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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)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

Highlights of unaudited condensed consolidated interim results for the Period:

- Gross Gaming Revenue (“**GGR**”) increased by 12.3% to US\$283.4 million compared to US\$252.3 million in the corresponding period last year
- Mass Market GGR increased by 17.8% to US\$192.0 million compared to US\$162.9 million in the corresponding period last year
- VIP Market GGR increased by 2.3% compared to the corresponding period last year
- Gross Profit (net of gaming tax) increased by 14.0% to US\$231.0 million compared to US\$202.7 million in the corresponding period last year
- Mass Market segments with gross profit margin of 89.0% (net of gaming tax) accounted for 67.7% of GGR and 73.9% of total gross profit
- Net loss of US\$1.0 million compared to net profit of US\$83.0 million in the corresponding period last year, which was primarily attributable to a non-cash impairment loss of US\$89.1 million in respect of our Vladivostok Project recognised during the Period
- Basic loss per share of US cents 0.02 compared to basic earnings per share of US cents 1.88 in the corresponding period last year
- Earnings Before Interest, Tax, Depreciation and Amortization (“**EBITDA**”) amounted to US\$55.5 million compared to US\$143.2 million in the corresponding period last year. The drop was as a result of the non-cash impairment loss mentioned above

PART 1 - OPERATIONAL HIGHLIGHTS

1. Year-on-Year (“YoY”) Comparison for the Key Financials (in US\$ million)

Based on the unaudited consolidated financial statements of NagaCorp Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) for the six months ended 30 June 2024 (the “**Period**” or “**1H2024**”), an analysis of the half-yearly financial performance is as follows:

(in USD million)	1H2024	For the six	YoY Growth
		months ended 30 June 2023 (“1H2023”)	
GGR	283.4	252.3	12.3%
Net Gaming Revenue	243.8	212.4	14.8%
Gross Profit	231.0	202.7	14.0%
EBITDA	55.5	143.2	(61.3%)

The Company reported solid GGR and gross profit YoY growth, registering a 12.3% and 14.0% increase respectively on the back of higher Mass Market revenue growth of 17.8% with relatively stable cost of sales. Gross profit margin (net of gaming tax) increased to 78.9% (1H2023: 77.1%). During 1H2024, the Company recognised non-cash asset impairment loss on the Group’s gaming and resort project in Vladivostok, Russia (the “**Vladivostok Project**”) of US\$89.1 million. Excluding this asset impairment loss recognised, the Company’s Net Profit of US\$88.1 million and EBITDA (which represents the recurring operating profit) of US\$144.6 million recorded a 6.2% and 1.0% growth respectively compared to the corresponding period last year

2. Continued business growth mainly driven by Mass Market Segment

The Mass Market segment continues to outperform (relative to the VIP segment) with business volumes and GGR growth of 6.3% and 17.8% YoY respectively in 1H2024. In addition, the Mass Market segment demonstrated a sequential quarter-on-quarter (“**QoQ**”) increase in both business volumes and GGR in 1H2024, where average daily business volumes recorded in the second quarter of 2024 (“**2Q2024**”) was the highest since the reopening of NagaWorld in the third quarter of 2021.

This was mainly due to increased contribution from higher quality players. To illustrate, Premium mass high-limit table games’ buy-ins have increased by 30.8% YoY, with 1H2024 registered buy-ins of US\$265.6 million as compared to US\$203.1 million in 1H2023. Besides that, Premium mass high-limit table games’ GGR have also increased by 39.2% YoY, registering GGR of US\$45.2 million in 1H2024 as compared to US\$32.5 million in 1H2023.

3. Financial strength – Net cash position

The Company fully discharged the US\$472.2 million senior notes upon maturity in early July 2024. Both Moody’s Ratings and S&P Global have revised the Company’s outlook to stable from negative in June 2024 and August 2024 respectively, citing improved liquidity position and steadily improving operational performance.

PART 2 - INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board of directors (the “**Board**”) of the Company hereby announces the unaudited condensed consolidated interim results of the Group for the Period.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Notes	Six months ended 30 June	
		2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Revenue	2	292,756	263,029
Gaming tax	5	(17,286)	(15,147)
Cost of sales		(44,425)	(45,164)
Gross profit		231,045	202,718
Other income		7,657	3,012
Administrative expenses		(40,431)	(23,214)
Other operating expenses		(99,863)	(88,536)
Impairment of property, plant and equipment	9	(48,852)	–
Impairment of prepayments for construction	9	(40,258)	–
Profit from operations		9,298	93,980
Finance costs	3	(10,144)	(10,883)
(Loss)/profit before taxation	4	(846)	83,097
Income tax	5	(117)	(123)
(Loss)/profit attributable to owners of the Company		(963)	82,974
(Loss)/earnings per share (US cents)			
Basic	7	(0.02)	1.88
Diluted	7	(0.02)	1.88

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
(Loss)/profit for the period	(963)	82,974
Other comprehensive income for the period:		
Item that may be reclassified subsequently to profit or loss:		
– exchange differences from translation of foreign operations	1,943	(2,449)
Total comprehensive income attributable to owners of the Company for the period	980	80,525

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2024	31 December 2023
	<i>Notes</i>	<i>US\$'000</i> <i>(Unaudited)</i>	<i>US\$'000</i> <i>(Audited)</i>
Non-current assets			
Property, plant and equipment	9	1,944,113	2,016,155
Right-of-use assets		74,664	77,505
Intangible assets	10	58,405	59,763
Prepayments for acquisition, construction and fitting-out of property, plant and equipment	9	157,181	182,326
Promissory notes	11	5,726	5,576
		2,240,089	2,341,325
Current assets			
Consumables		2,083	2,344
Trade and other receivables	12	25,322	39,589
Restricted bank balances		491,098	19,217
Cash and cash equivalents		79,674	348,381
		598,177	409,531
Current liabilities			
Trade and other payables	13	195,310	169,376
Senior notes	14	472,119	471,021
Contract liabilities		6,923	6,793
Lease liabilities		4,461	3,977
Current tax liability		2,148	2,031
		680,961	653,198
Net current liabilities		(82,784)	(243,667)
Total assets less current liabilities		2,157,305	2,097,658
Non-current liabilities			
Other payables	13	8,927	15,641
Shareholder's loan	15	70,000	–
Contract liabilities		4,000	7,000
Lease liabilities		48,752	50,371
		131,679	73,012
NET ASSETS		2,025,626	2,024,646
CAPITAL AND RESERVES			
Share capital		55,288	55,288
Reserves		1,970,338	1,969,358
TOTAL EQUITY		2,025,626	2,024,646

Notes:

1. Basis of preparation and adoption of new or revised IFRS Accounting Standards

The unaudited condensed consolidated financial statements for the Period have been prepared in accordance with International Accounting Standard (the “IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “IASB”) and the applicable disclosure requirement of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange” and the “Listing Rules”, respectively).

