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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 FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

Financial Highlights for 2022

- Gross Gaming Revenue (**GGR**) increased by 99.5% to US\$445.9 million compared to US\$223.5 million in last year
- Net profit increased to US\$107.3 million for the Year compared to net loss of US\$147.0 million in last year
- Earnings Before Interest, Tax, Depreciation and Amortization (**EBITDA**) of US\$245.4 million for the Year compared to US\$15.6 million in last year
- Basic earnings per share of US cents 2.45 for the Year compared to loss per share of US cents 3.36 (restated) in last year
- Final dividend for the Year of 60% of net distributable profits equivalent of US cents 0.75 per share (or equivalent to HK cents 5.81 per share) for the second half of 2022 by way of scrip shares has been proposed
- Results mainly contributed by Mass Market segment. Mass Market Tables GGR of US\$203.8 million for the Year compared to US\$66.5 million in last year. Mass Market Electronic Gaming Machines (**EGM**) GGR for the Year of US\$124.3 million compared to US\$44.0 million in last year. Premium Market GGR of US\$91.4 million

PART 1 - OPERATIONAL HIGHLIGHTS

1.1 CONTINUED BUSINESS RECOVERY MAINLY DRIVEN BY MASS MARKET

Average Daily(US\$'000)	1H2022	2H2022	Growth
Mass (Buy-ins & Bills-in)	9,028	9,513	5.4%
Premium Rollings	8,085	7,944	(1.8%)
Referral VIP Rollings	2,947	3,861	31.0%

As compared to the first half of 2022 (“**1H2022**”), the average daily Buy-ins and Bills-in continued to recover in the second half of 2022 (“**2H2022**”) and reported 5.4% sequential growth. This is mainly due to business contributed by the reasonably sized local captive expatriate market and the international travelers. Meanwhile, the Premium Market segment recorded a marginal decline of 1.8% during 2H2022. NagaCorp Ltd. (the “**Company**” and together with its subsidiaries (the “**Group**”)) believed this is due to business volatility as the quarterly Premium rollings in 2022 remained good. Management expects that the Mass Market as well as the Premium Market will continue to perform in 2023 especially:

- (1) with the reopening of the China’s border in January 2023 arising from the lifting of quarantine requirements and border restrictions; and
- (2) with the inclusion of Cambodia as one of only twenty countries granted the Chinese Approved Destination Status (“**ADS**”) effective 6 February 2023, hence allowing the sale in China of outbound group and travel packages to Cambodia. Prior to COVID-19, there were about 125 countries accorded the ADS status (*Source: www.mct.gov.cn*).

1.2 FINAL DIVIDEND

The board (the “**Board**”) of directors (the “**Directors**”) of the Company recommends a final dividend of US cents 0.75 per share (or equivalent to HK cents 5.81 per share) for the year ended 31 December 2022 (the “**Year**” or “**FY2022**”) by way of scrip shares, representing a dividend payout ratio of approximately 60% based on the net profit generated for 2H2022 (the “**Scrip Dividend**”).

The Company believes that the Scrip Dividend shall benefit shareholders of the Company (the “**Shareholders**”) in following ways:

- (1) continue to declare high dividend, especially as a reward to the long term Shareholders for their continuous support of the Company in particular during this difficult COVID-19 period;
- (2) conserve cashflow; and
- (3) improve the trading liquidity in the Company’s shares.

1.3 LOW DEBT EQUITY RATIO

The Company launched a tender offer on 4 November 2022 and successfully repurchased about US\$69.5 million of principal amount of the 2024 Senior Notes (*as defined in Note 15*) at US\$915. This tender not only enable the Company to manage its overall funding level but also reduce its gross debt and interest cost. Together with the earlier repurchases of the 2024 Senior Notes with principal amount of US\$8.3 million in the secondary market, the Company managed to bring down the outstanding principal amount of the 2024 Senior Notes to about US\$472.2 million. Hence, the Group’s gearing ratio, which was calculated as total debts less cash and bank balances, restricted bank balance and fixed deposits divided by equity, was 15.9% (31 December 2021: 25.3%). Although the 2024 Senior Notes are only due in about 17 months, management has already looked into various ways to redeem the 2024 Senior Notes upon maturity. Having said that, repaying the 2024 Senior Notes using internal generated operating cashflow remains as our top priority.

1.4 BUSINESS PROSPECTS

The Company views the 2023's prospects positively and shares the views of Cambodia, as explained as follows:

- (1) The National Bank of Cambodia (“NBC”) has projected that Cambodia is expected to see around 6% economic growth in 2023 (*Source: Macroeconomic and Banking Sector Development in 2022 and Outlook for 2023, NBC, 6 January 2023*). According to the International Monetary Fund (“IMF”), Cambodia’s gross domestic product (“GDP”) growth was forecasted to be 5.1% for 2022 and nearly 6.2% for 2023 (*Source: IMF – World Economic Outlook, October 2022*). Similarly, the Asian Development Bank (“ADB”) forecasted Cambodia’s economy to grow 5.3% in 2022 and 6.2% in 2023 (*Source: Asian Development Outlook Update, September 2022*).
- (2) Ministry of Tourism of Cambodia (“MOT”) had welcomed 2.28 million international tourist arrivals in 2022, an increase of 1,059% compared to 2021. In addition, MOT forecasts 4 million international tourist arrivals into Cambodia in 2023. MOT also forecasts international tourist arrivals to reach the pre-pandemic level of approximately 7 million by the end of 2025 (*Source: Khmer Times, 11, 13 & 18 January 2023*).
- (3) Prime Minister of Cambodia has said the reopening of China’s borders will invigorate the kingdom’s economy and tourism sector. Flight frequency will increase and Cambodia is projecting to welcome 1 million Chinese tourists in 2023, a tenfold increase from 2022 (*Source: Khmer Times, 11 & 13 January 2023*).
- (4) Cambodia’s Tourism Minister Thong Khon said the number of Chinese tourists to Cambodia is expected to reach the pre-pandemic level in 2024 (*Source: Khmer Times, 13 January 2023*).
- (5) On 6 February 2023, China shall resume overseas group tours to 20 countries including Cambodia (*Sources: caixinglobal, 21 January 2023*).
- (6) As at the end of 2022, foreign direct investment (“FDI”) remained robust with a growth rate of 7.5% as compared to 2021. This growth is attributed to investment from China, Japan, Cayman Islands, Thailand and Singapore (*Source: Khmer Times, 7 January 2023*).
- (7) The trade volume between Cambodia and China was reported at US\$11.7 billion in 2022, an increase of 4.4% year-on-year (“YoY”) (*Source: Khmer Times, 15 January 2023*).

