoverable Amount Disclosures

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit (CGU) to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal.

IFRS 9 – Financial Instruments

Under IFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. IFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 retains the requirements in IAS 39 for derecognition of financial assets and financial liabilities.

The Group is in the process of making an assessment of the potential impact of these standards, amendments or interpretations but the Directors are not yet in a position to conclude the impact on the results and the financial position of the Group.

32 Key sources of estimation uncertainty

(i) Impairment allowance for bad and doubtful debts

The policy for impairment allowance for bad and doubtful debts on trade and other receivables of the Group is based on the evaluation of recoverability and outstanding period of accounts, and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer, including Junket VIP operators and local operators. In determining whether impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from individual trade and other receivables. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly.

(ii) Useful lives of property, plant and equipment

The Group depreciates property, plant and equipment on a straight-line basis over their estimated useful lives. The estimated useful lives are based on the nature of the assets, as well as current operating strategy and legal considerations, such as contractual life. Future events, such as property expansions, property developments, new competition or new regulations, could result in a change in the manner in which the Group uses certain assets and could have impact on the estimated useful lives of such assets. Additional depreciation maybe provided if the estimated useful lives of items of property, plant and equipment are different from the previous estimation. Useful lives are reviewed at each financial year end date based on changes in circumstances.

33 Acquisition of subsidiaries

The Company entered into a conditional share purchase agreement on 13 June 2011, as supplemented by a supplemental agreement dated 28 December 2011, with Tan Sri Dr Chen Lip Keong, the controlling shareholder of the Company, to acquire the entire equity interests in TSC Inc. and City Walk Inc. both of which are incorporated in the British Virgin Islands and wholly owned by Tan Sri Dr Chen Lip Keong. The agreed consideration is US$369,000,000, which will be settled upon completion in the form of shares of the Company or convertible bonds to be issued by the Company. The acquisition was approved by the shareholders of the Company at the Extraordinary General Meeting held on 30 January 2012. The completion of the acquisition is subject to the completion of the construction of several projects to be undertaken by TSC Inc. and City Walk Inc. The projects include the development and construction of the hotel and gaming complex and a retail walkway in Cambodia.

34 Contingent Liabilities

Pursuant to the Service Agreement between the Company and the Chief Executive Officer (the "CEO"), the CEO is entitled to an annual performance incentive based on the Group's consolidated profit before taxation. For the years 2010 to 2012, the CEO had waived and forgone his performance incentive totalling US$8.9 million for the three years, as a service to the Company. For the financial year ended 31 December 2013, the CEO is entitled to a performance incentive of US$5.9 million as a result of the achievement of again positive results for the Company. However, the CEO has agreed to accept only a partial performance incentive of US$2.0 million. Due to the revised terms, the remaining balance of US$3.9 million is only payable in 2015 upon the Company satisfactorily achieving certain 2014 performance targets.

Five-year Financial Summary

(Expressed in United States dollars)

	2009 $'000	2010 $'000	2011 $'000	2012 $'000	**2013 $'000**
Consolidated statement of income					
Revenue	117,770	150,517	223,781	278,762	**344,946**
Profit attributable to owners of the Company	25,468	44,061	92,030	113,141	**140,290**
Earnings per share (US cents)	1.23	2.12	4.42	5.43	**6.28**
Dividend					
Interim dividend declared	6,917	14,742	32,141	31,438	**43,996**
Final dividend proposed after the end of reporting period	8,363	16,101	32,280	53,172	**54,207**
Total dividend attributable to the year	15,280	30,843	64,421	84,610	**98,203**
Dividend per share (US cents)	0.73	1.48	3.09	3.84	**4.31**
Consolidated statement of financial position					
Property, plant and equipment and interest in leasehold land held for own use under operating lease	150,057	156,406	187,716	238,200	**270,731**
Intangible assets	91,030	87,483	83,936	80,389	**76,842**
Other non-current assets	4,091	3,431	4,408	14,436	**21,627**
Net current assets	42,574	61,370	76,418	68,874	**230,759**
Employment of capital	287,752	308,690	352,478	401,899	**599,959**
Represented by:					
Share capital	26,026	26,026	26,026	26,026	**28,526**
Reserves	261,722	282,661	326,452	375,873	**571,433**
Shareholders' funds	287,748	308,687	352,478	401,899	**599,959**
Other non-current liabilities	4	3	–	–	**–**
Capital employed	287,752	308,690	352,478	401,899	**599,959**
Net assets per share (US cents)	13.86	14.83	16.93	19.30	**26.29**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the annual general meeting of NagaCorp Ltd. (the "Company") will be held at Suite 2806, 28th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Wednesday, 9 April 2014 at 10:00 a.m. for the following:

1. To receive and adopt the audited consolidated financial statements of the Company and the reports of the directors and independent auditor for the year ended 31 December 2013 (the "Year End").

2. To declare a final dividend in respect of the Year End.

3. To re-elect the directors who have retired by rotation in accordance with Article 87(1) of the articles of association of the Company:

   i. Mr. Philip Lee Wai Tuck as an executive director of the Company.

   ii. Mr. Chen Yepern as an executive director of the Company.

   iii. Mr. Michael Lai Kai Jin as an independent non-executive director of the Company.

4. To approve the directors' remuneration for the Year End and to authorize the board of directors to fix the directors' remuneration for the year ending 31 December 2014.

5. To re-appoint BDO Limited as auditor of the Company and to authorize the board of directors to fix its remuneration.

6. To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

   (A) "**That**:

   (i) subject to paragraph (A)(iii) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to allot, issue or otherwise deal with additional shares in the capital of the Company or securities convertible into shares of the Company, or options, warrants or similar rights to subscribe for shares of the Company or such convertible securities of the Company and to make or grant offers, agreements and/or options (including bonds, warrants and debentures convertible into shares of the Company) which may require the exercise of such powers, be and is hereby generally and unconditionally approved;

   (ii) the approval in paragraph (A)(i) above shall be in addition to any other authorization given to the directors of the Company and shall authorize the directors of the Company during the Relevant Period to make or grant offers, agreements and/or options which may require the exercise of such powers after the end of the Relevant Period;

Notice
of Annual General Meeting

(iii) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company during the Relevant Period pursuant to paragraph (A)(i) above, otherwise than pursuant to (1) a Rights Issue (as hereinafter defined) or (2) the grant or exercise of any option under the option scheme of the Company or any other option, scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (3) any scrip dividend or similar arrangement providing for the allotment of shares of the Company in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company in force from time to time; or (4) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any existing convertible notes issued by the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into shares of the Company, shall not exceed 20% of the aggregate nominal amount of share capital of the Company in issue as at the date of passing this resolution and the said approval shall be limited accordingly; and

(iv) for the purpose of this resolution:

(a) "Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:

(1) the conclusion of the next annual general meeting of the Company;

(2) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the articles of association of the Company to be held; or

(3) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

(b) "Rights Issue" means an offer of shares in the capital of the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the directors of the Company to holders of shares in the capital of the Company whose names appear on the register of members on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or, having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the exercise or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, any recognised regulatory body or any stock exchange applicable to the Company)."

(B) "**That**:

(i) subject to paragraph (B)(ii) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase the issued shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or on any other stock exchange on which the shares of the Company may be listed and recognized for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange and, subject to and in accordance with all applicable laws, the Code on Share Repurchases and the Rules Governing the Listing of Securities on the Stock Exchange, be and is hereby generally and unconditionally approved;

(ii) the aggregate nominal amount of the shares of the Company, which the Company is authorized to repurchase pursuant to the approval in paragraph (B)(i) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this resolution, and the said approval shall be limited accordingly;

(iii) subject to the passing of each of the paragraphs (B)(i) and (ii) of this resolution, any prior approvals of the kind referred to in paragraphs (B)(i) and (ii) of this resolution which had been granted to the directors of the Company and which are still in effect be and are hereby revoked; and

(iv) for the purpose of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the articles of association of the Company to be held; or

(c) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company in general meeting."

Notice
of Annual General Meeting

(C) "**That** conditional upon the resolutions numbered 6(A) and 6(B) as set out in the notice convening this meeting being passed, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and otherwise deal with additional shares of the Company and to make or grant offers, agreements and options which may require the exercise of such powers pursuant to the ordinary resolution numbered 6(A) above be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted by the directors of the Company pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to ordinary resolution numbered 6(B) as set out in the notice convening this meeting, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this resolution."

By Order of the Board of Directors
Timothy Patrick McNally
Chairman

Hong Kong, 11 March 2014

Notes:

(i) Resolution numbered 6(C) will be proposed to the shareholders for approval provided that ordinary resolutions numbered 6(A) and 6(B) are first passed by the shareholders.

(ii) A shareholder entitled to attend and vote at the above meeting is entitled to appoint another person as proxy to attend and, on a poll, vote in accordance with the articles of association of the Company. A proxy need not be a shareholder of the Company.

(iii) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s); and for this purpose seniority shall be determined as the person so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.

(iv) In order to be valid, a form of proxy must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting or any adjournment thereof. The completion and return of the form of proxy shall not preclude members of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.

(v) The Company's register of members will be closed during the following period:

(a) from Monday, 7 April 2014 to Wednesday, 9 April 2014, both days inclusive, for the purpose of ascertaining the shareholders' entitlement to attend and vote at the annual general meeting. In order to be eligible to attend and vote at the annual general meeting, all duly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited located at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 4 April 2014; and

(b) on Tuesday, 15 April 2014, for the purpose of ascertaining shareholders' entitlement to the final dividend. In order to qualify for the final dividend, all duly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited located at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 14 April 2014. The Company's shares will be traded ex-entitlement from and including Friday, 11 April 2014.

(vi) In respect of ordinary resolution numbered 3 above, Mr. Philip Lee Wai Tuck, Mr. Chen Yepern and Mr. Michael Lai Kai Jin will retire at the annual general meeting but offer themselves for re-election.

(vii) In respect of the ordinary resolution numbered 6(A) above, the directors of the Company state that they have no immediate plans to issue any new shares of the Company. Approval is being sought from the shareholders as a general mandate for the purposes of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(viii) In respect of ordinary resolution numbered 6(B) above, the directors of the Company state that they will exercise the powers conferred by the general mandate to repurchase shares of the Company in circumstances which they deem appropriate for the benefits of shareholders. The Explanatory Statement containing the information necessary to enable shareholders to make an informed decision on whether to vote for or against the resolution to approve the repurchase by the Company of its own shares, as required by the Listing Rules, is set out in Appendix II to the accompanied circular dated 11 March 2014.

As at the date of this notice, the Directors are:

Executive Directors
Tan Sri Dr Chen Lip Keong, Philip Lee Wai Tuck and Chen Yepern

Non-executive Director
Timothy Patrick McNally

Independent Non-executive Directors
Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, Lim Mun Kee and Michael Lai Kai Jin

NagaCorp's Regional Footprint
金界控股的地區覆蓋面

Thailand 泰國

Naga Management Services Limited

1602-4, 16th Floor
Park Ventures Ecoplex
57 Wireless Road, Lumpini
Patumwan, Bangkok 10330, Thailand

Malaysia 馬來西亞

NagaCorp Ltd.

3rd Floor, No. 118 Jalan Semangat
46300 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Hong Kong 香港

NagaCorp Ltd.
Suite 2806, 28/F
Central Plaza
18 Harbour Road
Wanchai. Hong Kong

金界控股有限公司
香港灣仔
港灣道 18 號
中環廣場 28 號
2806 室

Macau 澳門

NagaWorld (Macau) Limitada
No. 180 Doctor Carlos Avenue
Building Tong Nam Ah
16th Floor Block H to L, Macau

NagaWorld (Macau) Limitada
澳門新口岸宋玉生廣場
180 號東南亞商業中心
16 樓 H 至 L 室

Cambodia 柬埔寨

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Samdech Techo 洪森公園
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Vietnam 越南

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Bitexco Financial Tower, 20th Floor
2 Hai Trieu Str, 36 Ho Tung Mau Str
45 Ngo Duc Ke, Ben Nghe Ward
Dist 1, HCMC, Vietnam