The unaudited condensed consolidated financial statements have been prepared on historical cost basis.

The unaudited condensed consolidated financial statements contain selected explanatory notes which include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group after the financial year ended 31 December 2023. The unaudited condensed consolidated financial statements do not include all of the information required for a full set of annual financial statements prepared in accordance with all applicable IFRS Accounting Standards adopted by the IASB and should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2023 (the “2023 annual financial statements”).

Except as disclosed below, the unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies and the method of the computation adopted by the Group in the 2023 annual financial statements.

Adoption of new or amended IFRS Accounting Standards effective on or after 1 January 2024:

Amendments to IAS 1	Classification of liabilities as Current or Non-current
Amendments to IAS 1	Non-current liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liabilities in a Sale and Leaseback

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

2. Revenue

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

	Six months ended 30 June	
	2024	2023
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Casino operations – gaming tables	222,057	187,414
Casino operations – electronic gaming machines (“EGM”)	61,334	64,896
Hotel room income, sales of food and beverage and others	9,365	10,719
	<u>292,756</u>	<u>263,029</u>

3. Finance costs

	Six months ended 30 June	
	2024	2023
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Interest expenses and transaction costs relating to senior notes (<i>Note 14</i>)	20,348	19,865
Interest on lease liabilities	2,738	3,048
Other interest expenses	286	262
	<hr/>	<hr/>
	23,372	23,175
Less: Interest expenses capitalised into capital work in progress	(13,228)	(12,292)
	<hr/>	<hr/>
	10,144	10,883
	<hr/> <hr/>	<hr/> <hr/>

4. (Loss)/profit before taxation

(Loss)/profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2024	2023
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Amortisation of casino licence premium [#]	1,358	1,358
Depreciation and amortisation [#]		
– Own assets	41,986	45,014
– Right-of-use assets	2,841	2,861
Impairment loss of trade receivables	5,510	1,200
Impairment loss of other receivables	3,658	–
Impairment of property, plant and equipment	48,852	–
Impairment of prepayments for construction	40,258	–
Staff costs [#]		
– Salaries, wages and other benefits	51,160	39,078
– Contributions to defined contribution retirement scheme	255	255

[#] included in other operating expenses in the unaudited condensed consolidated statement of income

5. Gaming tax and Income tax

(a) Gaming tax

The gaming tax of US\$17,286,000 for the Period (six months ended 30 June 2023: US\$15,147,000) was levied on GGR in accordance with the Law on the Management of Commercial Gambling (the “Casino Law”) effective from 1 January 2021.

(b) Income tax in the profit or loss represents:

	Six months ended 30 June	
	2024	2023
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Current tax expenses		
– Current period	<u>117</u>	<u>123</u>

Income tax for the Period represents income tax on NagaWorld Limited Hotel and Entertainment Branch, the Group’s branch registered in Cambodia.

6. Dividends payable to owners of the Company attributable to the period

The Board does not recommend the payment of interim dividend for the shareholders for the Period (six months ended 30 June 2023: Nil).

7. (Loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the consolidated loss attributable to owners of the Company of US\$963,000 (six months ended 30 June 2023: profit of US\$82,974,000) and the weighted average number of shares of 4,422,990,160 (six months ended 30 June 2023: 4,422,990,160) in issue during the Period.

There were no dilutive potential shares during the Period (six months ended 30 June 2023: Nil).

8. Segment information

The Group manages its businesses by segments, which comprise a mixture of business activities (casino, hotel and entertainment). The Group has identified the following two main reportable segments in a manner consistent with the way in which information is reported internally to the Group's senior executive management (the "SEM") for the purpose of resource allocation and performance assessment.

- Casino operations: this segment comprises all gaming activities at both Naga 1 and Naga 2 (the "combined NagaWorld Complex"), Naga 3 and in Russia.
- Hotel and entertainment operations: this segment comprises the operations of leisure, hotel and entertainment activities.

Segment revenue and results

The SEM monitors the revenue and results attributable to each reportable segment as follows:

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

	Casino operations <i>US\$'000</i>	Hotel and entertainment operations <i>US\$'000</i>	Total <i>US\$'000</i>
Segment revenue:			
Six months ended 30 June 2024 (Unaudited)			
Timing of revenue recognition			
– At point in time	252,723	4,974	257,697
– Transferred over time	30,668	4,391	35,059
	<hr/>	<hr/>	<hr/>
Revenue from external customers	283,391	9,365	292,756
Inter-segment revenue	(153)	2,461	2,308
	<hr/>	<hr/>	<hr/>
Reportable segment revenue	283,238	11,826	295,064
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Six months ended 30 June 2023 (Unaudited):			
Timing of revenue recognition			
– At point in time	217,705	5,683	223,388
– Transferred over time	34,605	5,036	39,641
	<hr/>	<hr/>	<hr/>
Revenue from external customers	252,310	10,719	263,029
Inter-segment revenue	(161)	1,709	1,548
	<hr/>	<hr/>	<hr/>
Reportable segment revenue	252,149	12,428	264,577
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Segment profit:			
Six months ended 30 June (Unaudited)			
2024	72,912	(13,486)	59,426
2023	155,211	(4,013)	151,198
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Reconciliation of reportable segment revenue and profit or loss to revenue and profit or loss per the unaudited condensed consolidated financial statements is as follows:

	Six months ended 30 June	
	2024	2023
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Revenue		
Reportable segment revenue	295,064	264,577
Elimination of inter-segment revenue	(2,308)	(1,548)
	<u>292,756</u>	<u>263,029</u>
Profit		
Reportable segment profit	59,426	151,198
Other revenue	4,662	14
Depreciation and amortisation	(46,185)	(49,233)
Finance costs	(10,144)	(10,883)
Unallocated head office and corporate expenses	(8,605)	(7,999)
	<u>(846)</u>	<u>83,097</u>

9. Property, plant and equipment and prepayments for acquisition, construction and fitting-out of property, plant and equipment

During the Period, the Group acquired property, plant and equipment totalling US\$24,514,000 (six months ended 30 June 2023: US\$17,698,000).

