



NAGACORP

金界控股有限公司



2023
INTERIM REPORT

NAGACORP LTD.// 金界控股有限公司
(Incorporated in Cayman Islands with limited liability)
STOCK CODE: 3918

ពិធីប្រគល់ស្រោចសំបុត្រ និងការលើកកម្ពស់ការយល់ដឹង
ថ្ងៃព្រហស្បតិ៍ ០១ កើត ខែបុស្ស ឆ្នាំឆ្លូវ គ្រឿង
រាជធានីភ្នំពេញ ថ្ងៃទី០៣ ខែមករា ឆ្នាំ២០២២
PRESENTATION CEREMONY FOR 2019 ACTIVITIES
FIRE SET DISTRIBUTION & FIRE SAFETY AWARENESS PH
PHNOM PENH, 03 JANUARY 2022



អង្គការ ឱបស៊ីស្តូស៊ីស ខ្មែរ និងសមាជិកស្ថាប័ន
AND SEA GRABER & PARA BODIES ATHLETES & BELLARIES
ក្នុងក្រុង រាជធានីភ្នំពេញ



NAGAWORLD
金界





2023
HAPPY NEW YEAR

NAGAWORLD
金界

NAGAWORLD

STEVE
AWARDS

NAGAWORLD
金界



ប្រឡងប្រកួតប្រជែង
ដើម្បីជួយសម្របសម្រួលជីវិត
LET'S PLANT A TREE
FOR A DISABLED CHILDREN

Beyond The Games
សម្រាប់កុមារដែលមានការពិការភ្នែក

សម្រាប់កុមារដែលមានការពិការភ្នែក

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CORPORATE INFORMATION

NagaCorp Ltd. (“NagaCorp” or the “Company”, together with its subsidiaries, the “Group”) is the largest hotel, gaming and leisure operator in Cambodia. The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (SEHK: 3918) since 2006. NagaCorp was the first company with operations in Cambodia to become a publicly listed entity and the first gaming-related company traded on the Stock Exchange. Our flagship, NagaWorld, is Phnom Penh’s only integrated hotel and entertainment complex and we enjoy a 70-year casino licence that will run until 2065, as well as an exclusive rights to operate casinos within a 200-km radius of Phnom Penh (except the Cambodia-Vietnam border area, Bokor, Kirirom Mountains and Sihanoukville) that expires in 2045.

Board of Directors

Executive Directors

Tan Sri Dr Chen Lip Keong (*Senior Chief Executive Officer*)
Philip Lee Wai Tuck (*Executive Deputy Chairman*)
Chen Yiy Fon (*Chief Executive Officer - Operations*)

Non-executive Director

Timothy Patrick McNally (*Chairman*)

Independent Non-executive Directors

Lim Mun Kee
Michael Lai Kai Jin
Leong Choong Wah

Audit Committee

Lim Mun Kee (*Chairman*)
Michael Lai Kai Jin
Leong Choong Wah

Remuneration Committee

Michael Lai Kai Jin (*Chairman*)
Tan Sri Dr Chen Lip Keong
Lim Mun Kee
Leong Choong Wah

Nomination Committee

Michael Lai Kai Jin (*Chairman*)
Tan Sri Dr Chen Lip Keong
Lim Mun Kee
Leong Choong Wah

AML Oversight Committee

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

Company Secretary

Lam Yi Lin

Authorised Representatives

Philip Lee Wai Tuck
Lam Yi Lin

Independent Auditor

BDO Limited (*Registered Public Interest Entity Auditors*)

Solicitors

Ashurst Hong Kong (*as to Hong Kong Laws*)

Principal Banker

CIMB Bank Plc

INVESTOR RELATIONS

We acknowledge the importance of maintaining communication with the shareholders of the Company (the “Shareholders”) and investors through channels like annual reports, interim reports, press releases and announcements. Our interim reports contain details of financial and other information about the Company’s activities. We welcome enquiries about the Company’s activities and will handle them in a timely fashion.

Listing

The Company’s shares of US\$0.0125 each (the “Shares”) have been listed on the Main Board of the Stock Exchange since 19 October 2006.

2023 Interim Report

This interim report, in both English and Chinese, is available in printed form and on the website of Hong Kong Exchanges and Clearing Limited (“HKEx”) at www.hkexnews.hk and on the website of the Company at www.nagacorp.com.

Stock Code

3918

Registered Office

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

Principal Place of Business in Cambodia

NagaWorld
Samdech Techo, Hun Sen Park
Phnom Penh, 120101
P.O. Box 1099 Phnom Penh
Kingdom of Cambodia
Tel: +855 23 228822 Fax: +855 23 225888

Principal Place of Business in Hong Kong

Suite 2806, 28/F
Central Plaza
18 Harbour Road
Wanchai, Hong Kong
Tel: +852 2877 3918 Fax: +852 2523 5475

Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

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

Senior Chief Executive Officer

Tan Sri Dr Chen Lip Keong

Chief Executive Officer - Operations

Chen Yiy Fon

Chief Executive Officer - Finance and Treasury

Chen Cherchi

Chief Executive Officer - Hotels

Chen Yiy Hwuan

Chief Financial Officer

Cheung King Man

Head of Investor Relations

Gerard Chai, *Managing Director*

Investor Relations (North America and Europe)

Kevin Nyland, *Vice President*

Company Website

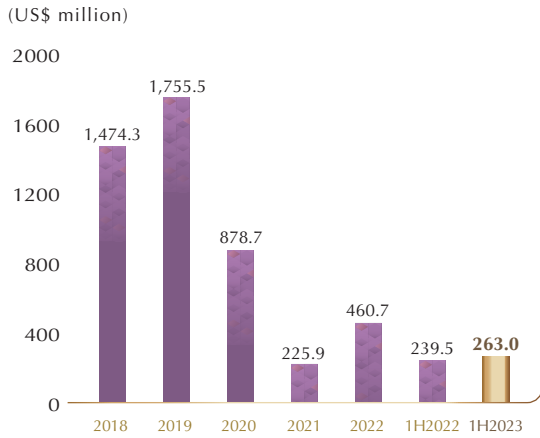
www.nagacorp.com

Share Information

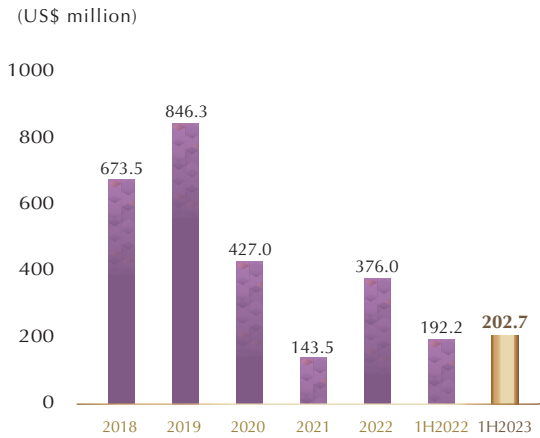
Board lot: 2,000 Shares
Issued Shares as at 30 June 2023:
4,422,990,160 Shares

FINANCIAL HIGHLIGHTS

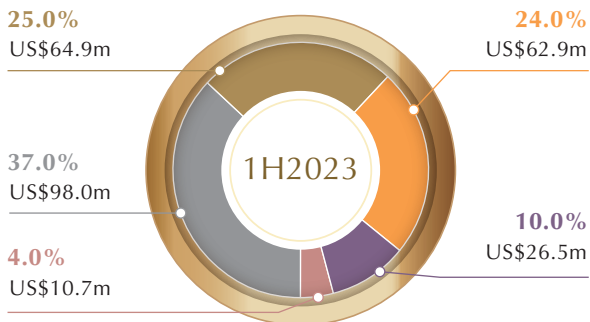
Revenue



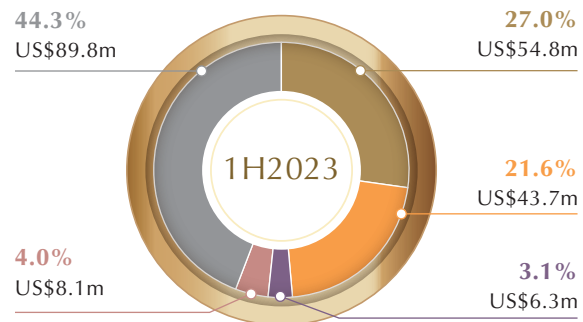
Gross Profit



Revenue (US\$263.0 million)

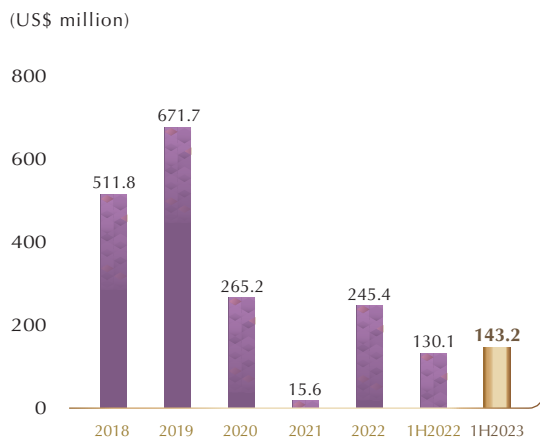


Gross Profit (US\$202.7 million)

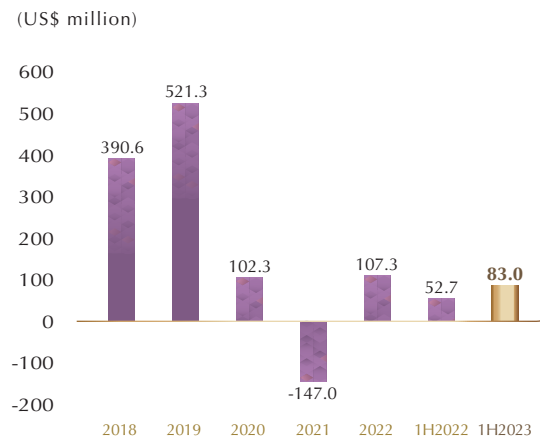


- Mass Market:
Public Floor Tables
- Mass Market:
Electronic
Gaming
Machines
- Premium VIP
Market
- Referral VIP
Market
- Non-Gaming
Market

EBITDA



Net Profit



CHAIRMAN'S STATEMENT



Timothy Patrick McNally
Chairman

Dear Shareholders,

We are pleased to report that NagaCorp continued to see business recovery and generated positive operational and financial results for the Shareholders during the six months ended 30 June 2023 (the "Period" or "1H2023") with net profit of US\$83.0 million and earnings before interest, tax, depreciation and amortization ("EBITDA") of US\$143.2 million. We continue to build momentum across our business, giving us a sustained level of business volume recovery after the effects of COVID-19. The gradual recovery of our business and resiliency of our earnings in the face of major market disruptions place NagaCorp as one of the leading regional gaming companies in achieving profitability during a very challenging period.