PART 2 - FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The Board hereby announces the consolidated financial results of the Group for the Year. The financial information for the Year contained in this announcement was prepared based on the audited consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2022

	Notes	2022 US\$'000	2021 US\$'000
Revenue	2	460,693	225,857
Gaming tax	5	(25,129)	(12,234)
Cost of sales		(59,598)	(70,097)
Gross profit		375,966	143,526
Other income		9,400	5,633
Administrative expenses		(52,182)	(64,258)
Other operating expenses		(201,462)	(188,507)
Profit/(loss) from operations		131,722	(103,606)
Finance costs	3	(24,256)	(37,142)
Profit/(loss) before taxation	4	107,466	(140,748)
Income tax	5	(212)	(6,274)
Profit/(loss) attributable to owners of the Company		107,254	(147,022)
Earnings/(loss) per share (US cents)			(Restated)
Basic	7	2.45	(3.36)
Diluted	7	2.45	(3.36)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022	2021
	<i>US\$'000</i>	<i>US\$'000</i>
Profit/(loss) for the year	107,254	(147,022)
Other comprehensive income for the year		
Item that may be reclassified subsequently to profit or loss		
– exchange differences from translation of foreign operations	<u>(700)</u>	<u>(1,054)</u>
Total comprehensive income attributable to the owners of the Company for the year	<u>106,554</u>	<u>(148,076)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Non-current assets			
Property, plant and equipment	<i>9</i>	2,070,090	1,931,729
Right-of-use assets		83,209	88,837
Intangible assets	<i>10</i>	62,480	65,197
Prepayments for acquisition, construction and fitting-out of property, plant and equipment		143,913	138,156
Promissory notes	<i>11</i>	–	9,583
		2,359,692	2,233,502
Current assets			
Consumables		2,897	1,793
Trade and other receivables	<i>12</i>	41,724	66,774
Promissory notes	<i>11</i>	10,139	–
Restricted bank balance and fixed deposits		19,200	22,350
Cash and cash equivalents		156,004	102,724
		229,964	193,641
Current liabilities			
Trade and other payables	<i>13</i>	177,256	124,417
Contract liabilities		8,777	8,626
Lease liabilities		10,838	13,499
Current tax liability		1,795	4,831
		198,666	151,373
Net current assets		31,298	42,268
Total assets less current liabilities		2,390,990	2,275,770
Non-current liabilities			
Other payables	<i>13</i>	5,829	5,348
Senior notes	<i>15</i>	468,827	542,952
Contract liabilities		13,000	20,500
Lease liabilities		54,007	57,447
		541,663	626,247
NET ASSETS		1,849,327	1,649,523
CAPITAL AND RESERVES			
Share capital	<i>14</i>	54,777	54,263
Reserves		1,794,550	1,595,260
TOTAL EQUITY		1,849,327	1,649,523

Notes:

1. Basis of preparation and adoption of new or revised International Financial Reporting Standards

The consolidated financial statements for the Year have been prepared in accordance with all applicable International Financial Reporting Standards, International Accounting Standards and Interpretations (hereinafter collectively referred to as “IFRS”) issued by the International Accounting Standards Board (“IASB”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange” and the “Listing Rules”, respectively) and the Hong Kong Companies Ordinance.

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

Except as describe below, the 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 consolidated financial statements for the year ended 31 December 2021.

Adoption of new or amended IFRSs effective on or after 1 January 2022:

Annual Improvements to IFRS 1, IFRS 9, IFRS 16 and IFRS 41	Annual improvements to IFRSs 2018-2020
Amendments to IFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRS 3	Reference to the Conceptual Framework

None of the new or amended IFRSs has 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 IFRSs or interpretations that are 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.

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Casino operations - gaming tables	321,566	179,513
Casino operations - electronic gaming machines (“EGM”)	124,315	43,986
Hotel room income, sales of food and beverage and others	14,812	2,358
	<u>460,693</u>	<u>225,857</u>

3. Finance costs

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Interest expenses and transaction costs relating to senior notes (<i>Note 15</i>)	43,684	52,066
Interest on lease liabilities	6,790	6,584
Other interest expenses	481	441
	<hr/>	<hr/>
	50,955	59,091
Less: Interest expenses capitalised into capital work in progress	(26,699)	(21,949)
	<hr/>	<hr/>
	24,256	37,142
	<hr/> <hr/>	<hr/> <hr/>

4. Profit/(loss) before taxation

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

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Interest income	(1,063)	(518)
Auditor's remuneration:		
– current year	804	797
– under provision in prior year	40	48
Amortisation of casino licence premium [#]	2,717	2,717
Depreciation [#]		
– Own assets	105,330	110,766
– Right-of-use assets	5,647	5,689
Exchange loss/(gain) [#]	367	(132)
Impairment loss on trade receivables	2,400	2,000
Write-off of property, plant and equipment	36	–
Loss on disposal of property, plant and equipment	18	2,155
Short term lease expenses	3,065	2,879
Staff costs (including directors' remuneration) [#]		
– Salaries, wages and other benefits	87,231	69,400
– Contributions to defined contribution retirement scheme	170	67

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

5. Gaming tax and Income tax

(a) Gaming tax

The gaming tax of US\$25,129,000 for the Year (2021: US\$12,234,000) was levied on gross gaming revenue in accordance with the Law on the Management of the Commercial Gambling (the “Casino Law”) effective from 1 January 2021.

	2022 US\$'000	2021 US\$'000
Gaming tax expenses		
– Current year	29,288	12,234
– Over provision in prior years	(4,159)	–
	<u>25,129</u>	<u>12,234</u>

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

	2022 US\$'000	2021 US\$'000
Current tax expenses		
– Current year	212	6,274
	<u>212</u>	<u>6,274</u>

Income tax for the Year represents (1) income tax on NagaWorld Limited Hotel and Entertainment Branch, the Group’s branch registered in Cambodia and (2) income tax arising from other jurisdictions.

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

	2022 US\$'000	2021 US\$'000
Interim dividend declared during the year:		
2022: US cents 0.73 per share	31,619	–
2021: US cents Nil per share	–	–
Final dividend proposed after the end of reporting year:		
2022: US cents 0.75 per share	32,733	–
2021: US cents Nil per share	–	–
	<u>64,352</u>	<u>–</u>

On 9 September 2022, the Shareholders approved the payment of an interim dividend of US cents 0.73 (or equivalent to HK cents 5.66) per share for the six months ended 30 June 2022 to be satisfied wholly by way of scrip shares without offering any right to Shareholders to elect to receive such dividend in cash in lieu of such allotment. As a result, 41,128,313 ordinary shares were allotted to the Shareholders. Further details are set out in Note 14.

The Board recommends the payment of final dividend of US cents 0.75 (or equivalent to HK cents 5.81) per share for the Year to the Shareholders by way of scrip shares without offering any right to the Shareholders to elect to receive such dividend in lieu of such allotment. The final dividend is subject to the approval by Shareholders at the annual general meeting of the Company and the listing committee of the Stock Exchange granting the listing of and permission to deal in the new shares to be issued by the Company pursuant thereto.

7. Earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the consolidated profit attributable to owners of the Company of US\$107,254,000 (2021: loss of US\$147,022,000) and the weighted average number of shares of 4,382,136,354 (2021: 4,382,136,354 (Restated)) in issue during the Year.

The loss per share for the year ended 31 December 2021 is restated to reflect the effect of scrip shares issued during the Year (Notes 6 and 14).

There were no dilutive potential shares during the Year (2021: 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.