During the Period, the Group recognised a total impairment loss of US\$89,110,000 (six months ended 30 June 2023: Nil) on property, plant and equipment and prepayments for construction in relation to the Vladivostok Project. Such impairment was due to an increase in discount rate used for the purpose of determining the project present value and the lower business volume expected to be generated from the Vladivostok Project.

10. Intangible assets

The intangible assets comprise the casino licence premium and the extended exclusivity premium of the casino licence for the exclusivity period to the end of 2045 with cost of US\$123,002,000 and accumulated amortisation of US\$64,597,000 (31 December 2023: US\$63,239,000).

11. Promissory notes

On 6 September 2013, the Company entered into an investment agreement (the “**Investment Agreement**”) with certain Russian governmental authorities pursuant to which the Company agreed to invest at least RUB11.6 billion (approximately US\$350.0 million based on then current exchange rates), in the Vladivostok Project.

In December 2014, in accordance with the terms of the Investment Agreement including the requirement to obtain a bank guarantee, the Company’s subsidiary remitted approximately US\$8.9 million from its Hong Kong bank account to a Russian bank account of the Company’s Russian subsidiary Primorsky Entertainment Resorts City LLC (“PERC”). This amount was deposited in the same Russian bank as fixed deposits against which promissory notes were subsequently issued. PERC purchased these promissory notes in RUB to provide collateral for the issuance of a bank guarantee from the same bank required under the Investment Agreement. In February 2023, after the expiry of the old promissory notes, new promissory notes in total of RUB400,000,000 (approximately US\$5,726,000 (31 December 2023: US\$5,576,000)) bear an interest of 6.8% per annum and the maturity date of which is 895 days until 30 July 2025 were issued by another Russian bank for a new bank guarantee.

12. Trade and other receivables

	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Trade receivables	7,660	13,804
Prepayments	4,575	5,727
Deposits and other receivables	13,087	20,058
	<u>25,322</u>	<u>39,589</u>

The ageing analysis of trade receivables (net of allowance for impairment losses) is as follows:

	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Current to within 1 month	3,734	4,165
1 to 3 months	1,421	744
3 to 6 months	1,378	1,238
6 to 12 months	935	6,613
More than 1 year	192	1,044
	<u>7,660</u>	<u>13,804</u>

The credit policy for gaming receivables is five to thirty days (31 December 2023: five to thirty days) from end of tour. The credit policy on non-gaming receivables is thirty days from end of month (31 December 2023: thirty days from end of month).

13. Trade and other payables

	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Trade payables (<i>Note</i>)	26,295	14,337
Unredeemed casino chips	4,871	9,572
Deposits	14,232	17,131
Construction creditors	1,557	1,528
Interest payable	18,702	18,220
Accruals and other creditors	84,293	75,828
Gaming tax payables	54,287	48,401
	<u>204,237</u>	<u>185,017</u>
Less: current portion	(195,310)	(169,376)
Non-current portion	<u>8,927</u>	<u>15,641</u>

Note:

Trade and other payables include trade creditors, the ageing analysis of which as at the end of the reporting period is set out below:

	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Due within 1 month or on demand	5,469	5,415
Due after 1 month but within 3 months	9,032	7,256
Due after 3 months but within 6 months	10,809	1,639
Due after 6 months but within 1 year	985	27
	<u>26,295</u>	<u>14,337</u>
Total	<u>26,295</u>	<u>14,337</u>

14. Senior notes

On 6 July 2020 and 15 June 2021, the Company issued senior notes of an aggregate principal amount of US\$350 million and US\$200 million, respectively, with maturity on 6 July 2024 (the “**2024 Senior Notes**”). The 2024 Senior Notes bear interest at a rate of 7.95% per annum, payable semi-annually in arrears on 6 January and 6 July of each year, commencing on 6 January 2021. The 2024 Senior Notes were listed on the Singapore Exchange Securities Trading Limited and could not be converted into shares of the Company.

Please refer to the announcements of the Company dated 22 June 2020, 24 June 2020, 6 July 2020, 7 June 2021 and 15 June 2021 for details about the 2024 Senior Notes.

The obligations under the 2024 Senior Notes were secured by guarantees given by certain subsidiaries of the Company. Following the cancellation of the repurchased 2024 Senior Notes with aggregate principal amount of US\$77,845,000 during the year ended 31 December 2022, the 2024 Senior Notes of an aggregate principal amount of US\$472,155,000 remained outstanding as at 31 December 2023 and 30 June 2024. Upon the maturity of the 2024 Senior Notes on 6 July 2024, the Company fully redeemed the outstanding principal and interests of the 2024 Senior Notes.

In connection with the issue of the 2024 Senior Notes, ChenLipKeong Capital Limited (“**CLK Capital**”) has subscribed for the 2024 Senior Notes with principal amount of US\$45 million. CLK Capital is directly and wholly owned by SAKAI PRIVATE TRUST COMPANY PTE. LTD. (“**The Sakai Trustee**”), in its capacity as the trustee of The Sakai Trust, a discretionary family trust set up by the late Tan Sri Dr. Chen Lip Keong as the settlor for the benefit of himself and his family. The interest expenses payable to the related company for the Period amounted to US\$1,789,000 (six months ended 30 June 2023: US\$1,789,000).

15. Shareholder’s loan

On 17 October 2023, the Company entered into a loan agreement (the “**Loan Agreement**”) with CLK Capital (which is directly and wholly owned by The Sakai Trustee, in its capacity as the trustee of The Sakai Trust, which is in turn a controlling shareholder of the Company) to provide a loan of up to US\$80 million at an interest rate of 8% per annum to the Company for the purpose of refinancing and/or discharging part of the outstanding 2024 Senior Notes upon their maturity on 6 July 2024.

On 31 May 2024, the Company drew down US\$70 million, which is repayable on or before the second anniversary of such advance pursuant to the Loan Agreement.

Please refer to the announcements of the Company dated 17 October 2023, 12 December 2023 and 2 June 2024 for details about the Loan Agreement.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

According to the International Monetary Fund (“**IMF**”), the global economy remains resilient with steady growth and inflation continuing to slowdown, driven by better-than-expected performance of emerging market economies. Global inflation is expected to steadily decline from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025 (*Source: IMF – World Economic Outlook, April 2024*). Through rapid economic growth, Cambodia leads the growth projection in the Association of Southeast Asian Nations (“**ASEAN**”) as one of the fastest-growing economies in ASEAN and ranking third in Asia in 2024, supported by effective leadership of the new Royal Government of Cambodia (“**RGC**”), as well as a promising recovery across diverse sectors, including tourism and trade (*Source: Khmer Times, 8 April 2024*). Cambodia’s real Gross Domestic Product (“**GDP**”) growth is projected to be 6.0% for 2024 and 6.1% for 2025 (*Source: IMF – World Economic Outlook, April 2024*).

