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NAGACORP

金界控股有限公司

NAGACORP LTD.

(Incorporated in the Cayman Islands with limited liability)

Stock code: 3918

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

Financial Highlights for 2015:

- Gross Gaming Revenue increased by 26% to US\$480.6 million
- Gross profit increased by 20% to US\$327.8 million
- Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) increased by 30% to US\$228.5 million
- Net profit increased by 27% to US\$172.6 million
- VIP rollings increased by 27% to US\$7.9 billion
- Mass Market table buy-ins increased by 18% to US\$550.2 million
- Mass Market electronic gaming machines bills-in increased by 16% to US\$1.4 billion
- Earnings per share of US cents 7.60 per Share
- Proposed final dividend of US cents 1.89 per Share (or equivalent to HK cents 14.65 per Share)

The board of directors (the “Board”) of NagaCorp Ltd. (the “Company” and together with its subsidiaries, the “Group”) is pleased to announce the consolidated financial results of the Group for the year ended 31 December 2015 (the “Year”). The financial information for the Year contained in this announcement was prepared based on the audited consolidated financial statements.

Having considered the Company’s financial results, the Board has recommended the payment of a final dividend of US cents 1.89 per ordinary share of the Company (the “Shares”) (or equivalent to HK cents 14.65 per Share) for the Year (the “Final Dividend”). The proposed Final Dividend and the interim dividend for the six months ended 30 June 2015, in the aggregate amount of US cents 4.56 per Share (or equivalent to HK cents 35.34 per Share) represent a dividend payout ratio of 60% based on the net profit generated for the Year. The Company will pay the Final Dividend on Tuesday, 10 May 2016.

CONSOLIDATED STATEMENT OF INCOME

	<i>Notes</i>	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Revenue	2	503,655	404,298
Cost of sales		(175,844)	(131,604)
Gross profit		327,811	272,694
Other income		5,611	3,295
Administrative expenses		(47,169)	(51,483)
Other operating expenses		(97,235)	(82,545)
Profit before taxation	3	189,018	141,961
Income tax	4	(16,395)	(5,875)
Profit attributable to owners of the Company		172,623	136,086
Earnings per share (US cents) – basic and diluted	6	7.60	5.96

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Profit for the year	172,623	136,086
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit or loss exchange adjustments	(2,516)	-
	<hr/>	<hr/>
Total comprehensive income attributable to the owners of the Company for the year	170,107	136,086
	<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2015	2014
		US\$'000	US\$'000
Non-current assets			
Property, plant and equipment	8	407,080	337,231
Interest in leasehold land held for own use under operating lease		1,308	608
Intangible assets	9	69,748	73,295
Prepayments for construction	10	47,003	13,732
Prepayments – non-current		689	1,327
Promissory notes	11	6,885	-
		532,713	426,193
Current assets			
Consumables		1,177	1,292
Trade and other receivables	12	45,999	29,062
Investment in bonds	13	-	25,809
Cash and cash equivalents	14	143,081	178,238
		190,257	234,401
Current liabilities			
Trade and other payables	15	34,824	34,604
Current tax liability		1,570	490
		36,394	35,094
Net current assets		153,863	199,307
NET ASSETS		686,576	625,500
CAPITAL AND RESERVES			
Share capital	16	28,375	28,526
Treasury shares		-	(9,004)
Reserves		658,201	605,978
TOTAL EQUITY		686,576	625,500

Notes:

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

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

The consolidated financial statements have been prepared under the historical cost basis except for financial assets at fair value through profit or loss, which are measured at fair values.

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The IASB has issued certain amendments, revised standards and new interpretations that become effective for the current accounting period of the Group. The adoption of these amendments, revised standards and new interpretations has no material impact on the consolidated financial statements of the Group for the current and prior periods.

The Group has not adopted early any amendments, new or revised standards or interpretations that are issued but have not become effective for the current accounting period. The Group is in the process of making an assessment of the potential impact of these amendments and new or revised standards or interpretations. The directors of the Company (the “Directors”) are not yet in a position to conclude the impact on the consolidated financial statements.

2. Revenue

Revenue represents net house takings arising from casino operations and income from other operations, which are set out as follows:

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Casino operations – gaming tables	343,766	296,821
Casino operations – electronic gaming *	136,834	84,563
Hotel room income, sales of food and beverage and others	23,055	22,914
	<u>503,655</u>	<u>404,298</u>

* The amount in 2015 included a negotiation fee of US\$40,000,000 from investors for the placement of electronic gaming machines in NagaWorld.

3. Profit before taxation

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

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Interest income	(1,644)	(1,113)
Auditor's remuneration:		
- current year	580	476
- (over)/under-provision in prior year	(44)	186
Fuel expenses	5,081	9,101
Amortisation of casino licence premium charged to other operating expenses	3,547	3,547
Depreciation and amortisation	35,959	30,150
Impairment loss on trade receivables	1,079	1,519
Reversal of impairment loss on trade receivables previously recognised	(646)	(263)
Write-off of property, plant and equipment	521	-
Loss on disposal of property, plant and equipment	1	52
Realised/Unrealised gain on investment in bonds	(329)	(684)
Operating lease charges for:		
- land lease rental	201	294
- office and car park rental	1,510	1,547
- hire of equipment	3,511	3,986
Exchange loss, net	1,263	851
Staff costs (including directors' remuneration)		
- Salaries, wages and other benefits	56,747	48,668
- Contributions to defined contribution retirement scheme	48	13

4. Income tax

Income tax in the profit or loss represents:

The monthly gaming obligation payment comprises (1) US\$365,322 (2014: US\$324,731) and monthly non-gaming obligation payment of (2) US\$214,338 (2014: US\$164,875) payable to The Ministry of Economy and Finance of Cambodia (the "MOEF") by NagaWorld Limited Gaming Branch, a branch registered in the name of NAGAWORLD LIMITED, a subsidiary of the Company incorporated in Hong Kong. There are no Malaysian or Hong Kong income taxes payable by the Group.

During the Year, having discussed with the MOEF, the Group paid an additional non-gaming obligation payment of US\$9,438,000 to the MOEF in respect of previous periods, the final outcome is subject to further developments in this matter.

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Current tax expense		
- Current year	6,957	5,875
- Additional non-gaming obligation payment	9,438	-
	<u>16,395</u>	<u>5,875</u>

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

	2015 US\$'000	2014 US\$'000
Interim dividend declared during the year:		
2015: US cents 2.67 per ordinary share	60,612	-
2014: US cents 2.07 per ordinary share	-	47,334
Final dividend proposed after the end of reporting year:		
2015: US cents 1.89 per ordinary share	42,962	-
2014: US cents 2.11 per ordinary share	-	47,925
	<hr/> 103,574 <hr/>	<hr/> 95,259 <hr/>

The interim dividend of US\$60,612,000 (2014: US\$47,334,000) for the six months period ended 30 June 2015 was declared in August 2015 and paid in September 2015.

6. Earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to owners of the Company of US\$172,623,000 (2014: US\$136,086,000) and the weighted average number of 2,269,990,519 (2014: 2,281,614,300) shares in issue less treasury shares during the Year.

The weighted average number of Shares is as follows:

	2015	2014
Issued ordinary shares at 1 January	2,270,588,875	2,282,078,875
Purchase of own shares	(598,356)	(464,575)
	<hr/> 2,269,990,519 <hr/>	<hr/> 2,281,614,300 <hr/>

There were no dilutive potential ordinary shares existing during the Year.

7. Segment information

The Group manages its businesses by division, which are organised as a combination of business segments (casino, hotel and entertainment). The Group has identified the following two main reportable segments in accordance with the manner in which information is reported internally to the Group's most senior executive management for the purpose of resource allocation and performance assessment.

- Casino operations: this segment comprises all gaming activities at NagaWorld.
- Hotel and entertainment operations: this segment comprises the operations of leisure, hotel and entertainment activities.

(a) Segment results, assets and liabilities

The Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

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

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

	Casino operations US\$'000	Hotel and entertainment operations US\$'000	Total US\$'000
<i>Segment revenue:</i>			
Year ended 31 December 2014			
Revenue from external customers	380,415	23,883	404,298
Inter-segment revenue	-	37,224	37,224
	<u>380,415</u>	<u>61,107</u>	<u>441,522</u>
Reportable segment revenue	<u>380,415</u>	<u>61,107</u>	<u>441,522</u>
Year ended 31 December 2015			
Revenue from external customers	480,600	23,055	503,655
Inter-segment revenue	-	15,349	15,349
	<u>480,600</u>	<u>38,404</u>	<u>519,004</u>
Reportable segment revenue	<u>480,600</u>	<u>38,404</u>	<u>519,004</u>
<i>Segment profit/(loss):</i>			
Year ended 31 December			
2014	166,474	20,603	187,077
2015	243,861	(36)	243,825
	<u>243,861</u>	<u>(36)</u>	<u>243,825</u>
<i>Segment assets:</i>			
As at 31 December			
2014	567,047	380,347	947,394
2015	698,676	392,542	1,091,218
	<u>698,676</u>	<u>392,542</u>	<u>1,091,218</u>
<i>Segment liabilities:</i>			
As at 31 December			
2014	(29,232)	(294,356)	(323,588)
2015	(29,476)	(377,405)	(406,881)
	<u>(29,476)</u>	<u>(377,405)</u>	<u>(406,881)</u>
<i>Net assets:</i>			
As at 31 December			
2014	537,815	85,991	623,806
2015	669,200	15,137	684,337
	<u>669,200</u>	<u>15,137</u>	<u>684,337</u>

	Casino operations US\$'000	Hotel and entertainment operations US\$'000	Total US\$'000
<i>Other segment information:</i>			
<i>Capital expenditure:</i>			
Year ended 31 December			
2014	53,252	43,934	97,186
2015	34,028	72,910	106,938
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
<i>Impairment loss on trade receivables:</i>			
Year ended 31 December			
2014	1,519	-	1,519
2015	1,079	-	1,079
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
<i>Reversal of impairment loss on trade receivables:</i>			
Year ended 31 December			
2014	(263)	-	(263)
2015	(646)	-	(646)
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

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

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Revenue		
Reportable segment revenue	519,004	441,522
Elimination of inter-segment revenue	(15,349)	(37,224)
	<hr/>	<hr/>
Consolidated revenue	503,655	404,298
	<hr/> <hr/>	<hr/> <hr/>
Profit		
Reportable segment profit	243,825	187,077
Other revenue	663	716
Depreciation and amortisation	(39,506)	(33,697)
Unallocated head office and corporate expenses	(15,964)	(12,135)
	<hr/>	<hr/>
Consolidated profit before taxation	189,018	141,961
	<hr/> <hr/>	<hr/> <hr/>
Assets		
Reportable segment assets	1,091,218	947,394
Elimination of inter-segment assets	(371,319)	(288,973)
	<hr/>	<hr/>
Unallocated corporate assets	719,899	658,421
	3,071	2,173
	<hr/>	<hr/>
Consolidated total assets	722,970	660,594
	<hr/> <hr/>	<hr/> <hr/>
Liabilities		
Reportable segment liabilities	(406,881)	(323,588)
Elimination of inter-segment payables	371,319	288,973
	<hr/>	<hr/>
Unallocated corporate liabilities	(35,562)	(34,615)
	(832)	(479)
	<hr/>	<hr/>
Consolidated total liabilities	(36,394)	(35,094)
	<hr/> <hr/>	<hr/> <hr/>

(b) Geographical information

The Group's operations and activities are located entirely in Cambodia. As at 31 December 2015, the Group had non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets located in Cambodia and Russia of US\$488,221,000 (2014: US\$426,193,000) and US\$37,607,000 (2014: Nil), respectively.

8. Property, plant and equipment

For the Year, the Group acquired property, plant and equipment totalling US\$106.2 million. This included US\$13.5 million in relation to construction and installation of a grid electricity system and US\$82.6 million in respect of capital work in progress mainly in relation to construction within NagaWorld.

9. 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 2035 for a consideration of US\$108.0 million, less accumulated amortisation of US\$38.3 million (2014: US\$34.7 million).

10. Prepayments for construction

As at the end of the reporting year, prepayments for construction relate to contractual advances made for various construction activities in NagaWorld and other jurisdictions. It is anticipated that these advances will be set-off against progress claims within the next twelve months.

11. Promissory notes

On 12 February 2015, the Group bought promissory notes in the aggregate principal amount of RUB469,100,000 (approximately US\$8,952,000) from a bank in Russia with interest rate of 6.6% per annum and due 2,909 days from the date of issue, i.e. 30 January 2023 (the "Promissory Notes"). The Promissory Notes were pledged to the same bank for issuance of a bank guarantee amounting to RUB400,000,000 in favour of Primorsky Krai Development Corporation for the Group's gaming and resort development project in Russia. In the opinion of the Directors, the Promissory Notes are, in substance, investments on the project in Russia.

As at 31 December 2015, the total value of the Promissory Notes and all interests accrued thereon was RUB496,413,000, equivalent to approximately US\$6,885,000. The decrease in value of the Promissory Notes is due to depreciation of Russian Ruble against United States dollars.

12. Trade and other receivables

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Trade receivables	13,864	14,371
Less: Allowance for impairment loss	(2,262)	(1,829)
	<u>11,602</u>	<u>12,542</u>
Deposits, prepayments and other receivables	34,397	16,520
	<u>45,999</u>	<u>29,062</u>

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

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Current to within 1 month	8,864	11,173
1 to 3 months	1,015	1
3 to 6 months	190	-
6 to 12 months	-	605
More than 1 year	1,533	763
	<u>11,602</u>	<u>12,542</u>

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

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
At beginning of year	1,829	2,290
Impairment loss recognised	1,079	1,519
Bad debts written off	-	(1,717)
Reversal of impairment loss previously recognised	(646)	(263)
	<u>2,262</u>	<u>1,829</u>

The credit policy for gaming receivables is five to thirty days (2014: seven days) from end of tour. The credit policy on non-gaming receivables is thirty days from end of month (2014: thirty days from end of month).

13. Investment in bonds

On 13 June 2014, the Group bought notes linked to a China bond USD hedged index (the "Index") issued by a reputable international bank (the "Bonds"). The Bonds are traded over-the-counter with a coupon rate of 3% per annum based on nominal value of US\$25,000,000 and due three years from the date of issue, i.e. 13 June 2017. The redemption amount of the Bonds at the maturity date is calculated by reference to the Index level at the issue date and at the maturity date of the Bonds. The Bonds contained derivatives and were designated as fair value through profit or loss.

The Bonds were disposed of during the Year.

A reconciliation of the opening and closing fair value balance is set out in the following table:

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Fair value:		
At 1 January	25,809	-
Additions	-	25,125
Realised/Unrealised gain include in other operating expenses	329	684
Disposal	<u>(26,138)</u>	<u>-</u>
At 31 December	<u>-</u>	<u>25,809</u>

14. Cash and cash equivalents

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Cash and bank balances	74,690	86,659
Fixed deposits	<u>68,391</u>	<u>91,579</u>
	<u>143,081</u>	<u>178,238</u>

As at the end of the Year, fixed deposits bear interest of 0.12% to 10.67% (2014: 0.12% to 15.05%) per annum and mature at various times up to and including February 2016 (2014: mature at various times up to and including January 2015).

The carrying amounts of these assets approximate their fair value.

15. Trade and other payables

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>
Trade payables (<i>Note</i>)	2,624	1,518
Unredeemed casino chips	16,089	17,365
Deferred revenue	1,649	456
Deposits	718	400
Construction creditors	3,333	3,270
Accruals and other creditors	<u>10,411</u>	<u>11,595</u>
	<u>34,824</u>	<u>34,604</u>

Note:

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

	2015 US\$'000	2014 US\$'000
Due within 1 month or on demand	2,606	1,500
Due after 1 month but within 3 months	-	-
Due after 3 months but within 6 months	-	-
Due after 6 months but within 1 year	-	-
Due after 1 year	18	18
	<hr/>	<hr/>
Total	<u>2,624</u>	<u>1,518</u>

16. Capital and reserves

	Share capital US\$'000	Treasury shares US\$'000	Share premium US\$'000	Capital redemption reserves US\$'000	Merger reserve US\$'000	Capital contribution reserve US\$'000	Exchange reserve US\$'000	Retained profits US\$'000	Total US\$'000
At 1 January 2014	28,526	-	287,936	-	(12,812)	55,568	63	240,678	599,959
Purchase of own shares	-	(9,004)	-	-	-	-	-	-	(9,004)
Profit for the year	-	-	-	-	-	-	-	136,086	136,086
Dividend declared and paid (Note (a))	-	-	-	-	-	-	-	(101,541)	(101,541)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014	28,526	(9,004)	287,936	-	(12,812)	55,568	63	275,223	625,500
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 2015	28,526	(9,004)	287,936	-	(12,812)	55,568	63	275,223	625,500
Purchase of own shares	-	(494)	-	-	-	-	-	-	(494)
Cancellation of treasury shares	(151)	9,498	(9,498)	151	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	172,623	172,623
Other comprehensive income – exchange adjustments	-	-	-	-	-	-	(2,516)	-	(2,516)
Dividend declared and paid (Note (a))	-	-	-	-	-	-	-	(108,537)	(108,537)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2015	28,375	-	278,438	151	(12,812)	55,568	(2,453)	339,309	686,576

Note:

(a) The dividend declared and paid during the Year comprises the 2014 final dividend of US\$47,925,000 which was paid in May 2015 and the 2015 interim dividend of US\$60,612,000 which was paid in September 2015.

Share Capital

(i) Authorised:

	2015 US\$'000	2014 US\$'000
8,000,000,000 ordinary shares of US\$0.0125 each	<u>100,000</u>	<u>100,000</u>

- (ii) Issued and fully paid and held in treasury:

	2015		2014	
	Number of shares	US\$'000	Number of shares	US\$'000
Issued and fully paid:				
Ordinary shares of US\$0.0125 each:				
At 1 January	2,282,078,875	28,526	2,282,078,875	28,526
Cancellation of treasury shares (Note (b))	<u>(12,090,000)</u>	<u>(151)</u>	-	-
At 31 December	<u>2,269,988,875</u>	<u>28,375</u>	<u>2,282,078,875</u>	<u>28,526</u>
Treasury shares:				
At 1 January	(11,490,000)	(9,004)	-	-
Purchase of own shares (Note (a))	(600,000)	(494)	(11,490,000)	(9,004)
Cancellation of treasury shares (Note (b))	<u>12,090,000</u>	<u>9,498</u>	-	-
At 31 December	<u>-</u>	<u>-</u>	<u>(11,490,000)</u>	<u>(9,004)</u>
Number of shares in open market:				
At 1 January	2,270,588,875		2,282,078,875	
Purchase of own shares (Note (a))	<u>(600,000)</u>		<u>(11,490,000)</u>	
At 31 December	<u>2,269,988,875</u>		<u>2,270,588,875</u>	

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

Notes:

- (a) During the year ended 31 December 2014 and 2015, the Company repurchased its own Shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as follows:

Month/year	Number of Shares repurchased	Highest price paid per Share HK\$	Lowest price paid per Share HK\$	Aggregate price paid US\$'000
December 2014	11,490,000	6.340	5.765	8,947
January 2015	<u>600,000</u>	6.350	6.290	<u>490</u>
	<u>12,090,000</u>			<u>9,437</u>

Transaction costs of US\$57,000 and US\$4,000 were incurred in 2014 and 2015, respectively for the repurchase.

- (b) The 12,090,000 repurchased Shares were cancelled in December 2015. The issued share capital of the Company was reduced by the nominal value of these Shares. Pursuant to section 37(4) of the Companies Law of the Cayman Islands, an amount equivalent to the par value of the Shares cancelled of US\$151,000 was transferred from share premium to the capital redemption reserves. The premium paid on the purchase of the Shares of US\$9,347,000 was charged to share premium.

17. Acquisition of Subsidiaries

The Company entered into a conditional share purchase agreement on 13 June 2011 (as amended by two supplemental agreements dated 28 December 2011 and 28 December 2015, respectively) with Tan Sri Dr Chen Lip Keong (“Dr Chen”), the controlling shareholder of the Company, to acquire the entire equity interests in TanSriChen Inc. (“TSC Inc.”) and TanSriChen (Citywalk) Inc. (“City Walk Inc.”) both of which are incorporated in the British Virgin Islands and are beneficially owned by Dr Chen. The agreed consideration is US\$369,000,000, which will be settled upon completion, at the election of Dr Chen, in the form of Shares or convertible bonds to be issued by the Company. The acquisition was approved by the shareholders of the Company (the “Shareholders”) at the extraordinary general meeting held on 30 January 2012. Completion of the acquisition is subject to completion of the construction of several projects, including the development and construction of the hotel and gaming complex and a retail walkway adjacent to NagaWorld in Phnom Penh, Cambodia, to be undertaken by TSC Inc. and City Walk Inc.

18. Contingent Liabilities

Based on the formula stated in Clause 3.3 of the Service Agreement which was signed between the Company and Dr Chen, the CEO of the Company, the parties acknowledge and agree that Dr Chen will be entitled to a performance bonus of US\$8,050,899 (the “**2015 Bonus Entitlement**”) for the financial year ended 31 December 2015.

Pursuant to a resolution passed by the Board on 1 February 2016, the Board has considered the matter and has resolved to appeal to the generosity and good judgement of Dr Chen to defer the payment of the 2015 Bonus Entitlement. The Company and Dr Chen agreed that it is in the interests of the Company to defer the obligation to make the payment of the 2015 Bonus Entitlement, and at the request of the Company, Dr Chen has agreed to defer the receipt of the 2015 Bonus Entitlement to subsequent years until the achievement of certain key performance indicators (“**KPIs**”).

The Company and Dr Chen agreed that subject to the achievement of the KPIs, the deferral of the 2015 Bonus Entitlement shall be extended to the financial years ending 31 December 2016 and 31 December 2017 and beyond at the sole election of Dr Chen and that the parties shall negotiate in good faith a reasonable timeframe which is in the best interests of the Company.

Subject to re-election at the annual general meeting of the Company to be held on or around 20 April 2016 (or such other date as the Company may determine), based on the recommendation of the Remuneration Committee of the Company, on recognition of the achievements and sacrifices of Dr Chen not to collect the past performance bonuses amounting to US\$18,580,908 from 2010 to 2014, the Company and Dr Chen further agreed that the Service Agreement which will expire on 15 May 2016 shall be renewed subject to terms agreeable to the parties.

Except for the above, and as disclosed elsewhere in the Group’s financial statements, there were no other contingent liabilities as at 31 December 2015.

MARKET REVIEW

The Cambodian economy continued to register stable growth during the Year. The International Monetary Fund (“IMF”) projects an increase in Cambodia’s real Gross Domestic Product (“GDP”) of 7.0% and 7.2% in 2015 and 2016 respectively, with an inflation rate of 1.1% and 1.8% respectively.

Tourism in Cambodia continued to grow with international tourist arrival increasing by 5% to 4.2 million visitors in the first 11 months of 2015 compared to the same period in 2014. Visitor arrivals via Phnom Penh International Airport increased by 17% over the same period. The top three countries where visitors originated from were Vietnam (21%), China (15%) and Korea (8%), together accounting for 44% of total tourist arrivals to Cambodia. In particular, visitors from China increased by 24% year-on-year to 629,786 visitors during the first 11 months of 2015 (Source: Ministry of Tourism, Cambodia). Continued visitor growth is one of the drivers of the Group’s business growth.

NagaWorld, which is situated in the Cambodian capital city, Phnom Penh, recorded Gross Gaming Revenue (“GGR”) growth of 26%, compared to a decline in GGR of 34% in 2015 for Macau. For the Year, the Group’s net profit increased by 27% to US\$172.6 million. The positive results were attributable to the increase in business volume across all segments of the gaming business. In addition, the Group received a non-refundable Electronic Gaming Machines (“EGM”) negotiation fee (“EGM Negotiation Fee”) from investors, which has been recorded as EGM revenue for the Year. As at 31 December 2015, NagaWorld had in place 287 gaming tables and 1,656 EGM.

BUSINESS REVIEW

Table 1: Performance Highlights

For the Year and comparative prior year:

	2015 <i>US\$'000</i>	2014 <i>US\$'000</i>	Increase %
Mass Market: Public Floor Tables			
– Buy-ins	550,177	465,482	18.2%
– Win rate	22.0%	23.3%	
– Revenue	120,821	108,637	11.2%
– No. of tables at end of year	87	85	2.4%
Mass Market: EGM			
– Bills-in	1,370,652	1,185,648	15.6%
– Win rate	9.8%	10.1%	
– Win per unit per day (WUD) (US\$)	230	214	7.5%
– Revenue	136,834	84,563	61.8%
– No. of machines at end of year	1,656	1,537	
VIP Market			
– Rollings	7,875,918	6,185,338	27.3%
– Win rate	2.8%	3.0%	
– Revenue	222,945	188,184	18.5%
– No. of tables at end of year	200	169	18.3%
Gross Gaming Revenue	480,600	381,384	26.0%

Mass Market (Public Floor Tables and EGM)

The Group achieved growth in the Mass Market segment with an 18% increase in Public Floor Tables buy-ins and 16% increase in EGM bills-in. The business volume growth is attributable to steady visitor growth to the property and successful operational efficiencies implemented to improve convenience for players at the gaming tables and EGM.

In July 2015, the Group implemented table buy-ins for all Public Floor Tables. Previously, players were required to exchange cash for casino chips at the cashier cage. This initiative provides convenience for players at the gaming tables which has led to incremental growth in business volumes during 2H2015.

During the Year, EGM revenue grew by 62%, as a result of an EGM Negotiation Fee of US\$40.0 million received and an increase in bills-in of 16%, despite a lower win rate. EGM revenue growth was also attributable to an additional 269 EGM installed in 2H2015 at existing and new gaming areas.

The Group installed a “ticket-in, ticket-out” (“TITO”) system to the majority of EGM in September 2015. Previously, players would require EGM attendants to manually redeem credit for cash at the EGM. With TITO, the EGM is able to generate a ticket for the player which can be immediately inserted into another TITO equipped EGM to continue playing or be redeemed for cash. This added convenience to players has partly contributed to incremental bills-in growth.

The Group’s loyalty program, the Golden Edge Rewards Club (“GERC”), has been tracking well with increasing membership. As at 31 December 2015, GERC had approximately 15,500 active members. This allows the Group to continue its efforts to understand its members’ profile, create targeted marketing promotions and rollout player development initiatives to increase the number of visitors and the amount of gaming spending.

VIP Market

The Group’s VIP Market comprises players brought in by junkets, who are either under a commission or incentive program, and direct players without an intermediary. The overseas junket incentive program introduced in March 2013 has since enabled the Group to increase existing table limits while managing volatility and credit risk.

Rollings for the Year continued to be strong with sequential increases during 2H2015. VIP rollings increased by 27% to US\$7.9 billion with a win rate of 2.8%. As a result, VIP Market revenue increased by 19% to US\$222.9 million. In the second quarter of 2015, the Group signed additional North Asian junkets under the incentive program. The Group also launched tele-betting with a junket under the incentive program in December 2015.

Non-Gaming – Hotel, Food & Beverage and Entertainment

Non-gaming revenue increased slightly to US\$23.1 million due to better performance from Food & Beverage and other hotel services, which offsets the drop in room revenue attributable to the increased number of rooms sold to junket operators at a lower room rate.

The Group continued its efforts to provide internationally recognised products and services to both gaming and non-gaming patrons whilst continuing to grow market share through its unique position in the region. The expected opening of NagaCity Walk by the third quarter of 2016 will enhance the overall retail experience available to the patrons and further strengthen NagaWorld’s appeal to both the VIP Market and Mass Market. China Duty Free Group, the largest duty-free operator in China, has entered into an agreement to lease about 3,900 square metres in NagaCity Walk and operate duty-free shopping in the premises.

Revenue and Gross Profit Analysis

Table 2(a)

	Revenue		Gross Profit		Gross Profit Margin
	US\$’m	%	US\$’m	%	%
2015					
Mass Market	257.7	51%	248.7	76%	97%
VIP Market	222.9	44%	60.9	19%	27%
Non-Gaming	23.1	5%	18.2	5%	79%
Total	503.7	100%	327.8	100%	65%

Table 2(b)

2014	Revenue		Gross Profit		Gross Profit Margin
	US\$'m	%	US\$'m	%	%
Mass Market	193.2	48%	184.9	68%	96%
VIP Market	188.2	47%	68.9	25%	37%
Non-Gaming	22.9	5%	18.9	7%	83%
Total	404.3	100%	272.7	100%	67%

The Group recorded a gross profit increase of 20% to US\$327.8 million for the Year. The increase in gross profit for the Mass Market by 35% to US\$248.7 million was driven by higher Public Floors Tables buy-ins, EGM bill-ins and the receipt of the EGM Negotiation Fee from investors. The Mass Market continued to generate a high margin of 97%. The VIP Market's gross profit margin decreased to 27% (31 December 2014: 37%) due to higher incentives paid to overseas junket operators and a lower win-rate. With effect from January 2016, the Group has reduced such incentives to increase its profit margins from the VIP Market.

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

Administrative and other operating expenses before impairment losses, depreciation and amortisation increased marginally by 5% to US\$103.8 million during the Year. Increased expenses were in line with solid revenue growth, as required to support the higher business volume across all segments. Additionally, the Group has hired a number of experienced and qualified staff to facilitate regional marketing efforts and ongoing property enhancements at NagaWorld.

Finance Costs

The Group did not incur any finance costs during the Year.

Net Profit

Net profit attributable to the shareholders of the Group, or net profit, increased by 27% to US\$172.6 million for the Year. Net profit margin for the year only decreased marginally to 34% despite lower gross profit margin and higher tax payment as a result of cost containment.

Earnings per share were US cents 7.60 (HK cents 58.90 per Share) and US cents 5.96 (HK cents 46.19 per Share) for the year ended 31 December 2015 and 2014, respectively.

FINANCIAL REVIEW

Pledge of Assets

As at 31 December 2015, the Group had the Promissory Notes amounted to US\$6.9 million pledged for issuance of a bank guarantee of RUB400.0 million (31 December 2014: Nil).

Contingent Liabilities

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Except for the above, and as disclosed elsewhere in the Group’s financial statements, there were no other contingent liabilities as at 31 December 2015.

Issue of New Shares

There were no new Shares issued by the Company during the Year.

Purchase, Redemption or Sale of Listed Securities

During the Year, the Company repurchased 600,000 (31 December 2014: 11,490,000) of its Shares on the Stock Exchange for an aggregate consideration of HK\$3,798,840 (equivalent to approximately US\$490,593) (31 December 2014: HK\$69,371,020 (equivalent to approximately US\$8,947,000)) excluding transaction costs. On 31 December 2015, all the 12,090,000 Shares repurchased by the Company in 2014 and 2015 were cancelled.

Particulars of the share repurchases by the Company during the Year are as follows:

Month of repurchase	Number of Shares repurchased	Price per Share		Aggregate consideration (excluding transaction costs) (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
January	600,000	6.35	6.29	3,798,840

Save as disclosed above, the Company did not redeem any of its Shares listed on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of its listed securities during the Year.

Funds Raised by the Issue of New Shares in March 2013 and Use of Proceeds

Reference is made to (i) the announcement of the Company dated 14 March 2013 in relation to the placing of existing Shares and top-up subscription of new Shares under the general mandate (the “Top-up Placing and Subscription”), (ii) the announcement of the Company dated 27 March 2013 concerning completion of the Top-up Placing and Subscription, (iii) the 2014 interim results announcement of the Company dated 6 August 2014, (iv) the 2014 final results of the Company dated 4 February 2015, and (v) the 2015 interim results of the Company dated 12 August 2015 (collectively, the “Announcements”).

During the year ended 31 December 2014, approximately 83% of the net proceeds from the Top-up Placing and Subscription (the “Net Proceeds”) had been utilised or deployed for such projects as the upgrading of the transportation services, the development of VIP suites at NagaWorld and as working capital for the general development of the high roller business of the Company. As at 31 December 2015, 100% of the Net Proceeds has been utilised or deployed in accordance with the intended use as disclosed in the Announcements.

Liquidity, Financial Resources and Gearing

As at 31 December 2015, the Group had total cash and cash equivalents, pledged deposits and bonds of US\$143.1 million (31 December 2014: US\$204.0 million).

As at 31 December 2015, the Group had net current assets of US\$153.9 million (31 December 2014: US\$199.3 million). The Group had net assets of US\$686.6 million as at 31 December 2015 (31 December 2014: US\$625.5 million).

As at 31 December 2015 and 31 December 2014, respectively, the Group had no outstanding borrowings. The Group has continued to remain ungeared.

Capital and Reserves

As at 31 December 2015, the capital and reserves attributable to owners of the Company was US\$686.6 million (31 December 2014: US\$625.5 million).

Employees

As at 31 December 2015, the Group employed a total work force of 5,763 (31 December 2014: 5,417), stationed in Cambodia, Hong Kong, Macau, Malaysia, Thailand, the United Kingdom, the United States, Vietnam and Russia. The remuneration and staff costs for the Year were US\$56.8 million (31 December 2014: US\$48.7 million).

Employee Benefits

Salaries, annual bonuses, paid annual leave, contributions to a defined contribution retirement scheme and the cost to the Group of non-monetary benefits are accrued in the Year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Trade Receivables and Credit Policy

Net trade receivables reduced from US\$12.5 million to US\$11.6 million during the Year.

During the Year, the Group made provision for impairment loss of US\$1.1 million (31 December 2014: US\$1.5 million) and reversed provision of impairment loss previously recognised of US\$0.6 million (31 December 2014: US\$0.3 million).

The Group has adhered to strict credit policies implemented since 2009. From time to time, the Group will review its policies to ensure they are competitive and are in line with the Group's risk management strategy. As a result, during the Year, the credit policy for gaming receivables was changed from seven days (31 December 2014) to a range of five to thirty days from end of tour while the credit policy on non-gaming receivables remained as thirty days from end of month.

Exchange Rate Risk

The Group's income is earned principally in United States dollars. The Group's expenditure is paid principally in United States dollars and to a lesser extent in Cambodian Riel and Russian Ruble. The Group therefore does not have any significant exposure to foreign currency risk nor has the Group entered into any currency hedging transactions.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries

There were no other significant investments held, material acquisitions, or disposals of subsidiaries during the Year.

PROJECT UPDATES AND PROSPECTS

Update on NagaCity Walk and Naga2

As announced by the Company on 29 December 2015, the Company and Tan Sri Dr Chen Lip Keong (the “Seller”) entered into a second supplemental agreement to a conditional share purchase agreement on 28 December 2015 to extend the completion date for the sale and purchase of the NagaCity Walk and the TSCLK Complex from 13 June 2016 to a date falling on or before 31 December 2017 (or such other date as the Company and the Seller may agree in writing). However, based on the latest update from the project consultant engaged by the Seller in connection with the development of the relevant properties and barring unforeseen circumstances, development of the NagaCity Walk may possibly be completed in the first quarter of 2016, subject to satisfaction or waiver of the other relevant conditions precedent.

Hence, the tenant of NagaCity Walk is expected to commence operations by the third quarter of 2016. Located right next to NagaWorld, NagaCity Walk will offer duty-free shopping operated by China Duty Free Group as its anchor tenant. It is expected that the opening of NagaCity Walk will draw more tourist traffic from China to NagaWorld which will further strengthen NagaWorld’s position as a leading integrated gaming and entertainment destination in the Mekong Region.

Update on the Investment Project in Vladivostok

Based on the current state of the gaming and resort development project in Vladivostok, Russia (the “PERC Project”), the PERC Project remains broadly on schedule for operation by 2018.

A ground breaking ceremony of the PERC Project was held at the site on 22 May 2015. The Company has already deposited with Sberbank an amount of RUB400,000,000 as a condition to show financial capability for the purpose of securing a casino license and has already been paying an annual lease rental of about RUB3,000,000 since 2013 for the purpose of securing the lease interest of the Group in the plots of land (Plot 20, 21, 22 and 25) in the Primorsky Gambling zone . In addition, an amount of US\$34.0 million has been paid to satisfy certain contractual obligations under various contracts. Las Vegas based Steelman Associates was appointed as the Architect – Designer and State-owned China Harbour Engineering was appointed as the subcontractor to carry out the piling and construction works. Preliminary building approval was given by the Russian authorities. Physical site works and construction on site are expected to commence around April 2016. An office has been established at the city centre and a certain number of key personnel have been appointed to monitor various aspects of the progress of the PERC Project.

The Group believes that its strategy to diversify its business geographically and expand into new casino markets will drive revenue growth in the long term.

Prospects

NagaWorld celebrated its 20th anniversary on 1 May 2015 with the tagline “Contribute to Tourism and Socio-economic Development in the Kingdom of Cambodia”. The Group examined its position in relation to the past 20 years, present achievements and future direction for the next 20 years. The short-term, medium-term and long-term plans of the Group aim to not only be the Entertainment Centre of the Mekong Region but also a major entertainment player in the world.

Cambodia has attracted visitors from both Mainland Chinese and other nationalities. International arrivals to the country increased 5% for the first 11 months of 2015 compared to the corresponding period in 2014. This is driven by the political stability and the abundance of business opportunities as a rising emerging market, coupled with its appeal as a travel destination. This is evident from the continued growth of the Group's property, NagaWorld - one of the main tourist destinations located at the city centre of Phnom Penh, which is poised to benefit from this growth in visitors. The Group continues to collaborate with Chinese outbound travel agents and an independent airline operator to bring Chinese tourists into Cambodia. The airline operator commenced thrice weekly scheduled flights from Chinese cities of Changsha and Xian to Cambodia in January 2016 and it is expected that that the airline operator will commence flights from other Chinese cities in the future. The Group will continue to promote Phnom Penh as a tourist destination for Chinese tourists by improving accessibility to Phnom Penh.

The continued downturn in the gaming sector in Macau offers opportunities for the Group to further penetrate the regional gaming market of both the VIP and Mass Market, by offering better commercial terms to junket operators and agents as a result of NagaWorld's low cost structure. During the Year, the Group signed additional North Asian junkets seeking to diversify their operations to other parts of Asia.

The 27% increase in VIP rollings during the Year demonstrates the success of NagaWorld's incentive program in promoting NagaWorld to a wider range of operators and players in the region. For 2016, the Group has revised its overseas junket incentive program in order to improve its margins as it captures a larger share of the Asian VIP gaming market.

The proposed opening of the NagaCity Walk with its retail mall in the third quarter of 2016 is expected to enhance NagaWorld's appeal to both the Mass and VIP Markets.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

The terms of reference of the audit committee of the Company (the "Audit Committee") were amended on 11 December 2015 to reflect the additional responsibilities of the Audit Committee arising from the Stock Exchange's proposal on risk management and internal control under the Corporate Governance Code applicable to accounting periods beginning on or after 1 January 2016.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct in respect of transactions in securities of the Company by the Directors. Having made specific enquiry of all Directors, the Company confirms that the Directors have complied with the required standard set out in the Model Code regarding securities transactions by Directors for the Year.

AUDIT COMMITTEE

The final results for the Year have been reviewed by the Audit Committee which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure has been made.

INTERIM AND FINAL DIVIDENDS

The Board recommends the payment of Final Dividend of US cents 1.89 per Share (or equivalent to HK cents 14.65 per Share) for the Year to Shareholders whose names appear on the Company's register of members on Tuesday, 26 April 2016. Subject to the approval of the Shareholders at the annual general meeting to be held on Wednesday, 20 April 2016 (the "2016 AGM") the Final Dividend is expected to be paid to Shareholders by post on or about Tuesday, 10 May 2016. The proposed Final Dividend together with the interim dividend for the six months ended 30 June 2015 of US cents 2.67 per Share (or equivalent to HK cents 20.69 per Share) paid on Thursday, 17 September 2015, amounts to a total dividend declared for the financial year ended 31 December 2015 of US cents 4.56 per Share (or equivalent to HK cents 35.34 per Share).

CLOSURE OF REGISTER OF MEMBERS

1. 2016 AGM

The register of members will be closed from Monday, 18 April 2016 to Wednesday, 20 April 2016, both dates inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the 2016 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 15 April 2016.

2. Proposed Final Dividend

The register of members will be closed on Tuesday, 26 April 2016. The ex-dividend date will be Friday, 22 April 2016. In order to qualify for the proposed Final Dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at the abovementioned address not later than 4:30 p.m. on Monday, 25 April 2016.

PUBLICATION OF FINANCIAL INFORMATION

This announcement is available for viewing on the Company's website at www.nagacorp.com and the website of Hong Kong Exchange and Clearing Limited at www.hkexnews.hk. The annual report of the Company for the Year containing, among others, the annual financial information of the Group will be despatched to the Shareholders and published on the above websites in due course.

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

Hong Kong, 1 February 2016

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

Executive Directors

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

Non-executive Director

Timothy Patrick McNally

Independent Non-executive Directors

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

For the purpose of this announcement, amounts denominated in US\$ have been converted to HK\$ and RUB at the respective exchange rates of US\$1.0 to HK\$7.75 and US\$1.0 to RUB72.88.