(a) Segment results, assets and liabilities

The SEM monitors the results, assets and liabilities attributable to each reportable segment as follows:

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

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

	Casino operations	Hotel and entertainment operations	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
<i>Segment revenue:</i>			
Year ended 31 December 2021			
Timing of revenue recognition			
– At point in time	204,071	1,268	205,339
– Transferred over time	19,428	1,090	20,518
Revenue from external customers	223,499	2,358	225,857
Inter-segment revenue	(278)	2,676	2,398
Reportable segment revenue	<u>223,221</u>	<u>5,034</u>	<u>228,255</u>
Year ended 31 December 2022			
Timing of revenue recognition			
– At point in time	389,846	7,555	397,401
– Transferred over time	56,035	7,257	63,292
Revenue from external customers	445,881	14,812	460,693
Inter-segment revenue	(892)	6,530	5,638
Reportable segment revenue	<u>444,989</u>	<u>21,342</u>	<u>466,331</u>

	Casino operations <i>US\$'000</i>	Hotel and entertainment operations <i>US\$'000</i>	Total <i>US\$'000</i>
<i>Segment profit/(loss):</i>			
Year ended 31 December			
2021	47,725	(15,285)	32,440
2022	273,850	(10,345)	263,505
<i>Segment assets:</i>			
As at 31 December			
2021	2,075,078	729,053	2,804,131
2022	2,308,202	678,015	2,986,217
<i>Segment liabilities:</i>			
As at 31 December			
2021	(141,412)	(475,149)	(616,561)
2022	(168,500)	(499,583)	(668,083)
<i>Net assets:</i>			
As at 31 December			
2021	1,933,666	253,904	2,187,570
2022	2,139,702	178,432	2,318,134
<i>Other segment information:</i>			
<i>Capital expenditure:</i>			
Year ended 31 December			
2021	380,903	3,030	383,933
2022	242,891	816	243,707
<i>Impairment loss on trade receivables:</i>			
Year ended 31 December			
2021	2,000	–	2,000
2022	2,400	–	2,400

Reconciliation of reportable segment revenue, profit, assets and liabilities to revenue, profit or loss, assets and liabilities per the consolidated financial statements is as follows:

	2022 US\$'000	2021 US\$'000
Revenue		
Reportable segment revenue	466,331	228,255
Elimination of inter-segment revenue	(5,638)	(2,398)
Consolidated revenue	460,693	225,857
Profit		
Reportable segment profit	263,505	32,440
Other revenue	4,092	49
Depreciation and amortisation	(113,694)	(119,172)
Unallocated head office and corporate expenses	(22,181)	(16,923)
Finance costs	(24,256)	(37,142)
Consolidated profit/(loss) before taxation	107,466	(140,748)
Assets		
Reportable segment assets	2,986,217	2,804,131
Elimination of inter-segment assets	(424,414)	(408,100)
	2,561,803	2,396,031
Unallocated cash and bank balances and restricted bank balance	23,307	24,337
Unallocated corporate assets	4,546	6,775
Consolidated total assets	2,589,656	2,427,143
Liabilities		
Reportable segment liabilities	(668,083)	(616,561)
Elimination of inter-segment payables	424,414	408,100
	(243,699)	(208,461)
Senior notes	(468,827)	(542,952)
Unallocated corporate liabilities	(27,833)	(26,207)
Consolidated total liabilities	(740,329)	(777,620)

(b) Geographical information

The Group's operations and activities are mainly located in Cambodia. As at 31 December 2022, the Group had non-current assets other than financial instruments and deferred tax assets located in Cambodia and Russia of US\$2,077,064,000 (31 December 2021: US\$1,954,221,000) and US\$282,628,000 (31 December 2021: US\$269,698,000), respectively.

(c) Information about major customers

During the current and prior years, there was no individual customer contributing 10% or more of the Group's revenue.

The aggregate revenue from external customers brought in through junkets contributing 10% or more of the Group's total revenue is as follows:

	2022 US\$'000	2021 US\$'000
Casino operations		
Junket A	N/A*	55,341

* Contributed less than 10% of the Group revenue for the Year.

9. Property, plant and equipment

During the Year, the Group acquired property, plant and equipment totalling US\$243,797,000 (2021: US\$383,933,000).

During the Year, pursuant to the subscription agreement dated 14 April 2019 entered into between the Company and ChenLipKeong Fund Limited (the “**Subscriber**”), for the purpose of funding the development cost of the Naga 3 Project, progress billings with aggregate amount of US\$93,250,000 (2021: US\$222,810,000) were borne by the Subscriber and the corresponding amount was credited to other reserve. The Subscriber is directly and wholly-owned by SAKAI PRIVATE TRUST COMPANY PTE. LTD. as the trustee (the “**Trustee**”) of The Sakai Trust, a discretionary family trust of which Tan Sri Dr Chen Lip Keong (“**Dr Chen**”) is the settlor for the benefit of himself and his family. Details of the subscription agreement are set out in the Company's circular dated 22 July 2019.

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, less accumulated amortisation of US\$60,522,000 (31 December 2021: US\$57,805,000).

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 11.6 billion Russian Rubles (“**RUB**”) (approximately US\$350.0 million based on then current exchange rates), in a gaming and resort development project in Vladivostok, Russia.

In December 2014, in accordance with the terms of the Investment Agreement including the requirement to obtain a bank guarantee, the Company's 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. In February 2015, 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.

The promissory notes (the “**Promissory Notes**”) in total amount of RUB469,100,000 (approximately US\$10,139,000) (31 December 2021: US\$9,583,000) bear an interest of 6.6% per annum and the maturity date of which is 2,909 days from the date of issue, i.e. 30 January 2023. The Promissory Notes have been realised on the maturity date subsequently. The Group is in the process of purchasing new promissory notes issued by another Russian bank for a new bank guarantee to be issued by that bank.

12. Trade and other receivables

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Trade receivables	14,212	48,132
Less: Allowance for impairment loss	<u>(5,109)</u>	<u>(8,489)</u>
	9,103	39,643
Prepayments	10,135	5,944
Deposits and other receivables	<u>22,486</u>	<u>21,187</u>
	<u>41,724</u>	<u>66,774</u>

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

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Within 1 month	4,052	36,072
1 to 3 months	842	779
3 to 6 months	2,356	–
6 to 12 months	1,853	1,784
More than 1 year	<u>–</u>	<u>1,008</u>
	<u>9,103</u>	<u>39,643</u>

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

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
At beginning of year	8,489	6,489
Impairment loss recognised	2,400	2,000
Bad debts written off	<u>(5,780)</u>	<u>–</u>
At end of year	<u>5,109</u>	<u>8,489</u>

The credit policy for gaming receivables is five to thirty days (2021: five to thirty days) from end of tour. The credit policy on non-gaming receivables is thirty days from end of month (2021: thirty days from end of month).