Our relatively stable business volumes and operational results are attributed to the following:

Continuing Business Recovery and Growth Trajectory

Amidst a recovery from the effects of COVID-19, Chinese and ASEAN arrivals for business and investment purposes have

continued to increase, further reinforcing business migration into Cambodia. NagaWorld continues to be a beneficiary of this continued business migration from China and other Asian countries. This influx of foreign capital and increased expatriates into Cambodia help sustain our market as we continue to benefit from the growing domestic captive market in Cambodia which has proven to be a self-sustaining business.

International Arrivals and Direct Flights into Cambodia Continue to Increase

Despite the travel and tourism sector remaining subdued globally, Cambodia received a total of 2.2 million international arrivals in the first 5 months of 2023, compared to 2.9 million arrivals in the pre-pandemic period of January to May 2019. This represents an encouraging recovery rate of 75%. Of this first 5 months total, 430,119 visitors were international business-related travellers. The positive impact of international arrivals remains in sight as the economy continues its recovery amid Cambodia's fully resumed socio-economic activities. This steady flow of international arrivals into the country also provides increasing foot traffic into NagaWorld.

CHAIRMAN'S STATEMENT

The revival of the global tourism industry appears promising, and Cambodia is showing a substantial recovery in its tourism sector. The continuous influx of international tourist arrivals has been contributing to the socio-economic activities in all sectors.

Foreign Direct Investment Continues to Support the Cambodian Economy and Growth

While global uncertainties remain in place, Cambodia continues to be one of the most favourable investment destinations for foreign investors and businesses, boosted by inflows of foreign direct investment ("FDI"). According to the Council for Development, Cambodia attracted investment projects worth US\$1.1 billion in the first half of 2023, with China, as a joint strategic partner of Cambodia, being the top foreign investor contributing to almost two-thirds of total FDI. FDI inflows into Cambodia grew rapidly over the past decade and remained relatively resilient even through the pandemic period. The Cambodian government has continuously implemented reforms to overcome challenges and attract more FDI to serve the goal of sustaining growth and supporting the development of the country.

Sustainability and Environmental, Social and Governance Performance

NagaWorld Kind Hearts (the Company's corporate social responsibility ("CSR") arm) is a company initiative with long term contribution towards the betterment of communities throughout Cambodia. This CSR arm has conducted more than 630 programmes to date focusing on education enhancement, community engagement, sports development and the promotion of sound environmental practices.

We believe that education is fundamental to Cambodia's continued growth and NagaWorld Kind Hearts has continuously conducted initiatives over the past two years that help further children's education, by providing study materials and other educational sessions to schools around Cambodia. NagaWorld Kind Hearts' notable contributions and positive impact on the education sector in Cambodia have been recognised by the Cambodia Ministry of Education, Youth and Sport by presentation of Certificates of Appreciation and medals to NagaWorld.

NagaWorld recognises that our responsibility extends beyond our immediate communities, and actively working towards achieving the United Nations' Sustainable Development Goals in Cambodia. Through our robust environmental, social and governance ("ESG") initiatives, we have aligned our efforts with the government's vision for sustainable development. This includes being involved and supporting key milestones such as Cambodia's role as host nation for the 2022 ASEAN Summit and the 2023 Southeast Asian Games ("SEA Games"). We remain steadfast in our commitment to creating a better future for all, and we look forward to continued progress towards this important goal.

Expansion of Stock Connect Improves Stock Liquidity

On 3 March 2023, HKEx announced the expansion of eligible stocks under the Stock Connect programme, enabling eligible shares of international companies that are primary-listed in Hong Kong to be included in Southbound trading. We are delighted to be included in the Stock Connect programme and the inclusion will allow Chinese mainland investors to trade the Company's stock on both the Shanghai Stock Exchange and the Shenzhen Stock Exchange. Being the only foreign gaming operator eligible for the Southbound trading, we believe our stock liquidity will further improve by gaining access to the enormous pool of domestic investors on the mainland and grow international presence at the same time.

Resilient, Solid Strategy for Growth

For the first half of the year, we see continued growth in all operational business segments, producing an upward trajectory in revenue, net profit and EBITDA. Specifically, we continued to see a steady increase in the Mass Market business, attributable to the reasonably sized expatriate community, visitors from ASEAN and to some extent the recovery of Chinese visitors patronizing NagaWorld in search of entertainment. With the region's business environment starting to normalise, the footfall on the Mass Market areas continue to see a gradual stable increase. We believe the Company's self-sustaining business in a challenging, recovering environment give us a unique advantage and competitive position.

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

The Premium VIP Market business volumes saw a 39.9% year-on-year ("YoY") increase in rollings during the first half of the year, primarily due to visitation of both current expatriates in Cambodia, as well as the faster pace of the Chinese business-related visitation since China re-opened earlier this year.

We will remain focused on these segments for growth and sustained recovery.

During the first half of the year, Referral VIP Market business volumes saw a 75.9% YoY increase in rollings, translating into a 53.5% YoY increase in Referral VIP Market revenue, with increasing headcount from neighboring Southeast Asia ("SEA") countries.

During the first six months of the year, non-gaming revenue increased significantly to 90.3% YoY, primarily due to travellers from the region and China, which led to higher hotel occupancy rates and footfall to the property.

CHAIRMAN'S STATEMENT

In June we announced that in view of the external geopolitical, macroeconomic environment, along with global inflationary factors, the completion date of Naga 3 was extended from September 2025 to September 2029. We are also carefully and seriously considering options for developing Naga 3 to match market conditions, which includes resizing the project.

Looking forward, we believe the market outlook is positive. Cambodia is expected to continue its upward trajectory of recovery with the influx of tourist arrivals, business visitation and expected surge in FDI into the country resulting in an increased number of investors and a growing domestic expat population. The International Monetary Fund ("IMF") expects Cambodia to be among the best performing economies in East Asia this year in the midst of rapid socio-economic recovery. The country's gross domestic product ("GDP") growth is forecasted to be 5.8% for 2023 and 6.2% for 2024. At the same time, Cambodia is expected to attract up to 5 million international tourist arrivals in 2023 and 7 million international tourist arrivals by 2025, surpassing the pre-pandemic level in 2019. The new Phnom Penh international airport will further promote tourism and national economic growth. Approximately 50% of the construction work has been completed and the airport is expected to begin operation by early 2025 as Cambodia prepares for a return of tourism in increasingly large numbers. The new airport will play a key role in boosting Cambodia's economic growth and tourism when it begins operations with new routes and destinations.

We believe that NagaWorld – the only integrated resort in Phnom Penh will benefit from these tourist arrivals, with increasing footfall from customers seeking entertainment and luxurious lifestyle offerings at competitive pricing and value. We remain optimistic on the long term prospects and believe the outlook will remain stable.

Social Responsibility

For many years, NagaCorp has been recognized for its leadership in corporate social responsibility. The first half of 2023 was no different. We will continue our journey of being a good corporate citizen and striving for excellence to uphold our responsible position in the country.

Corporate Governance

NagaCorp has engaged an independent professional party to review the internal controls of the Group with a focus on anti-money laundering on a semi-annual basis. The independent professional party will issue its findings in its reports, details of which will be enclosed in our annual report for the year ending 31 December 2023. The Company has also engaged another professional party, Political and Economic Risk Consultancy, Ltd., to assess the investment risks in Cambodia and its findings are set out in this interim report.

Our Appreciation

The board of directors of the Company (the "Board") would like to express their appreciation to our employees for their hard work and dedication, and to our Shareholders, customers and suppliers for their continued support.

Timothy Patrick McNally
Chairman

Hong Kong, 19 July 2023

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

According to the IMF, the global economy is poised for a gradual recovery from the pandemic with China rebounding strongly following the reopening of its economy. Global inflation is expected to fall from 8.7% in 2022 to 7.0% in 2023 and 4.9% in 2024 (Source: IMF – *World Economic Outlook, April 2023*). Cambodia has maintained strong economic resilience, but still affected by ongoing external factors and upward pressure in global inflation. IMF expects Cambodia to be among the best performing economies in East Asia and the Pacific this year amid rapid socio-economic recovery. The country's GDP growth was forecasted to be 5.8% for 2023 and 6.2% for 2024 (Source: IMF – *World Economic Outlook, April 2023*). Similarly, driven by strong performance from the services sector which is expected to benefit from the expected return of Chinese tourists, the Cambodian economy is projected to expand at a faster pace to grow by 5.7% in 2023 and 6.2% in 2024, according to the ASEAN+3 Regional Economic Outlook ("AREO") 2023 (Source: *AREO 2023, July 2023*).

During the Period, the Group recorded a Net Profit of US\$83.0 million and EBITDA of US\$143.2 million. The relatively stable financial results are attributed to the following:

(a) Continuing Business Recovery and Growth Trajectory

The Company continued to see a positive business recovery during the Period and reported steady YoY growth across key financial metrics. Net Profit increased by 57.4% to US\$83.0 million and EBITDA increased by 10.1% to US\$143.2 million for the

Period compared to the corresponding period last year. Given the Group's relatively stable performance with gradual recovery of visitation from neighbouring countries and strong focus on the captive domestic market, the Company recorded an EBITDA margin of 54.4% during the Period. gross gaming revenue ("GGR") also grew by 7.9% YoY. The Group continued stringent cost control measures and operational efficiency initiatives, resulting in a higher profit margin.