The overall financial results and performance of the Group were attributed to the following:

(a) **Steady Business Recovery and Growth Trajectory**

The Group recorded a steady business volumes recovery during the Period. This reflected the continued increase in leisure and business visitation to NagaWorld with the gradual recovery of tourism in Cambodia, together with a stable captive domestic market that has proven to be a self-sustaining business.

The average daily business volumes for the Mass Market saw a 5.7% YoY increase from US\$10.0 million to US\$10.5 million, representing a recovery of 87.2% compared to the pre-pandemic financial year ended 31 December 2019 (“**FY2019**”). This growth was primarily attributable to the stable and improving headcount at NagaWorld and the increase in the average business volumes highlighted the resilience of the captive domestic market comprising a reasonably sized expatriate community, along with the recovery of international arrivals to Cambodia via the Phnom Penh International Airport, which has recovered to 76.9% of the pre-pandemic level in 1H2024 compared to the same period in 2019.

In 1H2024, the average rollings per Premium VIP player increased by about 11.6% YoY. The average daily rollings of the Premium VIP Market in 1H2024 recovered to 82.6% of the pre-pandemic level in FY2019. This performance was on the back of the return of business travellers to Cambodia and ongoing conversion of some previous Referral VIP players into direct Premium VIP players. The Group observed that business travellers typically have greater spending power and longer repeated stays.

Collectively, the Mass Market and Premium VIP Markets contributed approximately 89.0% and 93.4% of the Group’s total GGR and gross profit respectively during the Period.

Referral VIP Market revenue recorded a YoY growth of 17.6% during the Period, supported by an improved win rate of 3.8% despite softer rollings. Average daily rollings increased sequentially QoQ by 33.3% to US\$5.1 million in 2Q2024. This can be attributed to the ongoing gradual return of both leisure and business travellers patronising NagaWorld in search for high quality entertainment offerings. The Group will continue its strategic efforts to pursue and work with reputable referral VIP agents.

(b) Tourism Revival Fuels Cambodia's Economic Growth and Growing Global Appeal

The revival of the tourism sector has been pivotal in Cambodia's economic resurgence, with the steady increase in international arrivals driving economic recovery and stimulating growth. The RGC has been actively working to revitalise the tourism sector, enhance flight capacity recovery and transform Cambodia into a competitive, sustainable and inclusive global tourist destination. Cambodia's Ministry of Tourism (the "MOT") aims to reposition Cambodia as a leading global tourism destination. In July 2024, the MOT has formed Cambodia Tourism Marketing and Promotion Board ("CTB") (consists of 15 public and private institutions) tasked with spearheading international marketing efforts to attract tourists to Cambodia's top destinations. Following the formation of the CTB, one of the initiatives by the RGC to promote tourism include the approval of US\$50 million budget in an effort to attract more international tourists into Cambodia in the next two years (*Source: Jianhua Daily, 13 July 2024*). The budget allocated will be used to promote Cambodia's tourism resources, strengthen overseas marketing activities and further expand international tourism market (*Source: China News, 27 July 2024*). At the third Ministerial Meeting on tourism cooperation between Cambodia and Thailand in July 2024, five key collaborations have been agreed including the "Two Countries, One Destination" campaign, promoting quality tourism and tourism investments (*Source: Khmer Times, 2 & 20 July 2024*). On 28 February 2024, the MOT announced that Cambodia has once again been voted Asia's leading cultural destination for 2023 by the prestigious World Travel Awards, underscoring its unique destination appeal. This remarkable achievement highlights the country's exceptional contribution to culture and tourism (*Source: Khmer Times, 29 February 2024*).

The total international arrivals into Cambodia were 3.2 million in 1H2024. This was a result of the gradual return of leisure and business travellers, representing an encouraging recovery rate of 94.8% compared to the same period in 2019. Furthermore, international arrivals for 2Q2024 surpassed that of the second quarter of 2019 ("2Q2019") (the peak pre-pandemic year) by 8.4%. In this regard, business travels saw a significant improvement, reaching 93.8% of the pre-pandemic level in 1H2024, driven mostly by cross-border business travels from Vietnam and Thailand. Whilst visitation from China is still lagging, there are signs of accelerated recovery as quarterly visitation from China recovered from 27.8% in the first quarter of 2024 of 189,961 arrivals (compared to the first quarter of 2019 of 683,436 arrivals) to 32.7% in 2Q2024 of 199,399 arrivals (compared to 2Q2019 of 609,050 arrivals) (*Source: MOT*).

Catering to rising travel demand, a majority of airlines have resumed services and introduced new direct flights into Cambodia. As of 15 August 2024, weekly international direct flights to Cambodia stood at 486, including 327 from Southeast Asia and 123 from Greater China cities such as Guangzhou, Shenzhen, Shanghai, Kunming, Xiamen, Beijing, Nanning, Chengdu, Changsha, Chongqing, Zhengzhou, Nantong, Haikou, Sanya, Macau, Taipei and Hong Kong (*Source: Cambodia airports, airline websites, Company internal data*). With more airlines entering the market (including 7 weekly direct flights from Dubai and Qatar respectively and 4 weekly direct flights from India) and existing operators expanding their operations, total direct weekly flights into Cambodia from Southeast Asia, South Korea and Greater China have recovered to about 72.3%, 66.7% and 29.6% respectively, compared to the pre-pandemic levels in 2019. These increased flights have resulted in international arrivals into the Phnom Penh International Airport recovering to 76.9% of the pre-pandemic level in 1H2024.

In 2024, some notable new international direct flights into Cambodia including those from Dubai, Qatar and India will reduce travel time, making trips more feasible and frequent. The introduction of direct flights leads to further fostering of relations between the countries and boosting economic, tourism and trade ties (*Source: Khmer Times, 21 May 2024*).

NagaWorld, as the only integrated resort in Phnom Penh, continues to benefit from the ongoing recovery of tourism, resulting in increased customer footfall. As the economy continues to expand, NagaWorld is well-positioned to capitalise on the influx of both leisure and business travellers, enhancing its role as a premier destination for leisure and business activities.