13. Trade and other payables

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Trade payables (<i>Note</i>)	34,259	25,043
Unredeemed casino chips	10,376	6,777
Deposits	14,756	7,267
Construction creditors	3,388	1,991
Interest payable	18,220	21,211
Accruals and other creditors	72,798	55,242
Gaming tax payables	29,288	12,234
	<u>183,085</u>	<u>129,765</u>
Less: current portion	(177,256)	(124,417)
Non-current portion	<u>5,829</u>	<u>5,348</u>

Note:

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

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Due within 1 month or on demand	1,461	5,908
Due after 1 month but within 3 months	9,803	6,120
Due after 3 months but within 6 months	15,586	–
Due after 6 months but within 1 year	7,393	13,015
Due after 1 year	16	–
	<u>34,259</u>	<u>25,043</u>
Total	<u>34,259</u>	<u>25,043</u>

14. Share Capital

(i) Authorised:

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
8,000,000,000 ordinary shares of US\$0.0125 each	<u>100,000</u>	<u>100,000</u>

(ii) Issued and fully paid:

	2022		2021	
	Number of Shares	US\$'000	Number of Shares	US\$'000
Issued and fully paid:				
Ordinary shares of US\$0.0125 each:				
As at 1 January	4,341,008,041	54,263	4,341,008,041	54,263
Issue and allotment of scrip shares	41,128,313	514	–	–
As at 31 December	<u>4,382,136,354</u>	<u>54,777</u>	<u>4,341,008,041</u>	<u>54,263</u>

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

Issue and allotment of shares during the Year

On 29 September 2022, the Company issued 41,128,313 ordinary shares under the scrip dividend scheme for 100% of the payment of the 2022 interim dividend (Note 6). The market value for calculating the number of scrip shares allotted to the Shareholders pursuant to the scrip dividend scheme was US\$0.771 per share (or HK\$5.974 per share), which was the average of the closing prices per share of the Company on the Stock Exchange for the 5 consecutive trading days up to and including 16 September 2022. The allotment of the scrip shares during the Year resulted in transfer of US\$514,000 (2021: nil) from retained profits to share capital which represents the aggregate par value of these scrip shares.

15. 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 are listed on the Singapore Exchange Securities Trading Limited and cannot be converted into shares of the Company.

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

The obligations under the 2024 Senior Notes are secured by guarantees given by certain subsidiaries of the Company.

During the Year, the Company repurchased the 2024 Senior Notes of an aggregate principal amount of US\$77,845,000 with purchase price ranging from 91.83% to 92.10% in total amount of US\$73,003,000. Please refer to the announcements of the Company dated 12 August 2022, 31 August 2022, 9 September 2022, 23 September 2022, 30 September 2022, 7 October 2022, 14 October 2022, 4 November 2022, 14 November 2022 and 17 November 2022 for details. Following the cancellation of the repurchased 2024 Senior Notes, the 2024 Senior Notes of an aggregate principal amount of US\$472,155,000 remains outstanding.

In connection with the issue of the 2024 Senior Notes, ChenLipKeong Capital Limited has subscribed for the 2024 Senior Notes with principal amount of US\$45,000,000. ChenLipKeong Capital Limited is directly and wholly-owned by the Trustee as the trustee of The Sakai Trust, a discretionary family trust of which Dr Chen is the settlor for the benefit of himself and his family. The interest expenses payable to the related company for the Year amounted to US\$3,578,000 (2021: US\$3,578,000).

PART 3 - MANAGEMENT DISCUSSION AND ANALYSIS

3.1 MARKET OVERVIEW

According to the IMF, despite global pressures, the economic recovery in Cambodia is projected to continue. Real GDP growth was forecasted to be 5.1% for 2022, after the strong export performance earlier that year, and nearly 6.2% for 2023, supported by the continued recovery of tourism and ongoing policy support, although dampened by external pressures and the impact of inflation (*Source: IMF – World Economic Outlook, October 2022*). Similarly, the ADB forecasted Cambodia’s economy to grow 5.3% in 2022 and 6.2% in 2023 (*Source: Asian Development Outlook Update, September 2022*). The increase in manufactured product exports and gradual recovery in the construction and service sectors supported economic growth in 2022. Despite the World Bank slash in global growth forecast to 2.9%, Cambodia’s economy was projected to grow at 4.8% in 2022 and 5.2% in 2023, upwardly revised from a forecast of 4.5% in April 2022, underpinned by merchandise exports and domestic economy activity. Over the medium term, the economy was expected to grow at around 6.0% annually as the new investment law and newly ratified free trade agreements (“FTAs”) help boost investment and trade (*Source: World Bank – Cambodia Economic Update, December 2022; CNBC World Economy, 7 June 2022*).

During the Year, the Group recorded Net Profit of US\$107.3 million and EBITDA of US\$245.4 million. The relatively stable financial results are attributed to the following:

(a) Continuation of Business Recovery

The Company continued to see growth trajectory in its business recovery during the Year and reported significant YoY growth for key financial metrics. Both Net Profit and EBITDA increased by 173.0% and 1,476.6% respectively YoY with gradual reopening in ASEAN and continued stringent cost control measures, resulting in a higher profit margin. Net Gaming Revenue and Gross Profit also grew by 152.9% and 161.9% YoY respectively.

Given the Company’s key focus on the Mass Market segment, NagaWorld continued to benefit from the reasonably sized domestic captive market in Cambodia, as well as stable visitation to the property during the Year. The overall steady business recovery also has been supported by the gradual recovery of Cambodia tourism and visitation to the property in line with the easing of travel restrictions regionally.

Since the Company resumed its business operations in late 2021, the average daily business volumes for Mass Market and Premium Market in FY2022 have recovered by 76.8% and 66.7% respectively compared to FY2019 (peak pre-COVID-19 year). Both Mass Market and Premium Market collectively contributed about 94% of Company’s total gaming revenue in FY2022.

This steady recovery of gaming business volumes reflects the resiliency of our earnings in spite of a challenging operating environment.

(b) Gradual Increase in International Arrivals and Expansion in Direct Flights Connectivity Support Growth

Cambodia has fully resumed its socio-economic activities in all sectors, welcoming international tourist arrivals and gradually easing travel restrictions since November 2021. The frequency of direct flight connections and the number of international tourist arrivals have soared since then. Cambodia recorded a total of 2.28 million international tourist arrivals in 2022, representing an increase of 1,059% YoY (*Source: Khmer Times, 18 January 2023*). Total international tourist arrivals from ASEAN increased by 1,251.9% to 1.6 million visitors in 2022. The top 10 markets were led by Thailand (37.5%), followed by Vietnam (20.4%), China (4.7%), U.S.A (4.1%), Lao PDR (4.1%), Indonesia (3.3%), Korea (2.8%), France (2.5%), Malaysia (2.3%), and U.K (1.9%). These top 10 markets accounted for 83.6% of total international tourist arrivals. International business-related travels to Cambodia increased by 372.9% to 431,000 visitors in 2022, with the top 5 markets coming from Vietnam (27.4%), China (18.0%), Indonesia (12.8%), Thailand (7.6%) and Korea (4.6%) (*Source: MOT*). In 2019 (pre-COVID-19 year), Chinese business visitation to Cambodia was 1.05 million.

As at 1 February 2023, weekly international direct flights to Phnom Penh, Cambodia stood at 281, including 94 from Thailand, 69 from Greater China cities such as Guangzhou, Taipei, Shanghai, Nanning, Xiamen, Kunming, Chengdu, Hong Kong, Zhengzhou, Wenzhou and Beijing, 31 from Singapore, 28 from Malaysia, 26 from Vietnam, 18 from Seoul, 7 from Laos, and 5 from Philippines, and 3 from Myanmar.

