

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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
VISION TO PROMOTE ANGKOR WAT AND NAGAWORLD
AS TWIN TOURISM ICONS IN CAMBODIA
– A TALE OF TWO CITIES**

The board of directors (the “**Board**”) of NagaCorp Ltd. (the “**Company**”) is pleased to announce that, in recognition of the reinvestment initiative and commitment of Naga 3, the Royal Government of Cambodia has granted to NagaGroup Global Limited (a wholly-owned subsidiary of the Company) (the “**Lessee**”) a 50-year lease (with option to renew) on a prime piece of development land which measures 75 hectares (the “**Land Lease**”) sited just about 500 meters south of the outer restricted zone of the world-famous Angkor Wat in Siem Reap, Cambodia. The Company and its subsidiaries are referred to as the “**Group**”.

It is expected that revenue is derived mainly from streaming memberships, gated and other income. The vision is principally aiming at promoting Angkor Wat Siem Reap and NagaWorld Phnom Penh as the twin tourism icons of Cambodia by leveraging on development of the Land Lease in Siem Reap into a comprehensive non-gaming integrated world-class resort so that overseas visitors to Cambodia can enjoy and experience the world famous ancient temples of Angkor Wat and the sophisticated NagaWorld complex at the same time with the most competitive price. It is indeed a travelling tale of two cities in the romantic Kingdom of Cambodia, the Group intends to draw on the existing visitation to Angkor Wat which amounts to approximately 5 million in 2019 before the COVID-19 incidence. The Group will then implement travel strategies to connect Siem Reap and Phnom Penh by air, river and road to promote the concept of NagaWorld and Angkor Wat as the twin tourism icons of Cambodia. In recent times, visitation to Siem Reap has dropped, it is expected that the development of the Land Lease into a world-class resort can help to increase the existing number of visitors to Siem Reap as soon as the COVID-19 improves. Finally, the Group can be viewed as a more holistic and comprehensive promoter of developing and building both gaming and non-gaming integrated resorts (“**IR**”) in order to help promote tourism to Cambodia.

The architect planners of this integrated resort are two architect firms, which are internationally reputable US-based Steelman Partners and Gensler. It is intended that this project will be provisionally called Angkor Lake of Wonder (“**ALOW**”) which shall consist of hotels, water theme park, indoor hi-tech theme parks, canal, water cruise attractions, meetings, incentives, conferences and exhibitions (“**MICE**”) facilities, cultural attractions, food streets and pubs etc. Master planning is based on the concept of generating as much fun and play as possible in the resort; the ALOW development shall consist of elements of technology, edutainment, ecology, culture and conventions etc. In terms of acreage, by way of comparison, ALOW has a land area of about 75 hectares (187.5 acres), which is slightly bigger than the combined size of Disneyland (85 acres) and Disney California Adventure (72 acres) in Los Angeles which attracted about 28 million visitors yearly before the COVID-19 incidence.

The Land Lease is a long-term lease for a period of 50 years (with option to renew), with a 7-year rent-free period subject to further mutually agreed extension of another 3 years. Rental is payable only after the rent-free period and is minimal and competitive.

This is a voluntary announcement made by the Company to provide the shareholders and potential investors of the Company with a business update and the information contained in this announcement is subject to change.

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 the Company is pleased to announce that on 12 May 2020, the Lessee and APSARA National Authority of Cambodia (the “**Lessor**”) entered into an agreement (the “**Agreement**”) to lease a prime piece of development land which measures 75 hectares sited just about 500 meters south of Zone two from main complex of Angkor Wat in Siem Reap, Cambodia. The key terms of the Agreement are as follows:

1. the lease term stated in the Agreement is 50 (fifty) years from date of signing of the Agreement subject to renewal in accordance with the laws of Cambodia;
2. the lease rental is exempted for a period of 7 (seven) years commencing from the date of signing of the Agreement subject to further mutually agreed extension of another 3 (three) years, the rent-free period is referred to as the “**Rent-Free Period**”; and
3. upon the expiry of the Rent-Free Period, the Lessee agrees to pay to the Lessor an initial lease rental of US\$0.60 per square meter every year with an increase of 5% (five percent) every 5 (five) years.