The positive results were mainly attributable to business volumes growth across all business segments. The average daily business volumes for Mass Market continued to improve from US\$9.8 million for the three months ended 31 March 2023 ("1Q2023") to US\$10.1 million for the three months ended 30 June 2023 ("2Q2023"), representing a sequential growth of 3.7%. For the Premium VIP Market, average daily rollings in 1Q2023 was US\$10.8 million, representing a 8.6% sequential growth to US\$11.8 million in 2Q2023. Average daily rollings for the Referral VIP Market in 2Q2023 was US\$6.1 million, representing a 40.9% sequential increase as compared to 1Q2023. In 2Q2023, the average daily business volumes of both Mass Market and Premium VIP Market have recovered to 83.9% and 97.9% respectively, compared to the financial year ended 31 December 2019 (peak pre-pandemic year). Both the Mass Market and Premium VIP Market collectively contributed about 90% and 93% of the Company's total GGR and Gross Profit for the Period respectively. This steady recovery in business volumes were largely

MANAGEMENT DISCUSSION AND ANALYSIS

driven by continued tourism recovery in Cambodia from ASEAN and the gradual return of business travellers from China, driving increased footfall to NagaWorld. NagaWorld continues to benefit from the growing domestic captive market in Cambodia which has proven to be a self-sustaining business, with recurring visitation to the property during the Period.

(b) **Continuing Influx of International Tourist Arrivals and Revival of Direct Flights Connectivity**

The revival of the global tourism industry appears promising, and Cambodia is showing a substantial recovery in its tourism sector. The continuous influx of international tourist arrivals has been contributing to the socio-economic activities in all sectors. For the period from January to May 2023, total international arrivals to Cambodia amounted to 2.2 million visitors compared to 2.9 million in the pre-pandemic period of January to May 2019. This represents an encouraging recovery rate of 75% (*Source: the Ministry of Tourism of Cambodia ("MOT")*).

According to Bloomberg data, in the 1Q2023 compared to the pre-pandemic period in 2019, Cambodia, with a Chinese tourism recovery rate of 19%, is still leading other preferred Asian (excluding Hong Kong and Macau) destinations such as Thailand (17%), Singapore (13%), South Korea (8%) and Japan (7%). What is of significance to the Group is that out of the total Chinese visitations to Cambodia of 227,747 for the period from January to May 2023, 76% of these were business-related visits.

With a promising outlook, Cambodia is expected to attract up to 5 million international tourist arrivals in 2023 including up to 1 million Chinese tourists and 7 million international tourist arrivals by 2025, surpassing the pre-pandemic level in 2019 (*Source: Khmer Times, 5 July 2023*).

A majority of airlines have resumed direct flights to Cambodia. As of 17 July 2023, weekly international direct flights to Cambodia stood at 444, including 341 from SEA (including Korea and Japan) and 103 from Greater China cities such as Guangzhou, Shenzhen, Shanghai, Kunming, Xiamen, Beijing, Nanning, Chengdu, Changsha, Zhengzhou, Haikou, Taipei, Macau and Hong Kong (*Source: Cambodia airports, airlines websites, Company internal data*). Based on this, total direct weekly flights from SEA (including Korea and Japan) and Greater China have recovered to about 71% and 25% respectively compared to pre-pandemic in 2019. According to the Minister of the Civil Aviation Secretariat of Cambodia, Cambodia-China civil aviation relations is planning to raise the number of direct flights between the two countries to at least 300 per week to promote the development of tourism (*Source: Phnom Penh Post; Jian Hua Daily, 26 April 2023*).

Cambodia has been following the World Tourism Organization's guidance and has developed action plans and implemented several strategies to attract tourists from China. This includes the "China Ready" strategy, which consists of developing and setting up a China Ready Centre, providing language and culture training for officials and staff, preparing Chinese-speaking tour guides, and making available better infrastructure support and improved tourism services. Moreover, in order to make travel to Cambodia easier and attractive for Chinese travellers, Cambodia will allow the use of the Chinese Renminbi at all hotels and restaurants, as well as for all tourism services, which are among a number of measures to welcome Chinese tourists in 2023 (Source: *Khmer Times*, 13 February 2023).

The new Phnom Penh international airport will further promote the aviation sector, which in turn promotes tourism and national economic growth. About 50% of the construction work has been completed and the airport is expected to commence operations by early 2025, as Cambodia prepares for a return of tourism in increasingly large numbers. The new airport will play a key role in boosting Cambodia's economic growth and tourism when it is put into operation with new routes and destinations (Source: *Khmer Times*, 12 July 2023).

(c) **FDI Continues to Support the Cambodian Economy and Growth**

While global uncertainties remain in place, Cambodia continues to be one of the most favourable investment destinations for foreign investors and businesses, boosted by inflows of FDI. According to the Council for Development, Cambodia attracted investment projects worth US\$1.1 billion in the first half of 2023, with China being the top foreign investor accounting for almost two-thirds of the total investment to the country (Source: *Khmer Times*, 12 July 2023). FDI inflows into Cambodia grew rapidly over the past decade and remained relatively resilient even through the pandemic period. The Cambodian government has continuously implemented reforms to overcome challenges and attract more FDI to serve the goal of sustaining growth and supporting the development of the country.

The Regional Comprehensive Economic Partnership ("RCEP") and the Cambodia-China Free Trade Agreement ("CCFTA") have significantly contributed to accelerating Cambodia's economic recovery from the impact of the pandemic. Both trade agreements have contributed significantly to trade facilitation, business and investment promotion, improvement of Cambodian's livelihood and economic

MANAGEMENT DISCUSSION AND ANALYSIS

development. Since the RCEP entered into force in early 2022, it has strongly promoted the integration of value and supply chains, strengthened confidence in regional economic recovery and created a new impetus for trade and investment growth in the region and the world (*Source: Khmer Times, 1 July 2023*). Meanwhile, Cambodia is aiming at more free trade agreements to further boost economic growth, hence Cambodia's economy will continue to benefit from new trade agreements, which promote inward investment and exports (*Source: Khmer Times, 6 February 2023*).

On 25 February 2023, Cambodia was removed from the "Money Laundering Grey List" of the Financial Action Task Force, providing a positive sign for attracting investors and foreign capital inflows (*Source: Khmer Times: 8 March 2023*). The move reflects the Cambodian government's efforts in combating money laundering crimes, terrorist financing and the proliferation of illegal financing in Cambodia. Cambodia's removal from the grey list will make it more attractive to foreign investors, attracting more foreign investment and facilitating the trade of local and international investors in all business sectors.

(d) Sustainability and ESG Performance

At NagaWorld, our commitment to making a positive impact in our communities 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 organized more than 630 activities to date, with the invaluable participation of about 5,600 of our dedicated employees focusing on education enhancement, community engagement, sports development and care of the environment.

NagaWorld recognises that our responsibility extends beyond our immediate communities, and actively works towards achieving the United Nations' Sustainable Development Goals in Cambodia. Through our robust sustainability and ESG initiatives, we have aligned our efforts with the government's vision for sustainable development. We remain steadfast in our commitment to creating a better future for all, and we look forward to continued progress towards this important goal.

MANAGEMENT DISCUSSION AND ANALYSIS

We believe that investing in education is investing in the future of a nation. At NagaWorld Kind Hearts, we are committed to creating sustainable change in our communities through our various CSR initiatives. Launched in 2014, NagaWorld Educational Project of distributing stationery sets has had a significant impact on the lives of Cambodian children. To date, over 167,000 students from more than 115 primary schools across 12 provinces/cities have benefited from our contributions, alleviating the burden of educational expenses for those who cannot afford them. In addition, our partnership with the Ministry of Education, Youth and Sport has conducted fire safety classes at schools to raise awareness about fire safety amongst school children and in our local communities. The Company's Fire Safety Awareness initiative has benefited more than 31,000 participants at government schools, non-governmental organizations ("NGOs") and communities across five provinces in Cambodia, with over 120 fire extinguishers being donated to schools and communities.

NagaWorld maintains its longstanding commitment as a dedicated corporate supporter of Cambodian athletes. NagaWorld was the first company to forge a sponsorship agreement with the National Olympic Committee of Cambodia to provide unwavering backing to the Cambodian contingent in 2011. This agreement encompasses a wide range of major sporting events, including the SEA Games, Asia Games and the Olympics. In conjunction with Cambodia hosting its first ever SEA Games and Para Games, NagaWorld was one of the National Partners and the Official Hotel Resort, as well as sponsoring apparel for athletes and coaches. NagaWorld was also the venue sponsor for Esports, in a show of solidarity with the nation's aspiration for sporting excellence. Spreading the spirit of the SEA Games and Para Games, NagaWorld Kind Hearts continues its unwavering commitment to community engagement by hosting children from seven NGOs for a memorable and educational visit to the vibrantly decorated Samdech Techo Hun Sen Park. NagaWorld Kind Hearts hosted more than 270 teens and children (including children with physical disabilities) from respected NGOs.

MANAGEMENT DISCUSSION AND ANALYSIS

To support the greening of our communities, NagaWorld has promoted awareness of environmental conservation as part of our 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 our planet. Since 2017, NagaWorld has also 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. NagaWorld also collaborated with EcoBatt Energy Cambodia, an electronic waste recycling company, to recycle our used batteries. This initiative educates employees on the negative impacts of improper battery waste management and encourages responsible disposal practices. To date, more than 90kg of battery waste have been recycled.

At the corporate level, the Company has been recognized as a Most Honored Company in the Small & Mid-Cap category and Honored Company in the Asia (ex-Japan) and Asia (ex-Mainland China) categories by the renowned financial publication *Institutional Investor* for outstanding leadership and investor relations, including "Best CEO", "Best CFO", "Best IR Professional", "Best IR Team", "Best IR Program", "Best ESG" and "Best Board of Directors". This recognition is part of *Institutional Investor's* 2023 Asia (ex-Japan) Executive Team rankings 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.

(e) **Expansion of Stock Connect Improve Stock Liquidity**

On 3 March 2023, HKEx announced the expansion of eligible stocks under the Stock Connect programme effective 13 March 2023, enabling eligible shares of international companies that are primary-listed in Hong Kong to be included in Southbound trading. The Company is delighted to be included in the Stock Connect programme and the inclusion will allow Chinese mainland investors to trade the Company's stock in both the Shanghai Stock Exchange and the Shenzhen Stock Exchange. Being the only foreign gaming operator eligible for the Southbound trading, the Company believes its stock liquidity will further improve by gaining access to the enormous pool of domestic investors on the mainland and grow international presence.