Cambodia is widely seen as having successfully managed the pandemic and is considered one of the world's leading nations for COVID-19 response. This is attributed to the remarkable success of the country's vaccination programme, which created a high level of social resilience. This allowed the Royal Government of Cambodia ("RGC") to further ease travel restrictions and attract more international tourist arrivals visiting Cambodia. As such, the RGC announced the discontinuation of health certificates requirements or proof of full vaccination upon arrival for all travelers effective 3 October 2022 to boost the economic recovery and welcome international tourists visiting Cambodia (*Source: Phnom Penh Post, 3 October 2022*).

According to the MOT, Cambodia's tourism sector has significantly recovered and is showing signs of fast recovery from the global pandemic. The MOT has forecast 4 million international tourist arrivals into Cambodia in 2023 after China recently eased its pandemic control policies. The MOT also expects international tourist arrivals to reach the pre-pandemic level of approximately 7 million by end of 2025 (*Source: Khmer Times, 11 & 18 January 2023*). In order to attain these tentative targets, the RGC and private sector have developed more roads and set up more entertainment facilities and venues. Local communities have also undertaken Chinese-language-translation and yuan-payment initiatives to encourage Chinese tourists to travel to Cambodia (*Source: Phnom Penh Post, 8 January 2023*). Improved air connectivity across ASEAN with new flight paths being added, is indicating an upward trend for many additional destinations (*Source: Khmer Times, 28 December 2022*). Construction of the new airport in Phnom Penh has passed the 43% completion mark, as Cambodia prepares for a return of tourism in increasingly large numbers (*Source: Phnom Penh Post, 16 January 2023*). Moreover, with the further easing of China travel restrictions, on 20 January 2023, China announced that Cambodia was included in the 20 nations selected for a pilot program allowing travel agencies to provide international group tours as well as flight and hotel packages to Chinese citizens, following a three-year ban, effective 6 February 2023, which is expected to increase flight frequency between the two nations. Data from Trip.com, a major tourism service supplier in China, showed that within half an hour after the release of the announcement, the search volume for outbound flight tickets and overseas hotels reached a three-year high (*Source: Khmer Times, 21 January 2023*). Cambodia is among the top five most sought after outbound travel destination by Chinese tourists (*Source: China Pengpai News, 20 January 2023*).

(c) Positive Recovery Trajectory in Cambodia

With the full resumption of socio-economic activities in Cambodia, the government has been cautious as it lifted restrictions gradually and closely monitored the situation. High vaccination rates, along with managing the pandemic situation and reopening borders, resulted in the gradual recovery of economic activities in key sectors (*Source: Xinhua, 3 November 2022*). The IMF acknowledges that Cambodia is one of the most vaccinated countries in ASEAN as well as globally (*Source: Khmer Times, 31 October 2022*). The successful vaccination campaign leading to strong herd immunity and effectiveness of the implementation of the Roadmap for Cambodia Tourism Promotion and Recovery Plan during the pandemic, and post-pandemic helped Cambodia's tourism sector recover soundly to-date (*Source: Khmer Times, 4 November 2022*). Despite success in containing the outbreak at minimal levels, the Ministry of Health of Cambodia is still actively administering vaccination campaigns and urging the public to comply with preventive measures to prevent the spread of the virus and to protect lives (*Source: Khmer Times, 24 November 2022*).

Cambodia's economy recovered well in 2022 with GDP growing by 5.5% in 2022 (*Source: Khmer Times, 3 January 2023*). In addition, according to the World Bank, despite a less favourable global outlook, the recovery in Cambodia has gained momentum on the back of continued resilient garment, travel goods, and footwear exports since the second quarter of 2022. Meanwhile, the services sector, in particular the travel and tourism industries, has also improved as the strategy of "living with COVID-19" introduced in late 2021 paid off. The tourism and hospitality industries are likely to accelerate further, with projected increases in international and domestic tourist arrivals. Total international tourist arrivals steadily improved throughout the Year, reflecting growing investor confidence and investment, including the return of FDI inflows that have helped to sustain economic recovery (*Source: World Bank - Cambodia Economic Update, December 2022*).

(d) FDI Continues to Strengthen Cambodian Economy

Notwithstanding multiple challenges in the global economy, Cambodia is on a trajectory of high growth backed by the continued recovery of tourism and ongoing positive government policies. Since the reopening of the country on 1 November 2021, the resumption of all socio-economic activities has helped Cambodia's economic growth recover steadily and attract added investment in the country. The Ministry of Economy and Finance of Cambodia ("MOEF") has projected Cambodia's GDP would see a robust growth of 5.6% in 2023, attributed to strong external goods demand and the return of the domestic economy to normalcy. Cambodia's economy is on the path of recovery supported by the strength of the manufacturing and export sectors, the gradual recovery in tourism, as well as the recovery of economic activity and domestic consumption (*Source: Khmer Times, 25 January 2023*).

Cambodia remained resilient and continued to be an attractive destination for foreign investments due to its sound political and legal system as well as its liberal investment model. The country follows open market policies, where most sectors are open to foreign ownership through FDI. The swift reopening of the country's borders has not only boosted tourism but also allowed investors back in the country, leading to a surge in FDI. As at the end of 2022, FDI remained robust with a growth rate of 7.5% or worth US\$4.7 billion as compared to 2021. This growth is attributed to investment from China, Japan, Cayman Islands, Thailand and Singapore (*Source: Khmer Times, 7 January 2023*). According to Investment Monitor's 2022 Inward FDI Performance Index, Cambodia performed impressively to place third for FDI into Asia-Pacific after Singapore and New Zealand in 2021 (*Source: Investment Monitor, 28 October 2022*).

According to the General Department of Customs and Excise, in 2022, Cambodia exported US\$22.5 billion worth of goods, up by 16.4% compared to 2021. The top 5 export destinations for Cambodia are the United States, Vietnam, China, Japan and Canada (*Source: Xinhua, 10 January 2023; General Department of Customs and Excise – Trade Balance Statistics by Top 20 Countries, 10 January 2023*). According to the Ministry of Commerce ("MOC"), the Regional Comprehensive Economic Partnership ("RCEP") and the Cambodia-China Free Trade Agreement ("CCFTA") have significantly contributed to accelerating Cambodia's economic recovery. Both trade agreements have contributed significantly to trade facilitation, business and investment promotion, improvement of citizen's livelihood and economic development (*Source: Khmer Times, 25 August 2022*). In addition, the Cambodia-Korean Free Trade Agreement ("CKFTA") entered into force in early December 2022 and is expected to notably increase trade volume between Cambodia and South Korea. The bilateral trade between Cambodia and South Korea reached US\$778.9 million in 2022, up 0.6% YoY (*Source: General Department of Customs and Excise – Trade Balance Statistics by Top 20 Countries, 10 January 2023*). Moreover, Cambodia and Japan recently announced an agreement to elevate their relations to a comprehensive strategic partnership. This enhanced bilateral cooperation is expected to benefit investors and businesses in Cambodia, strengthening long term economic partnerships and building strong political relations with Japan (*Source: Khmer Times, 16 November 2022*). According to the Council for the Development ("CDC"), Cambodia approved fixed investment projects worth over US\$4.7 billion in 2022, up 7% YoY. The CDC will continue its mission to attract more investments through participation in the preparation and implementation of policies, laws and regulations related to the modernization of investment project registration (*Source: Khmer Times, 9 January 2023*).

(e) Environmental, Social and Governance (ESG) Performance

NagaWorld Kind Hearts (the Company's corporate social responsibility ("CSR")) is a grassroots initiative with long term contribution towards the betterment of communities in Cambodia. This CSR arm of NagaWorld has conducted more than 620 programmes to date focusing on education enhancement, community engagement, sports development and care of the environment.

Education is important to every child's development - both mentally and socially. In October 2022, NagaWorld Kind Hearts successfully completed a Memorandum of Understanding (MOU) for two school outreach programmes lasting two years (from 2020 to 2022). This milestone saw nearly 50,000 students at 60 primary schools across 12 provinces receive much needed writing books and pens, while outstanding students received new school bags. In addition, the Company's Fire Safety Awareness sessions were delivered to over 30,000 students at more than 50 secondary and high schools, with a total of 106 fire extinguishers being donated to the schools in tandem.

NagaWorld continued its tradition of supporting 'excellence in sports' by providing cash awards to Cambodia's delegation of Gold Medal winners at the 2021 Southeast Asian Games in Vietnam. A total of US\$88,000 in cash incentives was handed over during a ceremony as part of NagaWorld's "Go For Gold" sponsorship agreement with the National Olympic Committee of Cambodia. In relation to this, NagaWorld also collaborated with the State Secretariat for Civil Aviation (SSCA) to promote the development of sports in Cambodia through a sponsorship of charter flights for Cambodian athletes at the 11th ASEAN Para Games.

Together with Little Green Spark - a zero-waste and eco-consulting firm - in collaboration with the Company's OSHA department, NagaWorld Kind Hearts organised an Environmental Sustainability Workshop, Best Practices to Reduce Waste. Its aim was to raise awareness of the negative impact of waste, including single-use plastics. The Workshop was attended by 93 NagaWorld employees and 22 representatives from an NGO in Phnom Penh.

NagaWorld believes in protecting the environment, and values the importance of waste pollution and prevention as well as resource conservation - which is essential to a sustainable environment. In support of the government's efforts to create a cleaner, healthier and tourist-friendly destination for Cambodia, NagaWorld Kind Hearts organised a Community Cleanup Project and participated in the World Cleanup Day 2022. Collectively, a total of more than 900kg of trash was collected from the Chroy Changvar district by employee volunteers.

This year, NagaWorld's CSR initiatives were recognized and honored with eight regional and international awards, including the prestigious International Business Awards (Stevie® Awards) - which is considered to be the Oscars or Emmys of the corporate world.

At the corporate level, the Company clinched top honors and was awarded the coveted Most Honored Company by the renowned financial publication *Institutional Investor* for outstanding leadership and investor relations. Within the Gaming & Lodging sector, across all categories, the Company was ranked overall #1 under Small & Mid-Cap and Top 3 under Asia (ex-Japan) including "Best Investor Relations", "Best CEO", "Best CFO", "Best IR Professional", "Best IR Team" and "Best Overall ESG". This recognition is part of *Institutional Investor's* 2022 Asia (ex-Japan) Executive Team rankings which are regarded globally as the financial industry's benchmark for excellence. In addition, the Company was awarded "Best IR Company" (Mid-Cap) at the Hong Kong Investor Relations Association (HKIRA)'s 8th Investor Relations Awards 2022, reflecting high standards in investor relations to the investment community. Furthermore, *The Asset* has also honored the Company's issuance of the 2024 Senior Notes as the Best Bond (Cambodia) at *The Asset* Triple A Sustainable Capital Markets Country Awards 2021, which marked another corporate achievement and recognition from the bond market.

On 19 December 2022, the China Securities Regulatory Commission (CSRC) and the Hong Kong Securities and Futures Commission (SFC) have agreed in principle that the Mainland and the Stock Exchange will further expand the scope of eligible stocks under Stock Connect, the mutual stock market access program between the Mainland and Hong Kong. The eligible stocks (under Southbound trading) will be expanded to include stocks of foreign companies primarily-listed in Hong Kong, which are constituents of Hang Seng Composite Indices and meet relevant criteria. Being a foreign company with primary listing in Hong Kong, and a constituent of Hang Seng Composite MidCap Index, the Company views the expansion of Stock Connect positively. The Company's stock liquidity could improve by gaining access to an enhanced and significant regional investor base, in the event the Company's stock is included in the Southbound trading link of Stock Connect.

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

3.2 BUSINESS REVIEW

Table 1: Performance Highlights

For the Year and comparative prior year:

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Mass Market: Public Floor Tables		
– Buy-ins	1,066,820	431,494
– Win rate	19.1%	15.4%
– Revenue	203,809	66,463
Mass Market: EGM		
– Bills-in	2,317,740	722,665
– Win rate	7.5%	8.4%
– Revenue	124,315	43,986
Non Mass - Premium Market		
– Rollings	2,925,041	1,210,302
– Win rate	3.8%	4.0%
– Revenue	91,406	48,684
Non Mass - Referral VIP Market		
– Rollings	1,243,822	2,511,293
– Win rate	2.1%	2.6%
– Revenue	26,351	64,366
Gross Gaming Revenue	445,881	223,499
Net Gaming Revenue	393,041	155,383

Mass Market (Public Floor Tables and EGM)

During the Year, the Company observed a gradual growth in the Mass Market business volumes for Public Floor Tables and EGM which increased by 147.2% and 220.7% YoY respectively. The increase in business volumes was partially attributed to the reasonably sized expatriate community and to some extent, visitors from ASEAN patronising NagaWorld in search of entertainment during the Year. With the business environment starting to normalise, the footfall on the Mass Market floor was relatively stable, in particular, the high limit gaming area.

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.

Non Mass - Premium Market

During the Year, Premium Market segment saw a 141.7% increase in rollings to US\$2.9 billion, with a win rate of 3.8%. This translated into a 87.8% increase in Premium Market revenue to US\$91.4 million during the Year.

Non Mass - Referral VIP Market

During the Year, Referral VIP Market business volumes and revenue declined mainly due to the restrictive cross-border travel policies in the Asian region. However, Referral VIP Market business volumes on average daily basis increased by 31.0% from US\$2.9 million for 1H2022 to US\$3.9 million in 2H2022 as the number of international direct flights to Phnom Penh continues to recover.

Non-Gaming - Hotel, F&B and Entertainment

During the Year, non-gaming revenue increased significantly by 528.2% YoY, which was mainly attributable to increasing patrons since the reopening of business operations on 15 September 2021 and the easing of travel restrictions in Cambodia and other regional countries. This led to higher hotel occupancy rate and footfall to the property.

Revenue and Gross Profit Analysis

Table 2(a)

	Revenue		Gross Profit		Gross Profit Margin
	US\$'m	%	US\$'m	%	%
2022					
Mass Market	328.1	71	293.7	78	90
Non Mass - Premium Market	91.4	20	63.8	17	70
Non Mass - Referral VIP Market	26.4	6	6.2	2	23
Non-Gaming	14.8	3	12.3	3	83
Total	460.7	100	376.0	100	82

Table 2(b)

	Revenue		Gross Profit		Gross Profit Margin
	US\$'m	%	US\$'m	%	%
2021					
Mass Market	110.4	49	100.8	70	91
Non Mass - Premium Market	48.7	22	29.6	21	61
Non Mass - Referral VIP Market	64.4	28	11.2	8	17
Non-Gaming	2.4	1	1.9	1	79
Total	225.9	100	143.5	100	64

The Group recorded a gross profit of US\$376.0 million for the Year. The overall gross profit margin was 82% (2021: 64%) as a result of higher percentage contribution from the Mass Market segment. Mass Market continued to maintain a high gross profit margin of 90% (2021: 91%).

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

Administrative and other operating expenses before impairment losses, depreciation and amortisation were US\$137.6 million during the Year, representing an increase of US\$6.0 million or 4.5% YoY, in line with the increase in business volumes in FY2022. With improvements in operating efficiencies and rigorous financial discipline, the Group has been able to keep its operating costs reasonably low despite higher business volumes.

Finance Costs

During the Year, the Group incurred finance costs, after interest capitalisation, of US\$24.3 million (2021: US\$37.1 million) for the interest expenses and transaction costs relating to the 2024 Senior Notes (detailed in Note 15).

Net Profit/(loss)

Net profit attributable to the Shareholders, or net profit, was US\$107.3 million (2021: net loss of US\$147.0 million) for the Year. Net profit margin for the Year was 23.3% (2021: net loss margin 65.1%).

Basic earnings per share was US cents 2.45 (HK cents 18.99) for the Year and basic loss per share was US cents 3.36 (HK cents 26.04) (Restated) for the year 2021.

3.3 FINANCIAL REVIEW

Pledge of Assets

In December 2014, in accordance with the terms of the Investment Agreement in respect of development of an integrated resort in Vladivostok, Russia, the 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 the Promissory Notes were subsequently issued to provide collateral for the issuance of a bank guarantee from the same bank 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 MOEF. Additional obligation payments (if any), other than those paid during prior years, are subject to the future development in this matter and instructions from the MOEF. Other than the additional obligation payments, there were no other contingent liabilities as at 31 December 2022.

Exchange Rate Risk

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

Issue of New Shares

On 29 September 2022, the Company issued 41,128,313 ordinary shares under the scrip dividend scheme for 100% of the payment of the 2022 interim dividend. The market value for calculating the number of scrip shares allotted to the Shareholders pursuant to the scrip dividend scheme was US cents 77.1 per share (or HK cents 597.4 per share), which was the average of the closing prices per share of the Company on the Stock Exchange for the 5 consecutive trading days up to and including 16 September 2022.

Liquidity, Financial Resources and Gearing

All figures quoted in this section are as at 31 December 2022, unless stated otherwise.

The Group had total cash and bank balances, restricted bank balance and fixed deposits of US\$175.2 million (31 December 2021: US\$125.1 million). The cash and bank balances, restricted bank balance and fixed deposits were mainly denominated in US\$.

The Group had net current assets of US\$31.3 million (31 December 2021: US\$42.3 million). The Group had net assets of US\$1.8 billion (31 December 2021: US\$1.6 billion).

The Group had outstanding 2024 Senior Notes with carrying amount of US\$468.8 million (31 December 2021: US\$543.0 million).

The Group's gearing ratio calculated as total debts less cash and bank balances, restricted bank balance and fixed deposits divided by equity was 15.9% (31 December 2021: 25.3%).

Capital and Reserves

As at 31 December 2022, the capital and reserves attributable to owners of the Company was US\$1.8 billion (31 December 2021: US\$1.6 billion).

Employees

As at 31 December 2022, the Group employed a total work force of 6,398 (31 December 2021: 6,181), stationed in Cambodia, China, Hong Kong, Malaysia, Singapore, Thailand, the United States and Russia. The remuneration and staff costs for the Year were US\$87.4 million (2021: US\$69.5 million).

Employee Benefits

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

Trade Receivables and Credit Policy

The Group continues to monitor changes in trade receivables. Net trade receivables decreased from US\$39.6 million to US\$9.1 million during the Year.

During the Year, the Group prudently made provision for impairment loss of US\$2.4 million (2021: US\$2.0 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 Year, the credit policy for gaming receivables was five to thirty days from end of tour while the credit policy on non-gaming receivables remained as thirty days from end of month.

Significant Investments Held and Material Acquisitions of Subsidiaries

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

Non-IFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with the IFRS, the Company also assesses the operating performance based on a measure of earnings before interest, tax, depreciation and amortisation (the "EBITDA") as an additional financial measure. We believe that such non-IFRS 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 and therefore may not be comparable to similar financial information presented by other issuers. The use of such non-IFRS 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.

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

	2022	2021
	US\$'000	US\$'000
Profit/(loss) attributable to owners of the Company	107,254	(147,022)
Income tax	212	6,274
Finance costs	24,256	37,142
Depreciation		
– Own assets	105,330	110,766
– Right-of-use assets	5,647	5,689
Amortisation of casino licence premium	2,717	2,717
EBITDA	245,416	15,566

Events after Reporting Year

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

3.4 PROJECT UPDATES AND PROSPECTS

Update on Naga 3

The following are some brief progress updates:

- a) **Piling Works** – Overall piling works are at 96% completion, target full completion by the end of February 2023.
- b) **Basements and Ground Floor Construction** – Basements and ground floor construction for Tower 3 section is nearing completion, while Tower 1 section has reached basement 4 now (top-down construction, ground floor, basements 1-3 are in various stages of completion). Upon full completion of Tower 2 basements and ground floor at mid-2023, main building works for Tower 1 and Tower 3 shall commence. Tower 2 and podium section of basements and ground floor shall be completed in the fourth quarter of 2023.
- c) **Main Building Works** – Main building works package construction shall commence from mid-2023 upon full completion of basements and ground floor for Tower 1 and Tower 3 sections.

Update on the Investment Project in Vladivostok

As disclosed in the announcement of the Company dated 3 March 2022, the Company has suspended its performance under the investment agreement in respect of the Group's gaming and resort project in Vladivostok (the "**Project**") due to force majeure event. Hence, the development of the Project has been suspended indefinitely until the circumstance is clearer.

Prospects

In light of China's easing of its COVID-19 restrictions including travel restrictions, global tourism is expected to be revitalized. Cambodia stands to benefit from this easing; in 2019, the country received more than 2.3 million Chinese visitors, accounting for 35.7% of international tourist arrivals (*Source: Khmer Times, 11 January 2023*). According to the Prime Minister of Cambodia, the reopening of China's borders will invigorate the kingdom's economy and tourism sector. Flight frequency between the two nations will increase and Cambodia is projecting 1 million Chinese tourists in 2023, a tenfold increase from 2022 (*Source: Khmer Times, 11 January 2023*). We believe the Company will benefit from the expected surge of Chinese business arrivals and tourists visiting Cambodia.

Despite the global economy facing unprecedented challenges, including geopolitical risks, high inflation and uncertainty in the financial market, the IMF expects Cambodia's economic growth to be robust in 2022, as well as the next few years, supported by various bilateral FTAs and high vaccination coverage (*Source: Khmer Times, 29 October 2022*). The NBC has projected that Cambodia is expected to see around 6% economic growth in 2023 (*Source: Macroeconomic and Banking Sector Development in 2022 and Outlook for 2023, NBC, 6 January 2023*). Cambodia's economy recovered well from the impact of COVID-19 in 2022, with a better business operating environment expected for 2023, despite headwinds, thanks to rising global demand, foreign investor confidence, and a full reopening of borders. As Cambodia shows strong economic recovery, which is expected to continue to expand at a robust pace, the effect could result in increasing business migration to Cambodia with growing business opportunities and investment in Cambodia. The Company will be well positioned to capitalize on and benefit from this rising wave of business migration.

Since the RCEP entered into force on 1 January 2022, it has helped promote the growth of commerce, trade and investment in the ASEAN region, as well as contributing to a sustainable and inclusive economic recovery. Cambodia is one of the global supply chains that boosted exports to RCEP countries, accounting for US\$6.3 billion in 2022, up 7% YoY (*Source: Khmer Times, 18 January 2023*). China is also a key trade partner of Cambodia with growing investment in fostering regional economic development. The trade volume between Cambodia and China was US\$11.7 billion in 2022, an increase of 4.4% YoY, representing 22.3% of Cambodia's total global merchandise trade for the Year, which was worth US\$52.4 billion (*Source: Khmer Times, 15 January 2023*). The solid relationship with China has provided impressive benefits to Cambodia's socio-economic development. Cambodia's ties with China for bilateral trade continue to be on a positive trajectory, with at least 10 important new agreements signed in 2022. Moreover, to strengthen the two nations' bilateral relations, the Prime Minister of Cambodia is scheduled to pay a state visit to China in February 2023 for talks on new infrastructure projects in Cambodia (*Source: Phnom Penh Post, 2 & 3 January 2023*). The Company believes that RCEP supports Cambodia's economy in the long term as it encourages more investments and business migration that resulted in an increase in foreign visitations to Cambodia. The relocation of foreign visitors to Cambodia is building up the local expatriate community living in Cambodia and visiting NagaWorld in search of entertainment. Moreover, Cambodia is viewed as having one of the fastest economic growth rates in the world for over two decades, coupled with a rising young population and is rapidly becoming an attractive investment destination.

The Group continues to focus on the execution of its development of Naga 3 project. It is expected that the combined complex of NagaWorld (Naga 1, Naga 2 and Naga 3) will have approximately 5,000 hotel rooms, 1,300 gaming tables, 4,500 EGMs and many other non-gaming attractions. Approximately 93% of Naga 3's gross floor area will feature non-gaming offerings, which is in line with the Group's long term strategy of offering a comprehensive suite of lifestyle products and services. Naga 3's long term strategy is the continuation of Naga 2's success. The Company is committed to developing and completing the Naga 3 project to stimulate and enhance Cambodia's tourism industry. Given the uniqueness of its casino monopoly in the heart of a capital city, the combined complex of NagaWorld is expected to position the Group as one of the most sizable riverine integrated resorts and entertainment centres in the Asia Pacific region.

Looking ahead, given the upward trajectory of recovery in Cambodia with the large influx of business migration and FDI into the country, as well as the government efforts of tapping into more bilateral FTAs, Cambodia is expected to attract more international tourist arrivals and business-related travelers, especially from China and ASEAN countries. The Company is optimistic about the recovery of the tourism sector and believes that the long term prospects and outlook will remain stable.

PART 4 - COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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 14 to the Listing Rules for the Year.

PART 5 - 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 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 enquiry, the Company confirms that the Directors have complied with the required standard set out in the Model Code regarding securities transactions by Directors for the Year.

PART 6 - AUDIT COMMITTEE

The final results for the Year have been reviewed by the audit committee of the Board, 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.

PART 7 - INTERIM AND FINAL DIVIDEND

The Board recommends the payment of final dividend (the “**Final Dividend**”) of US cents 0.75 per share (or equivalent to HK cents 5.81 per Share) for the Year to Shareholders whose names appear on the Company’s register of members on 28 April 2023 by way of scrip shares without offering any right to Shareholders to elect to receive such dividend in cash in lieu of such allotment (the “**Scrip Dividend Scheme**”). This represents a payout ratio of approximately 60% based on the net profit generated for 2H2022. Subject to the satisfaction of the conditions set out below, it is expected that the certificates for the scrip shares will be posted to the Shareholders at the risk of those entitled thereto on or about 16 May 2023. Dealings in the scrip shares on the Stock Exchange are expected to commence on or about 17 May 2023.

The Scrip Dividend Scheme is subject to (1) the approval of the Scrip Dividend Scheme at the annual general meeting of the Company to be held on 21 April 2023 (the “**2023 AGM**”); and (2) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the new shares to be issued by the Company pursuant thereto. A circular giving full details of the Scrip Dividend Scheme will be despatched by the Company to the Shareholders on or around 24 March 2023.

The proposed Final Dividend together with the interim dividend for the six months ended 30 June 2022 of US cents 0.73 per share (or equivalent to HK cents 5.66 per Share) paid on Thursday, 29 September 2022, amounts to a total dividend declared for the Year of US cents 1.48 per Share (or equivalent to HK cents 11.47 per Share).

Advantage of the Scrip Dividend Scheme

The Scrip Dividend Scheme will reward our long term Shareholders for their continuous support of the Company in particular during the difficult COVID-19 period. The Scrip Dividend Scheme will also benefit the Company to the extent that such cash which would otherwise have been paid to eligible Shareholders in the form of cash dividends will be retained by the Company.

Furthermore, the Scrip Dividend Scheme will improve the trading liquidity in the Company’s shares and give the Shareholders an opportunity to increase their investment in the Company at market value without incurring brokerage fees, stamp duty and related dealing costs. Accordingly, the Board considers that the Scrip Dividend Scheme is in the interests of the Company and its Shareholders as a whole.

PART 8 - CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the following entitlements:-

1. 2023 AGM

The register of members of the Company will be closed from Tuesday, 18 April 2023 to Friday, 21 April 2023, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the 2023 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 17 April 2023.

2. Proposed Final Dividend

The register of members of the Company will be closed on Friday, 28 April 2023, on which no transfer of shares will be registered. The ex-dividend date will be Wednesday, 26 April 2023. In order to qualify for the Final Dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited located at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 27 April 2023.

PART 9 - PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year, the Company repurchased 2024 Senior Notes of an aggregate principal amount of US\$77,845,000 with the purchase price from 91.83% to 92.10% in total amount of US\$73,003,000 via open market purchases and tender offer. The repurchased 2024 Senior Notes had been cancelled. Please refer to the announcements of the Company dated 12 August 2022, 31 August 2022, 9 September 2022, 23 September 2022, 30 September 2022, 7 October 2022, 14 October 2022, 4 November 2022, 14 November 2022 and 17 November 2022 for details about the partial repurchase of the 2024 Senior Notes during the Year. Following cancellation of the repurchased 2024 Senior Notes, US\$472,155,000 in aggregate principal amount of the 2024 Senior Notes remains outstanding.

Save as disclosed above, 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.

PART 10 - 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 annual report of the Company for the Year containing, among others, the annual financial information of the Group will be despatched to the Shareholders and published on the above websites in due course.

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

Hong Kong, 8 February 2023

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

For the purpose of this announcement, amounts denominated in US\$ have been converted to HK\$ and RUB at the respective exchange rates of US\$1.0 to HK\$7.75 (as at 31 December 2021: HK\$7.75) and US\$1.0 to RUB70.34 (as at 31 December 2021: RUB74.29).