VISION

The World Heritage site, Angkor Wat generated a gross revenue of US\$99 million from entrance fee ticket sales in 2019 (*Source: Xin Hua Net, 1 January 2020*) and attracts about 5 million visitors per year. It is anticipated that the vision of ALOW is as follows:

a) **Capturing existing visitation of Angkor Wat (approximately 5 million in 2019)**

Angkor Wat is indeed one of the wonders of the world, with long history and rich culture, a powerhouse in cultural tourism. The vision is to promote Angkor Wat and NagaWorld developments as the twin tourism icons of Cambodia. Being the only world-class integrated resort in close proximity to Angkor Wat, ALOW expects Angkor Wat as the anchor attraction and targets to capture most of the existing 5 million tourists presently visiting Angkor Wat.

The Group believes that ALOW will be the comprehensive, critical mass and attractive facilities in place and expect to attract customers coming for long stay. In Siem Reap, sizable world-class integrated resort in close proximity to Angkor Wat is visibly absent.

ALOW shall be the only truly sizable world-class integrated resort upon completion and shall address this shortcoming of Siem Reap, which is currently facing decrease in visitation and lack of quality integrated resorts in the city.

ALOW intends to be a world-class destination resort attracting visitors for multiple days and return visits. It is created with the vision to become the essence of Cambodia – respecting the past and showcasing latest interactive technology showcased in the indoor theme park, incorporating the concepts of technology, edutainment, ecology, culture and conventions etc.

b) **Helping increase the number of visitors to Siem Reap**

The Group believes that ALOW will have the critical mass, appeal and comprehensive facilities to attract tourists to have longer stay and visit Angkor Wat at the same time. The Group also expects that the tourists will find there is more fun by visiting the ancient relics of Angkor Wat and the world-class integrated resorts (IR) nearby. It is intended that Angkor Wat and ALOW can complement each other and each has its attractiveness for tourists.

c) **Helping increase the visitation to NagaWorld Complex in Phnom Penh by bringing tourists from Siem Reap**

In the past, lack of entertainment facility built by the Group in Siem Reap makes it much more difficult to bring in visitation from Siem Reap to NagaWorld Phnom Penh. Upon completion of ALOW, it is anticipated that the Group shall implement a number of strategies to connect Siem Reap and Phnom Penh via road, air and the Mekong River.

The Group intends to implement strategies of working with on-line and physical travel agents in China and elsewhere to offer tours based on more complete set of facilities based in Siem Reap and Phnom Penh. The Group anticipates that tour groups shall visit Angkor Wat as an anchor attraction and then entertainment facilities being offered in NagaWorld Phnom Penh.

Via road, the Group shall launch “Cambodia country tours” by utilising its existing fleet of comfortable coaches to connect Siem Reap and Phnom Penh by road.

Via air, our associate, Bassaka Air Limited, shall ensure linkage of Siem Reap with Phnom Penh. Appointed travel agents outside Cambodia (e.g. China) shall offer more comprehensive tour packages which include visit to Angkor Wat and ALOW in Siem Reap and NagaWorld Phnom Penh via Bassaka Air Limited.

Via the Mekong River, the Group intends to capitalise the ecological beauty of Tonle Sap which is one of the biggest inland lakes in South East Asia and intends to launch transportation using water planes to create air routes between Tonle Sap Lake in Siem Reap and Mekong River near the NagaWorld property.

d) Building a sizable critical mass to help promote tourism in Cambodia

It is the intention of the Group to be perceived as a more comprehensive and quality integrated resort developer with gaming and non-gaming IRs as means of revenue. We will anticipate the non-gaming and gaming integrated resorts will co-exist with each other in a mutually beneficial manner. As soon as the Siem Reap ALOW IR and the NagaWorld Complex have shown some positive results that they can benefit from each other, it is also the intention of the Group to explore viable and profitable development in the Sihanoukville areas. At that point of time, the Group believes that the Group has already gained a foothold as a strategic, sizable and comprehensive world-class integrated resort developer to help promote tourism in the Kingdom of Cambodia.

THE PROPOSED DEVELOPMENT

The architect planners of the ALOW IR are US-based Steelman Partners and Gensler. The key development components of ALOW are briefly described below:

a. Hotels

Centrally located within the heart of 75 hectares site are hotels that feature the unique Cambodia cultural style set within lush botanical/cultural gardens, surrounded by the Grand Canal. These hotels offer variety of accommodations and individualised selling points to wide range of visitors. From architecture and interior design, to the cuisine and the premium amenities offered, these hotels provide international guests a new experience with each visit to ALOW.

b. Naga Water World

Naga Water World promises a world of excitement with many slide attractions, lazy river rides and large wave pool, designed with theme of Angkor heritage and Khmer cultural landscape, visitors of all ages can find a splash of adventure.

c. Seam Reap China Town

All fun cultural and ecological pubs, foods, music entertainment district called Seam Reap China Town. Such entertainment district is integrated with gardens and water features inside and outside to reflect Cambodian culture of living with nature. Night entertainment is filled with lively street acts, acrobats, jugglers, magicians on the canal side promenade, including the water fountain show.