BUSINESS REVIEW**Table 1: Performance Highlights**

For the Period and the comparable period of the immediately preceding financial year:

	1H2023	1H2022	Increase/ (Decrease)
	US\$'000	US\$'000	%
Mass Market: Public Floor Tables			
– Buy-ins	549,693	538,836	2
– Win rate	17.8%	19.2%	
– Revenue	98,030	103,294	(5)
Mass Market: electronic gaming machines ("EGM")			
– Bills-in	1,251,857	1,095,277	14
– Win rate	7.5%	7.8%	
– Revenue	64,896	60,607	7
Premium VIP Market			
– Rollings	2,047,303	1,463,421	40
– Win rate	3.7%	4.2%	
– Revenue	62,932	52,681	19
Referral VIP Market			
– Rollings	938,421	533,429	76
– Win rate	2.8%	3.2%	
– Revenue	26,452	17,238	53
GGR	252,310	233,820	8
Net Gaming Revenue	212,363	203,611	4

MANAGEMENT DISCUSSION AND ANALYSIS

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 2.0% and 14.3% 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 a 39.9% YoY increase in rollings to US\$2.0 billion with a win rate of 3.7%. This translated into a 19.5% YoY increase in Premium VIP Market revenue to US\$62.9 million during the Period. The robust increase is in line with the successful conversion of some previous referral VIP players into direct Premium VIP players and the continuing return of business-related travellers to Cambodia since China reopening earlier in the year.

Referral VIP Market

During the Period, Referral VIP Market segment saw a 75.9% YoY increase in rollings to US\$938.4 million with a win rate of 2.8%. This translated into a 53.5% YoY increase in Referral VIP Market revenue to US\$26.5 million during the Period with increasing headcount from neighbouring SEA countries.

Non-Gaming – Hotel, F&B and Entertainment

During the Period, non-gaming revenue increased significantly by 90.3% YoY mainly attributable to the China reopening and other regional countries, which led to higher hotel occupancy rate and footfall to the property.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue and Gross Profit Analysis

Table 2(a)

	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

Table 2(b)

	Revenue		Gross Profit		Gross Profit Margin
	US\$'m	%	US\$'m	%	%
1H2022					
Mass Market	163.9	69	146.2	76	89
Premium VIP Market	52.7	22	37.2	19	71
Referral VIP Market	17.3	7	4.1	2	24
Non-Gaming	5.6	2	4.7	3	84
Total	239.5	100	192.2	100	80

The Group recorded a gross profit of US\$202.7 million for the Period. The overall gross profit margin was 77.1% (six months ended 30 June 2022: 80.3%) as a result of stable mix among all business segments. 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\$61.3 million during the Period, representing a decrease of US\$1.6 million or 3% YoY. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance Costs

During the Period, the Group incurred finance costs, after interest capitalisation, of US\$10.9 million (six months ended 30 June 2022: US\$18.1 million) for the interest expenses and transaction costs relating to the senior notes issued. See note 16 for further detail of the senior notes.

Net Profit

Net profit attributable to the Shareholders, or Net Profit, was US\$83.0 million (six months ended 30 June 2022: US\$52.7 million) for the Period. Net profit margin for the Period was 31.5% (six months ended 30 June 2022: 22.0%).

Basic earnings per share were US cents 1.88 (HK cents 14.57) and US cents 1.19 (HK cents 9.22) (Restated) for 1H2023 and 1H2022, respectively.

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 Primorsky Entertainment Resorts City LLC. 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.

The 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\$5,428,000) 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 Law on the Management of Commercial Gambling, 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 2023.

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 Russian Ruble ("RUB"). The Group, therefore, does not have any significant exposure to foreign currency risk and thus has not entered into any currency hedging transactions.

Issue of New Shares

On 16 May 2023, the Company issued 40,853,806 ordinary shares under the scrip dividend scheme for 100% of the payment of the 2022 final dividend. The market value for calculating the number of scrip shares allotted to the Shareholders pursuant to the scrip dividend scheme was US cents 80.4 per share (or HK cents 623.2 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 28 April 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity, Financial Resources and Gearing

The Group had total cash and bank balances (including restricted bank balance and fixed deposits) of US\$261.3 million as at 30 June 2023 (31 December 2022: US\$175.2 million). The cash and bank balances were mainly denominated in US\$.

The Group had net current assets of US\$116.2 million as at 30 June 2023 (31 December 2022: US\$31.3 million). The Group had net assets of US\$1.9 billion as at 30 June 2023 (31 December 2022: US\$1.8 billion).

The Group had outstanding senior notes with a carrying amount of US\$469.9 million as at 30 June 2023 (31 December 2022: US\$468.8 million).

As at 30 June 2023, the Group's gearing ratio calculated as total debt less cash and bank balances (including restricted bank balance and fixed deposits) divided by equity was 10.8% (31 December 2022: 15.9%).

Capital and Reserves

As at 30 June 2023, the capital and reserves attributable to owners of the Company were US\$1.9 billion (31 December 2022: US\$1.8 billion).

Employees

As at 30 June 2023, the Group employed a total work force of 6,098 (31 December 2022: 6,398), stationed in Cambodia, China, Hong Kong, Malaysia, Singapore, Thailand, the United States and Russia. The remuneration and staff costs for the Period were US\$39.3 million (six months ended 30 June 2022: US\$39.1 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 increased from US\$9.1 million (as at 31 December 2022) to US\$10.8 million (as at 30 June 2023).

During the Period, the Group prudently made provision for impairment loss of US\$1.2 million (six months ended 30 June 2022: 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 Measures

To supplement our condensed consolidated financial statements, which are presented in accordance with the IFRS (as defined hereinafter in note 3 to the condensed consolidated financial statements), the Company also assesses the operating performance based on a measure of 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 attribute to owners of the Company to EBITDA:

	Six months ended 30 June 2023	Six months ended 30 June 2022
	US\$'000	US\$'000
Profit attributable to owners of the Company	82,974	52,699
Income tax	123	1,286
Finance costs	10,883	18,148
Depreciation		
– Own assets	45,014	53,790
– Right-of-use assets	2,861	2,795
Amortisation of casino licence premium	1,358	1,358
EBITDA	143,213	130,076

Events after Reporting Period

No major subsequent events have occurred since the end of the Period and up to the date of this interim report.

PROJECT UPDATES AND PROSPECTS

Update on Naga 3

The following are some brief progress updates on Naga 3:

- a) **Piling Works** – All piling works were fully completed.
- b) **Basements and Ground Floor Slabs Construction** – Basements and ground floor slabs construction for Tower 3 section were fully completed, while that for Tower 1 section will be completed in the third quarter of 2023. Tower 2 and podium section of basements and ground floor slabs construction are on-going, and target completion is expected to take place in the first quarter of 2024.
- c) **Main Building Works** – Main building work package construction shall commence in the second quarter of 2024 after full completion of foundation and basements.

On 4 June 2023, the Company announced that Naga 3 Company Limited and the contractor have entered into a supplemental agreement on 3 June 2023 to extend the completion date of the Guaranteed Maximum Sum Design and Build Agreement (“DBA”) from 30 September 2025 to a date on or before 30 September 2029. The Company also stated that it is carefully and seriously considering options of developing Naga 3 matching revenue generation with capital expenditure, and such options shall include the Project Resize (as provided under the DBA).

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 due to force majeure event. Hence, the development of the project has been suspended indefinitely until the circumstance is clearer.

MANAGEMENT DISCUSSION AND ANALYSIS

Prospects

Despite weaker global demand, Cambodia's economy continued to perform well, led by ongoing tourism recovery. According to the World Bank, Cambodia's economy is firmly on a path to recovery and has now returned to a pre-pandemic growth trajectory, underpinned by a strong rebound in the services sector, especially the trade, travel and hospitality industries, driven by pent-up consumer demand and the return of foreign tourists (*Source: World Bank – Cambodia Economic Update, May 2023*). Business activity in tourism destinations such as Phnom Penh has gained remarkable growth, attributable to the sharp increase in domestic tours, business establishment and overall investment (*Source: Khmer Times, 1 February 2023*). The ongoing recovery of tourism in Asia Pacific alongside China's reopening is a key catalyst to reviving global tourism and boosting economic outlook. The Company believes that the impact from tourism recovery from China remains in the early stages. International tourist arrivals and business-related travels into Cambodia have recovered to about 75% and 76% of the 2019 (pre-pandemic) figures respectively for the first 5 months of 2023. Out of these, international tourist arrivals and business-related travels from SEA have recovered to 159% and 280% of pre-pandemic period. Total direct weekly flights to Cambodia also recovered to around 49% compared to 2019 (*Source: MOT; Cambodia Airports; respective airlines website; Company internal data*). Improving tourism activities and investments will also support Cambodia's GDP growth in 2023 and beyond. The tourism sector contributed about 3.6% to the GDP in 2022 of the country (*Source: Khmer Times, 5 July 2023*). The Company believes it is well-positioned to tap this wave of returning tourists and business-related travellers visiting Cambodia.

As Cambodia shows continued economic recovery and political stability, the effect could result in increasing business migration to Cambodia with growing business and investment opportunities. This would contribute positively towards the continued building up of the captive domestic expatriate community living in Cambodia. The depth and resilience of such captive expatriate market would continue to be one of the Company's growth drivers going forward.

Looking ahead, Cambodia is expected to continue its upward trajectory of recovery with the influx of tourist arrivals, business visitation and expected surge in FDI into the country resulting in an increased number of investors and a growing domestic expat population. The Group believes that NagaWorld – the only integrated resort in Phnom Penh will benefit from this with increasing footfall from customers seeking entertainment and luxurious lifestyle offerings at competitive price and value. As such, the Group remains optimistic on the long term prospects and believes the outlook will remain stable.

DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

The directors of the Company (the "Directors") who held office as at 30 June 2023 had the following interests in the Shares, underlying Shares and debentures at that date as recorded in the register of directors' and chief executive's interests required to be kept under section 352 of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (the "SFO") or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

(1) Interests in Shares and Underlying Shares

Name of Director	Capacity	Number of Shares and Underlying Shares Held	% of Total Issued Shares <small>(Note 1)</small>
Tan Sri Dr Chen Lip Keong ("Dr Chen")	Founder of a discretionary trust <small>(Note 2)</small>	3,063,377,160 (L)	69.26 (L)
Dr Chen	Founder of a discretionary trust <small>(Note 3)</small>	1,142,378,575 (L)	25.83 (L)

Notes:

- (1) Based on the Company's issued share capital of 4,422,990,160 Shares as at 30 June 2023.
- (2) Such interest includes (i) 1,979,803,846 Shares directly held by SAKAI PRIVATE TRUST COMPANY PTE. LTD. (the "Trustee"), as trustee of a discretionary family trust named The Sakai Trust; and (ii) an aggregate of 1,083,573,314 Shares indirectly held by the Trustee through LIPKCO Group Limited, LIPKCO ENTERPRISES LIMITED and ChenLipKeong Capital Limited. As the founder of The Sakai Trust, Dr Chen is deemed to be interested in the Shares held by The Sakai Trust. Details of the interests in the Company held by the Trustee and LIPKCO Group Limited are set out in the section headed "Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares" below.
- (3) These 1,142,378,575 Settlement Shares or such Adjusted Settlement Shares (both as defined in the circular of the Company dated 22 July 2019) will be issued to ChenLipKeong Fund Limited upon completion of the DBA and the Subscription Agreement on or before 30 September 2029 or such other extended date as is agreed between the parties. ChenLipKeong Fund Limited is wholly-owned by the Trustee as a trustee of The Sakai Trust. As the founder of The Sakai Trust, Dr Chen is deemed to be interested in the Shares which will be held by ChenLipKeong Fund Limited.
- (4) The letter "L" denotes the entity's long position in the Shares.

DISCLOSURE OF INTERESTS

(2) Interests in Debentures

Name of Director	Capacity	Amount of Debentures Held
Dr Chen	Founder of a discretionary trust ^(Note)	US\$45,000,000

Note:

ChenLipKeong Capital Limited which is wholly-owned by the Trustee held an aggregate principal amount of US\$45,000,000 7.95% senior notes due 2024 issued by the Company. The notes cannot be converted into Shares. As the founder of The Sakai Trust, Dr Chen is deemed to be interested in the senior notes of the Company held by The Sakai Trust.

Save as disclosed above, as at 30 June 2023, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

So far as the Directors or the chief executive of the Company are aware of, as at 30 June 2023, the Shareholders, other than a Director or the chief executive of the Company, who had an interest or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 in Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Shareholders	Capacity	Number of Shares held	% of Total Issued Shares ^(Note 1)
SAKAI GLOBAL HOLDINGS LTD. ("Sakai Global")	Interest of controlled corporation ^(Note 2)	4,205,755,735	95.09 (L)
SAKAI PRIVATE TRUST COMPANY PTE. LTD. (the "Trustee")	Beneficial owner	1,979,803,846	44.76 (L)
SAKAI PRIVATE TRUST COMPANY PTE. LTD.	Interest of controlled corporation ^(Note 3)	1,083,573,314	24.50 (L)
SAKAI PRIVATE TRUST COMPANY PTE. LTD.	Interest of controlled corporation ^(Note 4)	1,142,378,575	25.83 (L)
LIPKCO Group Limited	Beneficial owner	804,445,667	18.19 (L)
ChenLipKeong Fund Limited	Beneficial owner ^(Note 4)	1,142,378,575	25.83 (L)

DISCLOSURE OF INTERESTS

Notes:

- (1) Based on the Company's issued share capital of 4,422,990,160 Shares as at 30 June 2023.
- (2) Such interests include (i) Shares directly held by the Trustee; (ii) Shares indirectly held by the Trustee through ChenLipKeong Capital Limited ("CLK Capital"), LIPKCO Group Limited ("LGL") and LIPKCO ENTERPRISES LIMITED ("LEL"); and (iii) Shares to be issued to ChenLipKeong Fund Limited ("CLK Fund") (please refer to note 4 below for details). All of CLK Capital, LGL, LEL and CLK Fund are in turn wholly-owned by the Trustee as the trustee of The Sakai Trust. The Trustee is in turn wholly-owned by Sakai Global. Hence, Sakai Global is deemed to be interested in the Shares held by the Trustee.
- (3) Such interests are held by CLK Capital, LGL and LEL, all of which in turn are wholly-owned by the Trustee. The Trustee is therefore deemed to be interested in the Shares held by CLK Capital, LGL and LEL.
- (4) Upon the completion of the DBA and the Subscription Agreement on or before 30 September 2029 or such other extended date as is agreed between the parties, these 1,142,378,575 Settlement Shares or such Adjusted Settlement Shares (both as defined in the circular of the Company dated 22 July 2019) for the development funding of the Naga 3 project will be issued to CLK Fund. The Trustee is deemed to be interested in the Shares which will be held by CLK Fund as it holds the entire issued share capital of CLK Fund.
- (5) The letter "L" denotes the entity's long position in the Shares.

Save as disclosed above and so far as the Directors and the chief executive of the Company are aware of, as at 30 June 2023, no other party (other than a Director or the chief executive of the Company) had an interest or short positions in the Shares or the underlying Shares which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 in Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

Share Option Scheme and Share Award Scheme

(1) Share Option Scheme

On 20 April 2016, the Company adopted a share option scheme (the "Share Option Scheme") for the purpose of providing incentive or reward to any employees, executives or officers, directors of the Group or any invested entity and any consultant, business associates, adviser or agent of any member of the Group or any invested entity, who have contributed or will contribute to the growth and development of the Group or any invested entity.

Since its adoption and up to 30 June 2023, no share option has been granted by the Company under the Share Option Scheme. Accordingly, there were no outstanding share options as at 30 June 2023. At the beginning and end of the Period, the total number of Shares available for grant under the Share Option Scheme was 226,998,887 Shares, representing approximately 5.13% of the Shares in issue (i.e. 4,422,990,160) as at 30 June 2023.

(2) Share Award Scheme

The Company has adopted a share award scheme (the "Share Award Scheme") on 28 January 2021 with the purposes and objectives to attract skilled and experienced personnel, to incentivise them to remain with the Group and/or to recognise their contribution to the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to obtain equity interests in the Company.

DISCLOSURE OF INTERESTS

Pursuant to the Share Award Scheme, new Shares may be granted to the participants credited as fully paid for non-cash consideration by way of incentive remuneration in respect of such participants' past service, current and prospective roles with, and/or contributions to, the Group.

Participants of the Share Award Scheme will comprise the Directors (including executive Directors, non-executive Directors and independent non-executive Directors), the directors of the subsidiaries of the Company and the employees of the Group who the Board considers, in its absolute discretion, have contributed or will contribute to the Group.

The Share Award Scheme is valid for a term of 10 years from the adoption date, unless terminated earlier.

No Shares have been granted under the Share Award Scheme since its adoption and up to 30 June 2023. At the beginning and end of the Period, the total number of Shares available for grant under the Share Award Scheme was 217,050,402 Shares, representing approximately 4.91% of the Shares in issue (i.e. 4,422,990,160) as at 30 June 2023.

Apart from the foregoing, at no time during the six months ended 30 June 2023 was the Company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

INDEPENDENT REVIEW OF INVESTMENT RISKS IN CAMBODIA

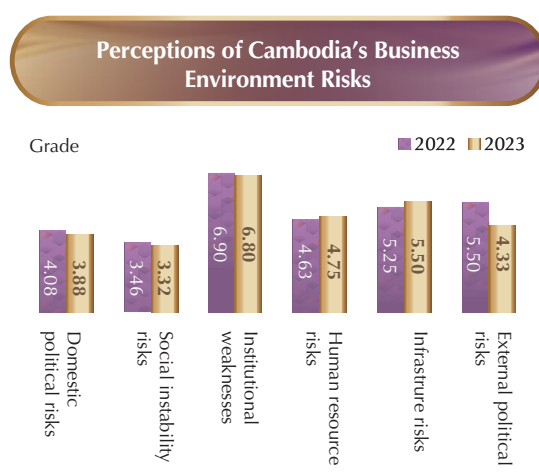
Political and Economic Risk Consultancy, Ltd.
 (“PERC”)
 Room 2302, 23/F, Lee Garden Two
 28 Yun Ping Road, Causeway Bay
 Hong Kong

operations. In arriving at our findings below, we have taken into account, amongst others, domestic political risks, social instability risks, institutional weaknesses, human resource risks, infrastructure risks, and external political risks.

TO THE BOARD OF NAGACORP LTD.

We have assessed and reviewed the political, social, investment, and macro-economic risks in Cambodia as they relate to NagaCorp’s casino, hotel and entertainment business

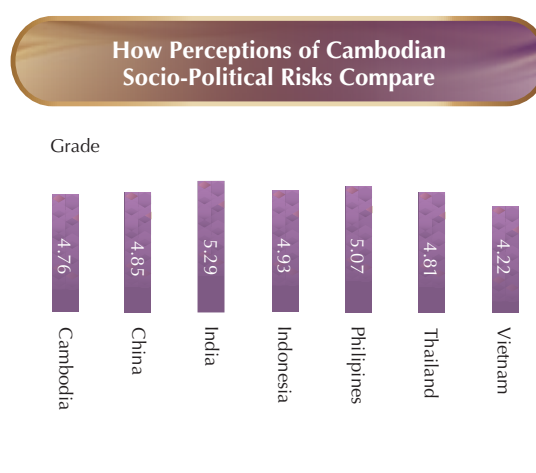
Based on the assessments and reviews carried out between mid-November 2022 and the end of December 2022, we summarised our findings below:



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

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

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



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

Each of these variables is made up of several sub-variables relating to specific aspects of the category being assessed. The weighted sum of the grades for sub-variables equals the score of a broader variable, while the weighted sum of the grades of the broad variables defines overall investment risks in Cambodia. We have treated each variable as having equal importance or weight.

INDEPENDENT REVIEW OF INVESTMENT RISKS IN CAMBODIA

SUMMARY

Last year was better politically and economically than 2021, and 2023 should be better than 2022. Real GDP growth has been accelerating, supported by an upturn in export demand and a recovery in domestic consumption. Tourism is also growing again, improving conditions for services like restaurants, hotels, and many retail businesses.

Still, overall growth will remain below pre-pandemic levels for another one or two years. In addition, construction and several categories of real estate, such as luxury condominiums and office premises, are undergoing corrections. As a result, instead of leading the economy's expansion as they did in the years immediately preceding COVID, these industries were a drag on the economy in the second half of 2022 and are likely to remain so in 2023.

Deposit growth has slowed faster than credit growth. This has raised banks' loan-to-deposit ratios to levels where a correction is now due. Consequently, the rate of credit expansion is likely to slow considerably in 2023 as banks become more cautious, especially in lending for construction and specific categories of real estate. In addition, the growth of household consumer and mortgage loans could slow, while the high levels of household debt could limit the increase of private household consumption.

The good news regarding tourism is that the total number of foreign visitor arrivals increased sharply in 2022 and is likely to keep growing in 2023, with visitor arrivals from Mainland China finally picking up. The improvement in tourism that has taken place to date reflects a diversification in the sources of foreign visitors to Cambodia, with the increase in visitors from other ASEAN countries growing especially rapidly.

The one significant exception to this is Mainland China, Cambodia's largest single source of foreign tourists before the pandemic but now down to the third position. However, conditions should improve in 2023 since Beijing has recently announced its intention to resume travel into and out of the country. Still, this liberalization will be gradual. Moreover, a shortage of flights and other capacity constraints will have to be overcome before the total number of Cambodia's inbound visitors from China recovers to pre-pandemic levels.

Politically, Cambodia has moved in the direction of improved stability. Although general elections will be held in the middle of 2023, there is little doubt about the outcome. The ruling party will win a large majority. Hun Sen will be reappointed prime minister, but he will take more steps to prepare the country for his retirement in a few years.

Three reasons political risks have decreased over the past year: First, support for the government headed by Prime Minister Hun Sen has increased due to the widespread perception held by the general population that it managed the COVID crisis well. Second, legal challenges and internal divisions have weakened the political opposition. As a result, it is in a very poor position to win many seats in the next elections. Third, Hun Sen has laid the ground for his eventual succession by his son, Hun Manet. This has reduced succession uncertainties and raised confidence in the business community and among foreign investors that there will be policy continuity.

Cambodia's diplomatic relations have improved. The country's most substantial bilateral relationship is with Mainland China, while its most critical multilateral

INDEPENDENT REVIEW OF INVESTMENT RISKS IN CAMBODIA

relationship is with ASEAN. Cambodia has also signed a free-trade agreement with South Korea and plans to increase bilateral engagement with Japan. In addition, US President Biden's November 2022 trip to Phnom Penh helped stabilize Cambodian relations with the US. It reduced the risks that Cambodia might be caught in the middle of increased geopolitical tensions between China and the US.

POSITIVE DEVELOPMENTS

- The pandemic has been a test of fire for Cambodia. The country has demonstrated its ability to preserve social and political stability during booming economic times as well as when the economy is suffering a painful recession that has strained virtually every sector. There is now greater confidence in the country's stability, the system's ability to absorb shocks, and the leadership's capability to steer the country through difficult periods.
- Now that China is starting to permit foreign travel, Cambodia is positioned to present itself as a nearby destination that will welcome the return of Mainland visitors, in contrast to some destinations like Japan that will initially have procedures to screen visitors from China for COVID that Beijing considers unacceptable.
- Stable social and political conditions should make attracting foreign tourists and direct investment in different services and export-oriented industries easier. In addition, personal security today compares favorably with other countries in the region.
- National elections scheduled for mid-2023 are unlikely to produce any unsettling surprises. The ruling Cambodian People's Party will win a majority of seats. Hun Sen will be reappointed as prime minister. He will take the opportunity to reshuffle his Cabinet, bringing in a number of well-educated younger leaders as his ministers.

- Cambodia benefits from the shift of garment and other export-oriented manufacturing out of China. This attracts more investor interest from China, Singapore, Japan, South Korea, and Taiwan and more buyer interest from the US and EU countries. COVID accelerated this shift, but it should continue even with COVID diminishing as a factor.
- The recovery of the economy and the decline of COVID as a problem have given the government the space it needs to curb its spending and increase its revenues. As a result, the fiscal deficit, which had shot up during the pandemic years, should start to contract.

THE CHALLENGES

- The country's institutions are young and weak. They are improving, but Cambodia's economy grew so rapidly for so long before the pandemic that the demands on many institutions outstripped their ability to meet those demands. The pandemic presented a new set of institutional challenges, particularly in the health and education sectors.
- The main external challenges for Cambodia in 2023 will be high US interest rates and the possibility of weaker US demand for imports from Cambodia, the continuing fallout from the war in Ukraine, and China's continuing weak economic growth.

INDEPENDENT REVIEW OF INVESTMENT RISKS IN CAMBODIA

- Tourist-related services are being held back by the lack of visitors from Mainland China, which had been the largest source of tourists before COVID. China's current policies are restricting visitor inflows to Cambodia. However, these restrictions are starting to be modified. It would not take much of an increase in visitor outflows from China to test the capacity limitations of infrastructure. The more significant challenge in 2023 and beyond will be to expand the Cambodian travel and tourism industries' capacity to cater to the additional demand while absorbing the higher costs of extra sanitation and safety precautions that foreign travelers will be expecting.
- Cambodia is experiencing significant real estate and construction downturns that will probably intensify in 2023 and create challenges for other industries like banking and finance. As a result, banks' non-performing loan ratios are likely to increase, suggesting a drop in credit quality.
- The large size of the current-account balance of payments deficit will remain a challenge. Although the shortfall is likely to decline in both 2022 and 2023 from the peak hit in 2021, it will remain large by Cambodia's historical standards.
- Cambodia faces two significant infrastructure challenges. One is that the pace of construction is falling behind schedule on important projects. The other is the high cost of energy and logistics. It is expensive to bring goods into and out of the country, store them in warehouses, and pay for vital inputs like energy.

Robert Broadfoot

Managing Director PERC

Hong Kong, 9 January 2023

About The Reviewer

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

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with Corporate Governance Code

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

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 (the “CG Code”) for the Period.

Compliance with Model Code

The Company has adopted the Model Code as the code of conduct of the Directors in respect of transactions in securities of the Company by the Directors. Having made specific enquiries, the Company confirms that all Directors have complied with the required standard set out in the Model Code for the Period.

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.

Audit Committee

The audit committee of the Board (the “Audit Committee”) is responsible for overseeing, among other things, the objectivity and credibility of financial reporting of the Company and the effectiveness of the risk management and internal control systems of the Group as well as maintaining an appropriate relationship with the external auditor of the Company. The Audit Committee consists of three independent non-executive Directors, namely Mr. Lim Mun Kee (Chairman), Mr. Michael Lai Kai Jin and Mr. Leong Choong Wah.

During the Period, the Audit Committee has reviewed, among other things, the financial reports and statements as well as the internal control framework of the Company. In addition, the Audit Committee held private sessions with the external auditor without the presence of the management. The Audit Committee reviewed the report from the Group’s Internal Audit Department and deliberated on the report regarding risk management and internal controls in the business operations of the Group.

The Audit Committee has reviewed this interim report, and in particular the condensed consolidated financial statements for the Period and the financial standards adopted by the Group, and was of the opinion that the preparation of such financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Nomination Committee

The nomination committee of the Board (the “Nomination Committee”) is responsible for reviewing the structure, size and composition of the Board to ensure that it has a balance of appropriate skills, knowledge, experience and diversity of perspectives for the needs of the businesses of the Group, and makes recommendations to the Board in the above areas. The Nomination Committee undertakes to identify individuals suitably qualified to become a Director and to nominate such individuals to the Board for directorship. It also assesses the independence of independent non-executive Directors, makes recommendations to the Board on the appointment, re-appointment and succession plans for Directors, and reviews and monitors the implementation of the Board Diversity Policy and the Nomination Policy.

The Nomination Committee consists of Mr. Michael Lai Kai Jin (Chairman), Dr Chen, Mr. Lim Mun Kee and Mr. Leong Choong Wah.

During the Period, the Nomination Committee nominated Mr. Timothy Patrick McNally, Mr. Chen Yiy Fon and Mr. Michael Lai Kai Jin, the retired Directors, for re-election by Shareholders at the Company’s 2023 annual general meeting (the “2023 AGM”). It has also assessed the independence of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules.

Remuneration Committee

The remuneration committee of the Board (the “Remuneration Committee”) is responsible for making recommendations to the Board on the Company’s policy for and structure of remuneration of the Directors and senior management of the Company.

The Remuneration Committee consists of Mr. Michael Lai Kai Jin (Chairman), Dr Chen, Mr. Lim Mun Kee and Mr. Leong Choong Wah.

During the Period, the Remuneration Committee reviewed the remuneration of the Directors and senior management; and considered and proposed the Directors’ fees to Shareholders for approval at the 2023 AGM.

Risk Management and Internal Control

The Board plays a key role in overseeing risks undertaken by considering risks as part of the strategy setting process. The Company has an established risk framework under which it identifies risks relevant to the operations and activities of the Group, and assesses these risks in relation to their likelihood and potential impacts. Such systems are designed to manage, rather than eliminate the risk of failure to achieve business objectives, and aims to provide a reasonable, as opposed to an absolute assurance, against material misstatement or loss. Under the framework, management is primarily responsible for the design, implementation and maintenance of the risk management and internal control systems, while the Board and the Audit Committee oversee the actions of management and monitor the effectiveness of these systems in safeguarding the Group’s assets. This risk management and internal control framework is reviewed annually by the Audit Committee on behalf of the Board.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Besides, the Company has in place an AML Procedure Manual, which takes into account regulatory requirements and expectations, as well as industry demands, to ensure that regulatory compliance is maintained at the highest monitoring standards. The Board was also satisfied that the Company complies with the code provisions relating to internal control contained in the CG Code.

Internal Controls on Anti-Money Laundering

In order to ensure that the Company maintains a high standard for compliance and integrity on anti-money laundering ("AML"), the Company has established a program designed to protect its reputation and mitigate AML risks. NagaCorp's long term sustainability and success is dependent on its integrity and transparency in its daily gaming operations in relation to the world's best practices on AML. The Company has in place a four-tier AML control structure comprising:

Tier 1 – An AML Management Committee, led by the Compliance Officer and supported by senior managers from various key operational departments, is tasked with ensuring that the Company adopts policies and procedures as governed by the AML Procedure Manual in its day to day operational activities.

Tier 2 – Internal audit of AML procedures to ensure that the Company is in compliance with AML policies, with the results of such audits reported to the Audit Committee and the AML Oversight Committee.

Tier 3 – AML Oversight Committee established at the Board level, chaired by the non-executive Chairman of the Board, which meets on a quarterly basis to review the work and reports of the AML Management Committee and Internal Audit Department. Matters of significance are then reported to the Board for deliberation.

Tier 4 – External audit of the Company's AML procedures. The Company engages an AML specialist firm which carries out a biannual audit of the Company's AML procedures, which includes work conducted by the AML Management Committee. The report of this external AML audit for the year 2023 will be enclosed in our annual report for the financial year ending 31 December 2023.

The AML Oversight Committee consists of Mr. Timothy Patrick McNally (Chairman), Dr Chen, Mr. Michael Lai Kai Jin and Mr. Chen Yiy Fon. During the Period, the AML Oversight Committee considered, among other things, reports from the independent professional party and the AML Management Committee in relation to the internal controls of the Group.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Independent Review of Investment Risks in Cambodia

Since the listing of the Company, the Company has engaged Political and Economic Risk Consultancy, Ltd., an independent professional party, to assess and review on an annual basis, the political, social, investment and macro-economic risks in Cambodia, and discloses its findings in the Company's annual and interim financial reports. For more details, please refer to the section headed "Independent Review of Investment Risks in Cambodia" on pages 29 to 32 in this interim report.

Disclosure under Rule 13.21 of the Listing Rules

On 6 July 2020, a written agreement (the "Notes Indenture") was entered into among the Company as issuer of US\$350 million 7.95% senior notes due 2024 (the "Original Notes"), NagaCorp (HK) Limited, NAGAWORLD LIMITED, NagaCity Walk Limited, Naga 2 Land Limited and Naga 3 Company Limited, companies wholly and beneficially owned by the Company and collectively as guarantors, and GLAS Trust Company LLC as trustee of the Original Notes, pursuant to which the Original Notes were issued. The Notes Indenture provides that upon the occurrence of a Change of Control (as defined in the Notes Indenture), the Company will make an offer to repurchase all outstanding Original Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest and Additional Amounts (as defined in the Notes Indenture), if any, at the date of repurchase. Please refer to the announcements of the Company dated 22 June 2020, 24 June 2020 and 6 July 2020 for details about the Original Notes.

On 30 September 2020, a supplemental indenture to the Notes Indenture was entered into among the Company, the guarantors under the Original Notes, Ariston Sdn. Bhd. ("Ariston") and GLAS Trust Company LLC as trustee of the Original Notes, pursuant to which Ariston was added as a subsidiary guarantor under the Original Notes.

On 15 June 2021, the Company issued the additional US\$200 million 7.95% senior notes due 2024 (the "Additional Notes"). The Additional Notes were issued on the same terms and conditions (other than the issue date and the offer price) and were consolidated and formed the same series as the Original Notes. Since the principal terms of the Additional Notes are the same as the terms of the Original Notes, the change of control provisions under the Notes Indenture remains unchanged and apply to the Additional Notes. These Original Notes and Additional Notes are not convertible into Shares. Please refer to the announcements of the Company dated 7 June 2021 and 15 June 2021 for details about the Additional Notes.

Changes in Directors' Information pursuant to Rule 13.51B(1) of the Listing Rules

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

Philip Lee Wai Tuck, Executive Deputy Chairman and Executive Director

- basic salary has been revised to US\$23,636 per month effective 1 January 2023

Chen Yiy Fon, Chief Executive Officer - Operations and Executive Director

- basic salary has been revised to US\$23,690 per month effective 1 January 2023

Lim Mun Kee, Independent Non-Executive Director

- resigned as independent non-executive directors of KNM Group Berhad and FACB Industries Incorporated Berhad, both of which are listed on the Bursa Malaysia Securities Berhad, with effect from 31 March 2023 and 30 May 2023, respectively

Save as disclosed above, as at 30 June 2023 there had not been any other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CONDENSED CONSOLIDATED STATEMENT OF INCOME

for the six months ended 30 June 2023 (unaudited)
(Expressed in United States dollars)

	Notes	Six months ended 30 June	
		2023	2022
		\$'000 (Unaudited)	\$'000 (Unaudited) (Restated)
Revenue	4	263,029	239,452
Gaming tax	7	(15,147)	(14,258)
Cost of sales		(45,164)	(32,986)
Gross profit		202,718	192,208
Other income		3,012	2,000
Administrative expenses		(23,214)	(25,057)
Other operating expenses		(88,536)	(97,018)
Profit from operations		93,980	72,133
Finance costs	5	(10,883)	(18,148)
Profit before taxation	6	83,097	53,985
Income tax	7	(123)	(1,286)
Profit attributable to owners of the Company		82,974	52,699
Earnings per share (US cents)			(Restated)
Basic	9	1.88	1.19
Diluted	9	1.88	1.19

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2023 (unaudited)
(Expressed in United States dollars)

	Six months ended 30 June	
	2023	2022
	\$'000 (Unaudited)	\$'000 (Unaudited)
Profit for the period	82,974	52,699
Other comprehensive income for the period:		
Item that may be reclassified subsequently to profit or loss:		
– exchange differences from translation of foreign operations	(2,449)	3,225
Total comprehensive income attributable to owners of the Company for the period	80,525	55,924

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2023 (unaudited)

(Expressed in United States dollars)

	Notes	30 June 2023	31 December 2022
		\$'000 (Unaudited)	\$'000 (Audited)
Non-current assets			
Property, plant and equipment	11	2,042,772	2,070,090
Right-of-use assets		80,348	83,209
Intangible assets	12	61,122	62,480
Prepayments for acquisition, construction and fitting-out of property, plant and equipment		162,261	143,913
Promissory notes	13	5,428	–
		2,351,931	2,359,692
Current assets			
Consumables		2,477	2,897
Trade and other receivables	14	36,892	41,724
Promissory notes	13	–	10,139
Restricted bank balances		19,217	19,200
Cash and cash equivalents		242,082	156,004
		300,668	229,964
Current liabilities			
Trade and other payables	15	168,071	177,256
Contract liabilities		7,539	8,777
Lease liabilities		6,900	10,838
Current tax liability		1,918	1,795
		184,428	198,666
Net current assets		116,240	31,298
Total assets less current liabilities		2,468,171	2,390,990

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 June 2023 (unaudited)
(Expressed in United States dollars)

	Notes	30 June 2023	31 December 2022
		\$'000 (Unaudited)	\$'000 (Audited)
Non-current liabilities			
Other payables	15	6,091	5,829
Senior notes	16	469,924	468,827
Contract liabilities		10,000	13,000
Lease liabilities		52,304	54,007
		538,319	541,663
NET ASSETS		1,929,852	1,849,327
CAPITAL AND RESERVES			
Share capital		55,288	54,777
Reserves		1,874,564	1,794,550
TOTAL EQUITY		1,929,852	1,849,327

Approved and authorised for issue by the Board on 19 July 2023.

Timothy Patrick McNally
Chairman

Philip Lee Wai Tuck
Executive Deputy Chairman

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2023 (unaudited)
(Expressed in United States dollars)

	Share capital	Share premium	Capital redemption reserve	Merger reserve	Capital contribution reserve	Other reserve	Exchange reserve	Retained profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2022	54,263	751,356	151	(12,812)	55,568	222,810	(2,989)	581,176	1,649,523
Changes in equity for the six months ended 30 June 2022:									
Profit for the period	-	-	-	-	-	-	-	52,699	52,699
Other comprehensive income – exchange difference from translation of foreign operations	-	-	-	-	-	-	3,225	-	3,225
Total comprehensive income for the period	-	-	-	-	-	-	3,225	52,699	55,924
Recognition of equity-settled share-based payment	-	-	-	-	-	27,125	-	-	27,125
Balance at 30 June 2022 (unaudited)	54,263	751,356	151	(12,812)	55,568	249,935	236	633,875	1,732,572
Profit for the period	-	-	-	-	-	-	-	54,555	54,555
Other comprehensive income – exchange difference from translation of foreign operations	-	-	-	-	-	-	(3,925)	-	(3,925)
Total comprehensive income for the period	-	-	-	-	-	-	(3,925)	54,555	50,630
Issue and allotment of scrip dividend shares under scrip dividend scheme	514	-	-	-	-	-	-	(514)	-
Recognition of equity-settled share-based payment	-	-	-	-	-	66,125	-	-	66,125
Balance at 31 December 2022 (audited)	54,777	751,356	151	(12,812)	55,568	316,060	(3,689)	687,916	1,849,327

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2023 (unaudited)
(Expressed in United States dollars)

	Share capital	Share premium	Capital redemption reserve	Merger reserve	Capital contribution reserve	Other reserve	Exchange reserve	Retained profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2023	54,777	751,356	151	(12,812)	55,568	316,060	(3,689)	687,916	1,849,327
Changes in equity for the six months ended 30 June 2023:									
Profit for the Period	-	-	-	-	-	-	-	82,974	82,974
Other comprehensive income - exchange difference from translation of foreign operations	-	-	-	-	-	-	(2,449)	-	(2,449)
Total comprehensive income for the Period	-	-	-	-	-	-	(2,449)	82,974	80,525
Issue and allotment of scrip dividend shares under scrip dividend scheme	511	-	-	-	-	-	-	(511)	-
Balance at 30 June 2023 (unaudited)	55,288	751,356	151	(12,812)	55,568	316,060	(6,138)	770,379	1,929,852

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2023 (unaudited)
(Expressed in United States dollars)

	Six months ended 30 June	
	2023	2022
	\$'000 (Unaudited)	\$'000 (Unaudited)
Cash generated from operations	134,005	174,773
Tax paid	–	–
Net cash from operating activities	134,005	174,773
Investing activities		
Interest received	4,106	268
(Increase)/decrease in restricted bank balances	(17)	55
Decrease in promissory notes	945	–
Payment for purchase of property, plant and equipment and for construction cost of property	(25,596)	(59,377)
Proceeds from disposal of property, plant and equipment	6	–
Net cash used in investing activities	(20,556)	(59,054)
Financing activities		
Interest paid	(18,768)	(21,863)
Payment for lease liabilities	(8,603)	(6,020)
Net cash used in financing activities	(27,371)	(27,883)
Net increase in cash and cash equivalents	86,078	87,836
Cash and cash equivalents at beginning of period	156,004	102,724
Cash and cash equivalents at end of period	242,082	190,560

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023 (unaudited)
(Expressed in United States dollars)

1. Corporate information

NagaCorp Ltd. (the “Company”, together with its subsidiaries, the “Group”) is a company incorporated in the Cayman Islands and has its principal place of business at NagaWorld, Samdech Techo, Hun Sen Park, Phnom Penh, Kingdom of Cambodia.

The unaudited condensed consolidated financial statements for the six months ended 30 June 2023 (the “Period”) comprise the Company and its subsidiaries.

The unaudited condensed consolidated financial statements are expressed in United States dollars.

2. Basis of preparation

The unaudited condensed consolidated financial statements for the Period have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “IASB”) and the applicable disclosure requirement of Appendix 16 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.

3. Principal accounting policies

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 2022. 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 International Financial Reporting Standards (“IFRS”) adopted by the IASB, and should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2022 (the “2022 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 computation adopted by the Group in the 2022 annual financial statements.

Adoption of new or amended standards effective on 1 January 2023:

Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
IFRS 17	Insurance Contract

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023 (unaudited)
(Expressed in United States dollars)

3. Principal accounting policies (continued)

None of the new or amended 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 standards or interpretations that is not yet effective for the current accounting period.

4. 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	
	2023	2022
	\$'000 (Unaudited)	\$'000 (Unaudited)
Casino operations – gaming tables	187,414	173,213
Casino operations – electronic gaming machines (“EGM”)	64,896	60,607
Hotel room income, sales of food and beverage and others	10,719	5,632
	263,029	239,452

5. Finance costs

	Six months ended 30 June	
	2023	2022
	\$'000 (Unaudited)	\$'000 (Unaudited)
Interest expenses and transaction costs relating to senior notes (note 16)	19,865	22,979
Interest on lease liabilities	3,048	3,312
Other interest expenses	262	240
	23,175	26,531
Less: Interest expenses capitalised into capital work in progress	(12,292)	(8,383)
	10,883	18,148

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023 (unaudited)
(Expressed in United States dollars)

6. Profit before taxation

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2023	2022
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Amortisation of casino licence premium [#]	1,358	1,358
Depreciation and amortisation [#]		
– Own assets	45,014	53,790
– Right-of-use assets	2,861	2,795
Impairment loss of trade receivables	1,200	1,200
Staff costs		
– Salaries, wages and other benefits	39,078	39,055
– Contributions to defined contribution retirement scheme	255	34

included in other operating expenses in the unaudited condensed consolidated statements of income.

7. Income tax

(a) Gaming tax

The gaming tax of \$15,147,000 for the Period (six months ended 30 June 2022: \$14,258,000) was levied on gross gaming revenue 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	
	2023	2022
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Current tax expenses		
– Current period	123	1,286

Income tax for the period 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023 (unaudited)
(Expressed in United States dollars)

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

	Six months ended 30 June	
	2023	2022
	\$'000 (Unaudited)	\$'000 (Unaudited)
Interim dividend declared after the end of reporting period:		
2023: US cents Nil per share	–	–
2022: US cents 0.73 per share	–	31,619
	–	31,619

On 21 April 2023, the shareholders of the Company (the “Shareholders”) approved the payment of the final dividend of US cents 0.75 (or equivalent to HK cents 5.81) per share for the year ended 31 December 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, 40,853,806 ordinary shares were allotted to the Shareholders.

9. Earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to owners of the Company of \$82,974,000 (six months ended 30 June 2022: \$52,699,000) and the weighted average number of shares of 4,422,990,160 (six months ended 30 June 2022: 4,422,990,160 (Restated)) in issue during the Period.

The earnings per share for the six months ended 30 June 2022 is restated to reflect the effect of scrip shares issued during the period from 1 July 2022 to 30 June 2023.

There were no dilutive potential shares during the Period (six months ended 30 June 2022: Nil).

10. 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023 (unaudited)
(Expressed in United States dollars)

10. Segment information (continued)

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.

Segment revenue and results are the measure reported to the SEM for the purpose of resource allocation and performance assessment. No segment assets and liabilities are presented as the information is not reported to the SEM in the resource allocation and assessment of performance.

	Casino operations	Hotel and entertainment operations	Total
	\$'000	\$'000	\$'000

Segment revenue:

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

Revenue from external customers	252,310	10,719	263,029
Inter-segment revenue	(161)	1,709	1,548

Reportable segment revenue	252,149	12,428	264,577
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Six months ended 30 June 2022 (Unaudited)/(Restated):

Timing of revenue recognition:

– At point in time	201,364	2,957	204,321
– Transferred over time	32,456	2,675	35,131

Revenue from external customers	233,820	5,632	239,452
Inter-segment revenue	(432)	3,170	2,738

Reportable segment revenue	233,388	8,802	242,190
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Segment profit/(loss):

Six months ended 30 June (Unaudited)

2023	155,211	(4,013)	151,198
2022	144,315	(6,477)	137,838

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023 (unaudited)
(Expressed in United States dollars)

10. Segment information (continued)

Segment revenue and results (continued)

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	
	2023	2022
	\$'000 (Unaudited)	\$'000 (Unaudited)
Revenue		
Reportable segment revenue	264,577	242,190
Elimination of inter-segment revenue	(1,548)	(2,738)
Consolidated revenue	263,029	239,452
Profit		
Reportable segment profit	151,198	137,838
Other revenue	14	9
Depreciation and amortisation	(49,233)	(57,943)
Finance costs	(10,883)	(18,148)
Unallocated head office and corporate expenses	(7,999)	(7,771)
Consolidated profit before taxation	83,097	53,985

11. Property, plant and equipment

During the Period, the Group acquired property, plant and equipment totalling \$17,698,000 (six months ended 30 June 2022: \$77,688,000).

12. 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 \$123,002,000 and accumulated amortisation of \$61,880,000 (31 December 2022: \$60,522,000).

13. 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 \$350.0 million based on then current exchange rates), in a gaming and resort development project in Vladivostok, Russia.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023 (unaudited)
(Expressed in United States dollars)

13. Promissory notes (continued)

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 \$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. This amount was deposited in the same Russian bank as fixed deposits against which promissory notes were subsequently issued. In February 2015, Primorsky Entertainment Resorts City LLC 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 \$10,139,000 at 31 December 2022) 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. On 31 January 2023, the Promissory Notes in the amount of RUB715,767,000 (approximately \$10,285,000) including interest matured. New promissory notes in total of RUB400,000,000 (approximately \$5,428,000) 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 on 15 February 2023.

14. Trade and other receivables

	30 June 2023	31 December 2022
	\$'000 (Unaudited)	\$'000 (Audited)
Trade receivables	10,753	9,103
Prepayments	6,199	10,135
Deposits and other receivables	19,940	22,486
	36,892	41,724

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

	30 June 2023	31 December 2022
	\$'000 (Unaudited)	\$'000 (Audited)
Current to within 1 month	9,868	4,052
1 to 3 months	885	842
3 to 6 months	–	2,356
6 to 12 months	–	1,853
More than 1 year	–	–
	10,753	9,103

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For the six months ended 30 June 2023 (unaudited)
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14. Trade and other receivables (continued)

The credit policy for gaming receivables is five to thirty days (31 December 2022: five to thirty days) from end of tour. The credit policy on non-gaming receivables is thirty days from end of month (31 December 2022: thirty days from end of month).

15. Trade and other payables

	30 June 2023	31 December 2022
	\$'000 (Unaudited)	\$'000 (Audited)
Trade payables (Note)	12,374	34,259
Unredeemed casino chips	9,008	10,376
Deposits	21,008	14,756
Construction creditors	1,546	3,388
Interest payable	18,220	18,220
Accruals and other creditors	69,521	72,798
Gaming tax payables	42,485	29,288
	174,162	183,085
Less: current portion	(168,071)	(177,256)
Non-current portion	6,091	5,829

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 2023	31 December 2022
	\$'000 (Unaudited)	\$'000 (Audited)
Due within 1 month or on demand	4,405	1,461
Due after 1 month but within 3 months	6,004	9,803
Due after 3 months but within 6 months	1,965	15,586
Due after 6 months but within 1 year	–	7,393
Due after 1 year	–	16
Total	12,374	34,259

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023 (unaudited)
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16. Senior notes

On 6 July 2020 and 15 June 2021, the Company issued senior notes of an aggregate principal amount of \$350 million and \$200 million, respectively, with maturity on 6 July 2024. The 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 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 senior notes.

The obligations under the senior notes are secured by guarantees given by certain subsidiaries of the Company. During the financial year ended 31 December 2022, the Company repurchased the senior notes of an aggregate principal amount of \$77,845,000 with purchase price ranging from 91.83% to 92.10% in total amount of \$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 senior notes, the senior notes of an aggregate principal amount of \$472,155,000 remains outstanding as at 31 December 2022 and 30 June 2023.

In connection with the issue of the senior notes, ChenLipKeong Capital Limited has subscribed for the senior notes with principal amount of \$45,000,000. ChenLipKeong Capital Limited is directly and wholly-owned by SAIKAI PRIVATE TRUST COMPANY PTE. LTD. as the trustee of The Sakai Trust, a discretionary family trust of which Tan Sri Dr Chen Lip Keong is the settlor for the benefit of himself and his family. The interest expenses payable to the related company for the Period amounted to \$1,789,000 (30 June 2022: \$1,789,000).

17. Capital commitments

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

	30 June 2023	31 December 2022
	\$'000 (Unaudited)	\$'000 (Audited)
Hotel and casino complex, – contracted but not incurred	3,166,392	3,163,829

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023 (unaudited)
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18. Related party transactions

In addition to the information disclosed in note 16 to the condensed consolidated financial statements, transactions entered into between the Group and its related parties are as follows:

Balance with related companies

As at 30 June 2023, amounts due from related companies of \$244,000 (31 December 2022: \$244,000) are included in trade and other receivables as disclosed in note 14 to the condensed consolidated financial statements. The balance is unsecured, interest-free and repayable on demand. The maximum amount during the Period was \$244,000 (six months ended 30 June 2022: \$291,000).

As at 30 June 2023, amount due to a director, Tan Sri Dr Chen Lip Keong of \$4,233,000 (31 December 2022: \$280,000) is included in trade and other payables as disclosed in note 15 to the condensed consolidated financial statements. The balance is unsecured, interest-free and repayable on demand.

19. 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 2023.