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NAGACORP

金界控股有限公司

NAGACORP LTD.

金界控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 3918

**VOLUNTARY ANNOUNCEMENT
UNAUDITED OPERATIONAL HIGHLIGHTS (GAMING)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018**

The Board is pleased to announce the unaudited operational highlights of the gaming branch of the Group for the nine months ended 30 September 2018. This is a voluntary announcement made by the Company to provide the shareholders and potential investors with a business update and the information contained in this announcement is based on a preliminary assessment of the management accounts of the Group and the information currently available to the Company and is not based on any figure or information which has been audited or reviewed by the auditor of the Company.

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

The board of directors of NagaCorp Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited operational highlights of the gaming branch of the Group for the nine months ended 30 September 2018 as tabulated below:

	Unaudited figures for the 9 months ended 30 September 2018 (US\$'000)	Unaudited figures for the 9 months ended 30 September 2017 (US\$'000)	Increase (US\$'000)	Increase (%)
Gross Gaming Revenue (“GGR”) (<i>Note #1</i>)	1,071,268	553,267	518,001	94%
Mass Market Business:				
- Mass Tables Buy-ins	887,631	566,414	321,217	57%
- EGM* Bills-in	1,603,100	1,316,119	286,981	22%
VIP Business (Rollings)	25,034,448	11,001,798	14,032,650	128%

* Electronic Gaming Machines

Note #1: GGR in the nine months ended 30 September 2017 includes US\$60.0 million earned in respect of the assignment of a licensing right to certain investors to operate a number of EGM. No similar amount was earned in the nine months ended 30 September 2018

Riding on the successful opening of Naga2 in November 2017, the Group continues its trajectory of growth which is supply driven. Sustained and accelerated gaming business volume growth was recorded in the nine months ended 30 September 2018 and the reasons are briefly explained as follows:

1. **Continued political stability of operating environment:** The conclusion of the Cambodian general election held on 29 July 2018 has resulted in the ruling party, the Cambodian People’s Party winning all 125 seats in the National Assembly on the back of winning 76% of all votes (*Source: Cambodia National Election Committee Statement of 15 August 2018*) followed by the official and smooth formation of the new Royal Government of Cambodia of the 6th Mandate on 6 September 2018. Given the continued political stability, the Group is confident to continue to enjoy long-term win-win private public participating programs and initiatives to further fuel the growth of tourism potential in the country.

2. **Increasing tourism potential:** Visitation and in-bound tourism to Cambodia continues to grow. Total international tourist arrivals increased by 11.1% to 3,455,716 visitors in the first seven months of 2018. Of the top 10 markets, China was the highest at 31.7%, followed by Vietnam (13.2%), Lao PDR (6.5%), Korea (5.5%), Thailand (5.3%), U.S.A (4.4%), Japan (3.2%), Malaysia (2.9%), France (2.8%) and U.K. (2.8%). These top 10 markets accounted for 78.4% of total tourist arrivals, an increase of 15.7% to 2,709,452 visitors in the first seven months of 2018. Arrivals via Phnom Penh International Airport increased by 35.4% to 1,075,119 visitors in the first seven months of 2018. Visitors from China increased by 72.6% to 1,095,669 visitors in the first seven months of 2018 (*Source: Ministry of Tourism, Cambodia*).
3. **World class competitive product in the Asia Pacific:** The opening of Naga2 in November 2017 significantly increased the appeal, capacity, quality, range and reach of VIP, Mass Gaming and Non-Gaming offerings, such as up-market gaming and supportive entertainment facilities and equally attractive non-gaming products/facilities including spa, theater, shopping, competitive rooms and food and beverage offerings, providing the Group with a competitive casino resort product comparable to integrated resorts in other established gaming destinations in the region and positioning Naga2 as a transformative competitive integrated resort in Asia.
4. **Stronger management:** Focus of the Company's management on delivering higher and sustainable growth has also contributed to the Group's success. In March 2018, the Company announced that Mr. Philip Lee Wai Tuck (formerly the Chief Financial Officer) has been promoted and designated as the Executive Deputy Chairman to strengthen the strategic directions and growth of the Company. Mr. Tan Sean Czoon was promoted to the position of Chief Financial Officer. This change has enhanced the management focus and allocation of time on certain strategic initiatives, especially on strategies focusing on foray into the VIP market, while ensuring continued financial discipline and accountability to meet with higher aspiration and further growth of the Company.
5. **Enhancing customers' confidence in the Company's financial strength:** the continued increase of VIP business volume of the Group in the nine months ended 30 September 2018 was due to the enhanced confidence in the financial strength of the Company and hence the increase of business of both properties, being more pronounced in Naga2, where continued customers inflow and demand for more higher table limits are being observed. The issue of the US\$300 million senior notes by the Company in May 2018 (the "Senior Notes") armed the Group with the necessary capital to provide premium players and operators