A shopping and entertainment district where visitors can explore the Khmer culture through art, craft, food, entertainment and technology. Palm trees lined canal along the main arcade flanked by retails, art & craft shops, local foods, entertainment, the arcade is protected by all weather roof covering that promotes natural ventilation and soft natural light.

d. Indoor Hi-Tech Digital Theme Park

Visitors of all ages will experience a world never seen or dreamed of before with the latest technology such as 4D, 5D, Augmented Reality (AR) and Virtual Reality (VR), and the immersive experience will take visitors in a journey of Khmer history and culture, and inspire the future of Cambodia.

e. Ecological Tropical Paradise

Set in the lush tropical gardens, this 6-star ALOW IR showcases the local architecture and culture, complete with pool, spa, wellness centre, unique Cambodian fine cuisine and impeccable service that bring guests every imaginable comfort and experience.

f. Cultural Gardens

Experience the magnificence of Cambodian horticulture and garden artistry spread across the entire 75 hectares site. These themed botanical gardens and unique water features provide an inspirational environment for exploration, discovery, excitement and learning, visitors will enjoy one of the premier horticultural displays in Asia with the ALOW Integrated Resort.

g. Recreating the canal system of Ancient Angkor

The abundance of water resources and skilful utilisation of these resources have played an important part in the development of historical Angkor Empire e.g. the famous moat that surrounds Angkor Wat. Certainly, for modern Cambodia today, the extensive water irrigation and food source that feed the country coming from the Mekong River and Tonle Sap Lake, which have benefited the richness of the country for centuries. The ancient 1,800-meter-long Grand Canal echoes today regional landscape connecting all districts within the ALOW IR. The vision is to emulate the success of the San Antonia River walk and Alamo Spanish fort in US, the canal city in Osaka to create as much play, fun and tourism elements as possible in order to create a world-class ambience for tourists from all over the world.

INVESTMENT COSTS AND PHASING OF ALOW

The implementation of ALOW is expected to be phased. However, the initial phase shall look and feel complete with all the facilities and elements of technology, edutainment, ecology, culture and MICE facilities. It is expected that the initial phase shall consist of:

1. Naga Water Theme Park;
2. Two hotels: 500 rooms 5-star branded hotel for the mass market and one more 5-star 200 rooms branded hotel with MICE facilities and complete with rich landscaping;
3. Non-motorised boating Canal system with landscaping, a journey of edutainment, cultural artefacts experiences;
4. China Town with covered roofing walkway with Clarke Quay concept, food street, cultural and retail, edutainment experiences; and
5. Indoors interactive Hi-Tech Theme Park with elements of history, culture, technology and ecology.

The Company's quantity surveyor anticipates that the initial phase shall be completed by approximately 2025 and shall cost at approximately US\$350 million.

The Group anticipates ALOW in Siem Reap shall be completed ahead of the Naga 3 complex if not almost at the same time. The development of the world-class resort in Siem Reap shall contribute towards increasing visitation to the enlarged NagaWorld Complex.

PROPOSED FINANCING AND PROPOSED TURNKEY CONTRACTOR

The Company has engaged initial discussion with a Chinese state-owned enterprise (the “**Chinese SOE**”) which is also a theme park builder and a reputable and sizable contractor involved in the Shanghai Disney Land. The Company believes that the Chinese SOE has shown considerable serious interest of acting as a semi-turnkey contractor of completing ALOW and also with prospects of competitive financing ALOW. The initial indication is that since the Company has a strong balance sheet and has low debt to EBITDA ratio, the Chinese SOE has expressed sufficiently serious interest to finance, build and complete with such terms as may be mutually agreed by the Company and the Chinese SOE.

KEY FACTORS OF SUCCESS

The Company currently expects the proposed development of the integrated resort in Siem Reap would contribute positive mid/long-term financial impact to the Group, after considering the following key factors:

1. Low land cost entry point

The 50-year lease on the prime piece of development land earmarked for this integrated resort development allows a 7-year rent-free period, commencing from the signing date of the Agreement. In addition, the 7-year rent-free period may be extended for another 3 years subject to mutual consent of the parties to the Agreement. The Rent-Free Period granted is expected to lower the land cost and cash outlay, thus increase the project return and shorten the overall project payback period.

2. Leverage on existing large pool of visitors to Angkor Wat, Siem Reap

Angkor Wat, being top of the list of best UNESCO World Heritage sites, received about 5 million annual visitations (*Source: APSARA National Authority of Cambodia*). In 2019, Siem Reap received over 2.2 million foreign visitors, with China, United States and South Korea being the largest sources of foreign arrivals. In fact, Chinese visitation to Siem Reap has increased by 31% to 873,297 since 2016 (*Source: Ministry of Tourism, Cambodia*). More importantly, Angkor Wat generated gross revenue of US\$99 million from entrance fee ticket sales in 2019 (*Source: Xin Hua Net, 1 January 2020*). ALOW is expected to collect gated income upon completion and opening of business. In Siem Reap, sizable world-class integrated resort in close proximity to Angkor Wat is visibly absent. The Group believes that ALOW could fill the gap, by way of tapping and leveraging on the existing visitation pool to Angkor Wat. ALOW is also expected to generate revenue from the add-on fee attributable to attractions/services offered, abundance of food & beverages, as well as revenue from hotels and MICE facilities provided. These represent a stable captive source of non-gaming recurrent revenue and cash inflow to the Group.

3. Only truly Integrated Resort in close proximity to Angkor Wat in Siem Reap

In Siem Reap, the lack of world-class integrated resorts in close proximity to Angkor Wat is quite visible. One reason could be due to the fact that the Angkor archeological park has two protected zones. It is prohibited for any private projects to be built within both zones, only public projects such as school and hospitals are permitted to be built within the zones subject however to consents from the Royal Government of Cambodia. Zone one is approximately 162 square kilometers and houses key monumental places of interest of the Angkor archeological park. Zone two is approximately 189 square kilometers and consists of cultural landscape and includes areas of high possibility of finding further archeological remains of Angkor. ALOW's 75 hectares property is only 500 meters south of Zone two.

PROSPECTS

Angkor Wat is a famous UNESCO World Heritage site, which received about 5 million annual visitation and generated about US\$99 million entrance fee ticket sales in 2019. The proposed non-gaming IR development in Siem Reap is expected to provide facilities which Angkor Wat surrounding is lacking. The wide variety of entertainment and hospitality offerings to visitors in Siem Reap, thus enhance the overall attractiveness of Angkor Wat and thus encouraging repeating visitation.

Upon completion of two projects, ALOW shall receive streaming memberships and gated incomes annually in addition to other revenue and is expected to contribute incremental visitation to Naga 3. Furthermore, the Group expects the flow of patrons between ALOW in Siem Reap and NagaWorld in Phnom Penh as a result of cross-selling shall generate cash flow for the two integrated resorts at the two different locations.

The Group intends to promote enlarged NagaWorld complex (Naga 1, Naga 2 and Naga 3 upon completion) and Angkor Wat as the twin tourism icons of Cambodia.

Since ALOW is expected to be completed on or before 2025, it is not intended that ALOW shall contribute any immediate earnings to the Group. The Group believes the near term and long-term prospects remain relatively stable.

DISCLAIMER

The Group would like to clarify that this announcement contains the words “anticipate”, “believe”, “intend”, “estimate”, “expect”, “plan”, and words of similar meaning as well as business strategy, plans and objectives of management for future operations (including vision, development plans and objectives relating to the Group’s activities, projects and services) which should not be interpreted as forward statements. All these statements and words should be interpreted as merely intended corporate intentions and plans which involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Group to be materially different from future results, performance or achievements expressed or implied. Such non-forward-looking statements stated herein in this announcement are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future, and subject to the knowledge of the Group and the directors of the Company (the “**Directors**”). The Group, including the Directors, collectively and individually expressly disclaims any obligation or responsibilities to any unintended non-forward-looking statements contained herein.

The Company wishes to provide shareholders and potential investors of the Company with a business update and the information contained in this announcement is based on a preliminary assessment of the management 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.

By Order of the Board
NagaCorp Ltd.
Lam Yi Lin
Company Secretary

Hong Kong, 15 November 2020

As at the date of this announcement, the Directors 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

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.