(c) Expansion of Foreign Direct Investment (“FDI”) and Global Trade Diversification Boosts Cambodia’s Economic Growth and Prosperity

On 16 May 2024, Moody’s Ratings upgraded its outlook on Cambodia to stable, reflecting Cambodia’s improving external positioning amid narrowing trade deficits, gradual recovery in tourism and FDI inflows (*Source: Moody’s Ratings Credit Opinion, 16 & 23 May 2024*). Moreover, Moody’s Ratings and S&P Global revised the Company’s outlook to stable on 6 June 2024 and 6 August 2024 respectively (*Source: Moody’s Ratings Credit Opinion, 6 June 2024; S&P Global Credit Research, 6 August 2024*). Cambodia continues to be positioned as a prime emerging investment destination for foreign investors and businesses, with a growing economy, modern infrastructure and rapid urbanisation. According to FDI Standouts Watchlist 2024 by FDI Intelligence, Cambodia ranks first among the top 10 emerging markets carrying the strongest investment momentum into 2024 and is expected to be Southeast Asia’s fastest-growing economy. This ranking is attributed to Cambodia’s robust and consistent GDP growth, low inflation rate and rapid expansion in FDI (*Source: Khmer Times, 22 May 2024*). According to the Council for Development of Cambodia, the country witnessed a surge in investment projects with the approval of new and expansion projects totaling US\$3.2 billion in 1H2024, nearly double the investment recorded in the same period of last year, of which China remained Cambodia’s largest trading partner, contributing 42.6% of total investment into the country (*Source: Khmer Times, 8 July 2024*).

The RGC has launched various initiatives to enhance bilateral trade with key countries, notably China, Thailand and South Korea. In recent years, Thailand emerged as a significant FDI contributor in Cambodia, following China’s lead. South Korea is also in talks to promote trade between the two countries as one of the top priorities following the signing of the Cambodia-Korea free trade agreement, making it easier for Korean investors to invest in the country (*Source: Khmer Times, 18 May 2024*). According to a recent article, South Korea believes that Cambodia is the most favourable country for investment among ASEAN countries (*Source: Khmer Times, 20 May 2024*). The increase in FDI from Thailand and South Korea aligns with a notable rise in leisure and business travels from both countries in 2023, which has surpassed pre-pandemic levels. Cambodia’s appeal as a top FDI destination in Asia Pacific can be attributed to its strategic geographic position, a skilled and continuously improving workforce and a liberal investment climate. The commitment to fostering robust bilateral relations between Cambodia and other countries in the region will encourage more businesses to expand in Cambodia, leading to an increase in business visitation and business migration.

Since joining the Regional Comprehensive Economic Partnership in January 2022, Cambodia continued to reap the benefits of free trade, greater market access and increased trade and FDI. These trade agreements have been crucial in strengthening diplomatic relations among member countries, fostering a more integrated and interconnected region and simplifying travel restrictions, thereby boosting business and leisure travels. Cambodia’s diversification of export market destinations is in line with a substantial increase in trade volume, reaching US\$16.9 billion in 1H2024, an increase of 14.2% YoY (*Source: Khmer Times, 20 July 2024*). As Cambodia continues to leverage the benefits of these trade agreements, it is poised to further expand and diversify its market reach to support long-term economic growth by attracting new FDI and businesses seeking to strengthen their presence in the region.

(d) Maintaining Sufficient Liquidity and Prudent Debt Management

As of 30 June 2024, the Group's cash and deposits were US\$570.8 million. On 31 May 2024, the Company drew down US\$70 million of the shareholder's loan from CLK Capital (which is directly and wholly owned by The Sakai Trustee, in its capacity as the trustee of The Sakai Trust, which is in turn a controlling shareholder of the Company) for the purpose of discharging the outstanding 2024 Senior Notes that matured on 6 July 2024. Subsequently, the Company fully repaid the outstanding principal amount of US\$472.2 million of the 2024 Senior Notes together with the interest accrued to the maturity date. Following the full repayment of the 2024 Senior Notes, the Company does not have any debt obligations, other than the outstanding shareholder's loan.

(e) Increasing Shareholdings under Hong Kong Stock Connect Continue to Boost Stock Liquidity

Since being added to Southbound Trading on 13 March 2023, the trading of the Company's shares through Shanghai Connect and Shenzhen Connect have been trending upward. As of 15 August 2024, total shareholdings held through the Stock Connect programme were 43.3 million shares, comprising 0.97% of the total shares issued. This indicates the success of the Stock Connect programme in attracting more Mainland China investors to trade the Company's stock on the Shanghai Stock Exchange and the Shenzhen Stock Exchange. As the only foreign gaming operator eligible for the Southbound trading, the Company believes its stock liquidity will continue to improve with access to a sizable pool of domestic investors in Mainland China.

(f) Corporate Social Responsibility (“CSR”) Initiatives and Corporate Level Performance

NagaWorld's commitment to making a positive impact in the community is unwavering. NagaWorld Kind Hearts (the Company's CSR arm) is a grassroots initiative with long-term contribution towards the betterment of communities in Cambodia. Since 2014, NagaWorld has organised more than 688 activities, with the invaluable participation of about 37,000 dedicated employee hours focusing on education enhancement, community engagement, sports development and environmental care.

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

The Company believes that investing in education is investing in the future of a nation. NagaWorld Kind Hearts is committed to creating sustainable change in its communities through various CSR initiatives. NagaWorld Kind Hearts has initiated the stationery set distribution project at schools, NGOs and communities and also organised the “Trash or Treasure” station to create awareness among children about proper waste segregation. During the Period, there were over 700 students benefitting from this programme. Also, the Company's Fire Safety Awareness initiative has attracted more than 288 participants from various communities and contributed about 9 fire extinguishers to bolster their safety measures.

NagaWorld has promoted awareness of environmental conservation as part of its continuing effort to create a tourist-friendly destination and to raise awareness about environmental issues. NagaWorld joined Earth Hour, the world’s largest grassroots movement, to draw public attention to the most important issues facing the planet. Since 2017, NagaWorld supported the “Soap for Hope” project to recycle used hotel soap by diverting the product from landfills, and in tandem, providing alternative livelihoods to marginalised communities and raising hygiene standards. To date, over 1,660kg of soap has been recycled and given to 725 families, promoting waste reduction, sustainability, and personal hygiene awareness.

NagaWorld clinched top honours in the Investment in People, Social Empowerment and Green Leadership categories at the 2024 Asia Responsible Enterprise Award (AREA). The Company was recognised for its commitment in employee development and engagement through its “Training for Success” and “Engaging for Growth” initiatives that have significantly enhanced employees’ lives at work. In the Social Empowerment and Green Leadership categories, NagaWorld Kind Hearts has been the driving force behind numerous initiatives, all aimed at making a meaningful impact under the motto “We Serve Cambodia”. The triple honours follow NagaWorld’s recent achievement of the Platinum Award for “Best in Cambodia” for the fourth consecutive year at the 16th Annual Global CSR & ESG Summit and Awards™. These accolades mark another significant milestone for NagaWorld, highlighting its steadfast commitment in human capital development and community empowerment through its CSR and ESG initiatives.

At the corporate level, in June 2024, the Company was awarded the coveted Most Honoured Company under the Small & Mid-Cap and Asia (ex-Mainland China) and an Honoured Company under the Asia (ex-Japan) by the renowned financial publication *Institutional Investor* for exceptional leadership and investor relations, including “Best Investor Relations”, “Best IR Team”, “Best CFO”, “Best IR Professional”, “Best Overall ESG” and “Best Company Board of Directors” in the Gaming & Lodging sector. This recognition is part of *Institutional Investor’s* 2024 Asia (ex-Japan) Executive Team rankings survey as voted by the buy-side and sell-side financial community, which are regarded globally as the financial industry’s benchmark for excellence.

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

BUSINESS REVIEW

Table 1: Performance Highlights

Below are the performance highlights of the Group for the Period and 1H2023:

	1H2024 <i>US\$'000</i>	1H2023 <i>US\$'000</i>	Increase/ (Decrease) %
Mass Market: Public Floor Tables			
– Buy-ins	659,914	549,693	20
– Win rate	19.8%	17.8%	
– Revenue	130,616	98,030	33
Mass Market: EGM			
– Bills-in	1,254,892	1,251,857	0
– Win rate	7.3%	7.5%	
– Revenue	61,334	64,896	(5)
Premium VIP Market			
– Rollings	1,807,646	2,047,303	(12)
– Win rate	4.0%	3.7%	
– Revenue	60,336	62,932	(4)
Referral VIP Market			
– Rollings	819,561	938,421	(13)
– Win rate	3.8%	2.8%	
– Revenue	31,105	26,452	18
GGR	283,391	252,310	12
Net Gaming Revenue	243,801	212,363	15

Mass Market (Public Floor Tables and EGM)

During the Period, the Company observed a continuing increase in the Mass Market business volumes for Public Floor Tables and EGM by 20.1% and 0.2% respectively compared to the corresponding period last year. The increase in business volumes was attributed to the reasonably sized expatriate community, visitors from ASEAN and to some extent the recovery of Chinese visitors patronising NagaWorld in search of entertainment. With the business environment starting to normalise, the footfall on the Mass Market areas continue to see a gradual increase and recovery.

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

Premium VIP Market

During the Period, Premium VIP Market saw an 11.7% YoY decrease in rollings to US\$1.8 billion (after recording annual growth of 46.5% and 141.7% in 2023 and 2022 respectively) with a higher win rate of 4.0%. This translated into a 4.1% YoY decrease in Premium VIP Market revenue to US\$60.3 million during the Period.

Referral VIP Market

During the Period, Referral VIP Market segment saw a 12.7% YoY decrease in rollings to US\$819.6 million with a higher win rate of 3.8%. This translated into a 17.6% YoY increase in Referral VIP Market revenue to US\$31.1 million during the Period.

Non-Gaming – Hotel, F&B and Entertainment

During the Period, non-gaming revenue decreased by 12.6% YoY, which was mainly attributable to the lower hotel room rate.

Revenue and Gross Profit Analysis

Table 2(a)

	Revenue		Gross Profit		Gross Profit Margin
	US\$'m	%	US\$'m	%	%
1H2024					
Mass Market	192.0	66	170.8	74	89
Premium VIP Market	60.3	20	45.0	20	75
Referral VIP Market	31.1	11	7.5	3	24
Non-Gaming	9.4	3	7.7	3	82
Total	292.8	100	231.0	100	79

Table 2(b)

	Revenue		Gross Profit		Gross Profit Margin
	US\$'m	%	US\$'m	%	%
1H2023					
Mass Market	162.9	62	144.6	71	89
Premium VIP Market	62.9	24	43.7	22	69
Referral VIP Market	26.5	10	6.3	3	24
Non-Gaming	10.7	4	8.1	4	76
Total	263.0	100	202.7	100	77

The Group recorded a gross profit of US\$231.0 million for the Period. The higher gross profit margin of 79% (six months ended 30 June 2023: 77%) was a result of higher revenue contribution from the Mass Market and higher win rates recorded in the Premium VIP Market. Mass Market continued to maintain a high gross profit margin of 89%.

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

Administrative and other operating expenses before impairment losses, depreciation and amortisation were US\$84.9 million during the Period, representing an increase of US\$23.6 million or 39% YoY.

Finance Costs

During the Period, the Group incurred finance costs, after interest capitalisation, of US\$10.1 million (six months ended 30 June 2023: US\$10.9 million) for the interest expenses and transaction costs relating to the 2024 Senior Notes issued. See note 14 for further details of the 2024 Senior Notes.

Net Loss

Net loss attributable to the shareholders, or net loss, was US\$1.0 million (six months ended 30 June 2023: net profit of US\$83.0 million) for the Period. Excluding the impact of non-cash asset impairment loss of US\$89.1 million in respect of the Vladivostok Project, the Company would have registered net profit of US\$88.1 million in 1H2024.

Basic loss per share was US cents 0.02 (HK cents 0.16) for 1H2024 and basic earnings per share was US cents 1.88 (HK cents 14.57) for 1H2023, respectively.

FINANCIAL REVIEW

Pledge of Assets

In December 2014, in accordance with the terms of the Investment Agreement in respect of development of the Vladivostok Project, the Company's subsidiary remitted approximately US\$8.9 million from its Hong Kong bank account to a Russian bank account of the Company's Russian subsidiary PERC. This amount was deposited in the same Russian bank as fixed deposits, which are pledged against which promissory notes were subsequently issued to provide collateral for the issuance of a bank guarantee from the same bank required under the Investment Agreement.

The old promissory notes were realised and withdrawn fully upon its maturity date on 30 January 2023. Subsequently, new promissory notes amounted to RUB400,000,000 (approximately US\$5,726,000) were issued by another bank to provide collateral for the issuance of a bank guarantee required under the Investment Agreement.

Contingent Liabilities

Prior to the promulgation of the Casino Law, NAGAWORLD LIMITED paid monthly gaming and non-gaming obligation payments to the Ministry of Economy and Finance of Cambodia ("MOEF"). Additional obligation payments (if any), other than those paid during prior years, are subject to the future development in this matter and instruction from the MOEF. Other than the additional obligation payments, there were no other contingent liabilities as at 30 June 2024.

Exchange Rate Risk

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

Liquidity, Financial Resources and Gearing

The Group had total cash and bank balances (including restricted bank balance and fixed deposits) of US\$570.8 million as at 30 June 2024 (31 December 2023: US\$367.6 million). The cash and bank balances were mainly denominated in US\$.

The Group had net current liabilities of US\$82.8 million as at 30 June 2024 (31 December 2023: US\$243.7 million). The Group had net assets of US\$2.0 billion as at 30 June 2024 (31 December 2023: US\$2.0 billion).

The Group had outstanding 2024 Senior Notes with a carrying amount of US\$472.1 million as at 30 June 2024 (31 December 2023: US\$471.0 million).

As at 30 June 2024, the Group's gearing ratio calculated as total debts less cash and bank balances (including restricted bank balance and fixed deposits) divided by equity, is not applicable as the Group's cash and bank balances (including restricted bank balance and fixed deposits) were more than the Group's debts (31 December 2023: 5.1%).

Capital and Reserves

As at 30 June 2024, the capital and reserves attributable to owners of the Company were US\$2.0 billion (31 December 2023: US\$2.0 billion).

Employees

As at 30 June 2024, the Group employed a total work force of 6,015 (31 December 2023: 6,038), stationed in Cambodia, China, Hong Kong, Malaysia, Singapore, Thailand, the United States and Russia. The remuneration and staff costs for the Period were US\$51.4 million (six months ended 30 June 2023: US\$39.3 million).

Employee Benefits

Salaries, annual bonuses, paid annual leave, contributions to a defined contribution retirement scheme and cost to the Group of non-monetary benefits are accrued in the Period in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect of such would be material, these amounts are stated at their present value. The Company has adopted a share option scheme and a share award scheme as incentive to its directors and other eligible participants. The Group also provides and arranges on-the-job training for the employees.

Trade Receivables and Credit Policy

The Group continues to monitor changes in trade receivables. Net trade receivables decreased from US\$13.8 million (as at 31 December 2023) to US\$7.7 million (as at 30 June 2024).

During the Period, the Group prudently made provision for impairment loss of US\$5.5 million (six months ended 30 June 2023: US\$1.2 million).

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

Significant Investments Held and Material Acquisitions of Subsidiaries

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

Non-IFRS Accounting Standards Measures

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

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

	Six months ended 30 June 2024 US\$'000	Six months ended 30 June 2023 US\$'000
(Loss)/profit attributable to owners of the Company	(963)	82,974
Income tax	117	123
Finance costs	10,144	10,883
Depreciation		
– Own assets	41,986	45,014
– Right-of-use assets	2,841	2,861
Amortisation of casino licence premium	1,358	1,358
EBITDA	<u>55,483</u>	<u>143,213</u>

Events after Reporting Period

Upon the maturity of the 2024 Senior Notes on 6 July 2024, the Company fully repaid the outstanding principal amount of US\$472.2 million of the 2024 Senior Notes together with the interest accrued to the maturity date.

Save as disclosed above, no major subsequent events have occurred since the end of the Period and up to the date of this announcement.

Sustainability and ESG

On 19 April 2024, the Stock Exchange published New Climate Requirements aligned with the IFRS Accounting Standards S2 Climate-related Disclosures (“**IFRS S2**”) after a public consultation. Listed companies must report according to the New Climate Requirements, or Part D of the ESG Code contained in Appendix C2 (formerly Appendix 27) to the Listing Rules, from financial years commencing on or after 1 January 2025. To address companies’ readiness and data availability issues, the Stock Exchange introduced a phased approach and implementation reliefs to facilitate listed companies’ adoption of the New Climate Requirements (*Source: The Stock Exchange, 19 April 2024*). The Stock Exchange is among the world’s first exchanges to adopt the IFRS Sustainability Standards (also known as the International Sustainability Standards Board (ISSB) Standards). It joins more than 20 jurisdictions representing over half of global GDP to adopt the ISSB Standards, in part or in full, in their legal or regulatory frameworks (*Source: IFRS, 28 May 2024*). The IFRS Sustainability Standards comprise the IFRS S1 and IFRS S2 Standards. The standards aim to establish a universal language for companies to communicate sustainability-related risks and opportunities.

Published on 28 June 2024, the Code on Environment and Natural Resources serves to integrate Cambodia’s environmental laws and regulations across government ministries and functions, acting as a guiding compass to enhance environmental protection, conservation, and restoration of natural resources, biodiversity, and ecological functions for sustainable livelihood and development in Cambodia (*Source: Khmer Times, 1 July 2024*). With temperatures in Cambodia peaking to their highest in 170 years in April and May 2024, the Group acknowledges the worsening physical climate and its potential impacts that may translate to business risks (*Source: Bloomberg, 29 April 2024*).

To this end, the Group continues to monitor the impact of climate change on its business and stakeholders through its Task Force on Climate-related Financial Disclosures-aligned (TCFD) climate risk assessment. Also, in February 2024, the Board approved the following implementations, taking the Group’s environmental commitments to greater heights: (i) established a Sustainability Governance Structure; (ii) set 2030 environmental targets for carbon emissions, electricity use, water use and food waste; and (iii) adopted an Environmental Policy.

In June 2024, the Board and senior management attended a training workshop conducted by an external consultant to stay informed about global and regulatory developments in sustainability and sustainability reporting, and understand how the Group’s decarbonisation efforts can be further advanced.

PROJECT UPDATES AND PROSPECTS

Update on Naga 3 Project

The foundation and structural works for the basement floors of the Naga 3 Project have been broadly completed. Clearing, cleaning and defect rectification works are on-going and are expected to be fully completed by the fourth quarter of 2024.

Update on the Vladivostok Project

As disclosed in the announcement of the Company dated 3 March 2022, the Company has suspended its performance under the investment agreement in respect of the Vladivostok Project due to force majeure event. Hence, the development of the Vladivostok Project has been suspended indefinitely until the circumstance is clearer.

During the Period, the Group recognized a total impairment loss of US\$89.1 million (six months ended 30 June 2023: Nil) on property, plant and equipment and prepayments for construction in relation to the Vladivostok Project. Such impairment was due to an increase in discount rate used for the purpose of determining the project present value and the lower business volume expected to be generated from the Vladivostok Project.

Prospects

Cambodia's economy continues to demonstrate strong post-pandemic resilience driven by the continued growth of the service sector in tourism and the manufacturing sector, despite rising external challenges and risks from geopolitical tensions and the potential impact of global economic slowdown.

The tourism sector is one of the major contributors to GDP growth in Cambodia amidst the country's rapid economic growth and transformation. The ongoing recovery of tourism in Asia Pacific and the upswing of Chinese outbound tourism are key catalysts for boosting sustainable tourism and economic development. The RGC has been in talks with various countries to introduce direct flights and launch new routes between Cambodia and countries such as the Philippines, Turkey, Australia and several European nations (*Source: Khmer Times, 12 March 2024, 23 March 2024, 18 July 2024 & 9 August 2024*). The under-construction Phnom Penh Techo Takhmao International Airport is nearing completion and expected to be operational by 2025 with capacity for up to 13 million passengers annually during the first phase of operation, anticipating the ability to facilitate and drive more leisure and business travellers to Cambodia (*Source: Khmer Times, 25 June 2024*). This new airport is part of the RGC's roadmap aimed at turning Cambodia into a world-class tourist destination in the long-term, acting as a booster for the country's economic growth and infrastructure advancement with new routes and destinations. The RGC expects annual international arrivals to reach 7 million by 2025, surpassing the pre-pandemic level of 6.6 million arrivals in 2019 (*Source: Khmer Times, 5 July 2024*).

The RGC has been developing joint action plans and implementing several strategies to attract tourists. In addition to the “China Ready” strategy of targeting Chinese tourists, Cambodia is also actively participating in the ASEAN Tourism initiative, forming partnerships with countries such as Thailand and Vietnam to boost regional tourism (*Source: Khmer Times, 18 June 2024*). In order to make travel to Cambodia easier and attractive, the country has been improving its infrastructure and hospitality services. The launch of the “Year of People-to-People Exchanges” in the beginning of 2024 between China and Cambodia has been injecting stronger vitality into the development of bilateral relations in the areas of culture, tourism and economy. With these comprehensive and distinctive mechanisms, Cambodia remains optimistic that investment and tourism between the two countries will further improve, by attracting more Chinese tourists and investors (*Source: Khmer Times, 11 April 2024*).

The RGC is committed in facilitating more investment from Thailand through various potential opportunities, with a target of attaining bilateral trade of US\$15 billion by 2025 (*Source: Khmer Times, 6 February 2024*). This strong trade partnership will encourage more businesses to expand into Cambodia, leading to an increase in business visits. Similarly, with aims to elevate people-to-people ties, tourism and cultural relations between South Korea, the RGC also engaged with South Korea in proposing several initiatives to boost trade and tourism between the two countries by promoting direct flights between Siem Reap and major South Korea provinces such as Busan, Jeju and Incheon (*Source: Khmer Times, 20 May 2024*).

The RGC aims to become a high-middle-income country by 2030 and a high-income country by 2050 (*Source: Khmer Times, 21 February 2024*). The transition into a digitalization economy is necessary in achieving this goal with improved connectivity and digital literacy. In this regard, the need for data centers will continue to rise to support Cambodia’s rapid socio-economic development, ensure reliable access to data and foster a conducive business environment. As part of the digitalization plan, Cambodia’s National Data Centre, which is expected to be fully operational by 2025, aims to improve the country’s administrative services (*Source: Asian Telecom, 12 January 2024*). Moreover, the strategic location of Cambodia in Southeast Asia makes the country an attractive location for regional data centers and an appealing destination for multinational corporations. Given the country’s sustained political and social stability, the RGC’s proactive measures to attract FDI, combined with efforts to improve digital infrastructure and ease of doing business, will encourage more international companies establishing operations in Cambodia, further contributing to the country’s economic growth and development.

Looking ahead, the Group is optimistic about its long-term growth prospects and outlook with Cambodia’s ongoing economic recovery and political stability. The Group is confident that the tourism sector will maintain its recovery momentum, driven by the return of international travel. NagaWorld, as the only integrated resort in Phnom Penh, will continue to benefit by attracting more visitors seeking entertainment and luxurious lifestyle offerings at competitive prices and value. The development of Naga 3 as a leading tourism asset for Cambodia aligns with the RGC’s vision and commitment in bolstering the tourism sector. This initiative positions Naga 3 as a key contributor to the regional tourism landscape, showcasing a shared dedication to elevating the global presence of Cambodia’s tourism.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The directors of the Company (the “**Directors**”), having reviewed the corporate governance practices of the Company and considered, amongst other things, the findings of reviews conducted by the independent professional parties, confirm that the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code contained in Appendix C1 (formerly Appendix 14) to the Listing Rules for the Period.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 (formerly Appendix 10) to the Listing Rules as the code of conduct in respect of transactions in securities of the Company by the Directors. Having made specific enquiries by the Company, all the Directors confirm that they have complied with the required standard set out in the Model Code regarding securities transactions by the Directors during the Period.

REVIEW BY THE AUDIT COMMITTEE

The unaudited interim results for the Period have been reviewed by the audit committee of the Company which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure has been made.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the shareholders for the Period (six months ended 30 June 2023: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

The Company did not redeem any of its listed securities nor did the Company or any of its subsidiaries purchase or sell any of such securities during the Period.

PUBLICATION OF FINANCIAL INFORMATION

This announcement is available for viewing on the Company’s website at www.nagacorp.com and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. The interim report of the Company for the Period containing, among others, the interim financial information of the Group, will be published on the above websites in due course.

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

Hong Kong, 27 August 2024

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

Executive Directors

Chen Yiy Fon and Philip Lee Wai Tuck

Non-executive Director

Timothy Patrick McNally

Independent Non-executive Directors

Lim Mun Kee, Michael Lai Kai Jin and Leong Choong Wah

For the purpose of this announcement, amounts denominated in US\$ have been converted to Hong Kong dollars (“**HK\$**”) and RUB at the respective exchange rates of US\$1.0 to HK\$7.75 (31 December 2023: HK\$7.75) and US\$1.0 to RUB85.75 (31 December 2023: RUB89.69).