with the confidence that the Group has sufficient resources to run its business. This confidence, coupled with the quality of Naga2 have been instrumental in enhancing the Group's ability to increase its VIP rollings by 128%. Nonetheless, the management of the Company continues to adopt a conservative gaming policy, diluting its risks and exposure to the VIP business segment. The increasing number of Macau-based operators bringing in quality players who spend longer hours in the property especially in Naga2 has helped elevating the business volume. Suncity physical space and the number of tables will be enlarged and its Naga2 based operation has already been ranked as one of the top operations in the Asia Pacific region since commencing business on 1 March 2018. The increasing number of quality players from other parts of South East Asia has also been observed in addition to the traditional large number of Malaysian and other customers from the regions.

6. **Good credit standing of NagaCorp Bond in Asia Pacific emerging markets:** In May 2018, the Company issued Senior Notes of US\$300 million for the purpose of boosting its VIP business and upgrading of existing NagaWorld property. These Senior Notes are rated “B1” by Moody’s Investors Service and “B” by S&P Global Ratings. The proceeds of these Senior Notes have been kept intact since its issue. These Senior Notes have received positive response in the secondary market with yield to maturity compressed significantly from 9.375% (on issuance in May 2018) to 7.893% on 27 September 2018 (*Source: Bloomberg*). In fact, these Senior Notes have been one of the best performing debut offering among high yield issuance in 2018. The B1 rating by Moody’s Investors Service is one notch above their Cambodia sovereign rating of B2 and reflects the Group’s dominant market position, diversified business with exposure to mass-market players and VIP players across Asia, low labor cost and gaming tax environment support healthy EBITDA margins, track record of strong operating performance, solid financial metrics despite an increase in debt and excellent liquidity position over the next 12 months (*Source: Moody’s Investors Service — Credit Opinion dated 30 April 2018*).
7. **Organic growth and the planning of Naga3:** In view of the success and fast ramp-up of Naga2 (above 85% average occupancy rate in September 2018) and often times facing capacity constraints for both gaming and non-gaming areas, increasing inbound tourism especially from China and the stable political environment, the Group is in advanced stages of planning for the development of Naga3. Based on feedbacks from stakeholders (players, visitors, operators, investors etc.), the Group is confident that additional capacity is necessary to further fuel business growth (both gaming and non-gaming) to position the Group as one of the most successful integrated resorts in Asia.

Shareholders and potential investors of the Company should note that the above figures represent indications of business volumes (from which revenues are derived based on the actual daily percentage win-rates recorded by the Group) and do not constitute profit numbers. These business volumes are shown on a basis that is consistent with the presentation of such information in the Company's annual and interim reports.

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By Order of the Board
NagaCorp Ltd.
Timothy Patrick McNally
Chairman

Hong Kong, 1 October 2018

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

Executive Directors

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

Non-executive Director

Timothy Patrick McNally

Independent Non-executive Directors

Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, Lim Mun Kee, Michael Lai Kai Jin and Leong Choong Wah

This announcement is published on the Company's website at www.nagacorp.com and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk.