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**NAGACORP LTD.**

**金界控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**Stock code: 3918**

**ANNOUNCEMENT OF FINAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**Financial Highlights for 2013:**

- Gross Gaming Revenue increased by approximately 25% to US\$324.9 million
- EBITDA increased by approximately 25% to US\$171.8 million
- Net profit increased by approximately 24% to US\$140.3 million
- Earnings per share of US cents 6.28 (US cents 5.43 per share in 2012)
- Proposed dividend payout ratio of 70% of net profits
- Proposed final dividend of US cents 2.38 per share (or equivalent to HK cents 18.45 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 2013. The financial information for the year ended 31 December 2013 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 2.38 per share (or equivalent to HK cents 18.45 per share) for the year ended 31 December 2013 (the “Final Dividend”). The proposed Final Dividend together with the interim dividend, the sum of which is US cents 4.31 per share (or equivalent to HK cents 33.41 per share) represent a dividend payout ratio of 70 % based on the net profit generated for the year.

## CONSOLIDATED STATEMENT OF INCOME

	<i>Note</i>	<b>2013</b> <i>US\$'000</i>	<b>2012</b> <i>US\$'000</i>
<b>Revenue</b>	2	344,946	278,762
Cost of sales		(96,395)	(75,568)
		<hr/>	<hr/>
<b>Gross profit</b>		248,551	203,194
Other income		1,762	1,386
Administrative expenses		(46,973)	(40,615)
Other operating expenses		(57,937)	(46,348)
		<hr/>	<hr/>
<b>Profit before taxation</b>	3	145,403	117,617
Income tax	4	(5,113)	(4,476)
		<hr/>	<hr/>
<b>Profit attributable to owners of the Company</b>		140,290	113,141
		<hr/> <hr/>	<hr/> <hr/>
<b>Earnings per share (US cents)</b>	6	6.28	5.43
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## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>2013</b> <i>US\$'000</i>	<b>2012</b> <i>US\$'000</i>
<b>Profit for the year</b>	140,290	113,141
<b>Other comprehensive income for the year</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
- Exchange adjustments	—	(2)
	<hr/>	<hr/>
<b>Total comprehensive income attributable to owners of the Company for the year</b>	<u>140,290</u>	<u>113,139</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	<b>2013</b> <i>US\$'000</i>	<b>2012</b> <i>US\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	8	270,115	237,576
Interest in leasehold land held for own use under operating lease		616	624
Intangible assets	9	76,842	80,389
Prepayments for purchase of construction materials	11	18,108	14,436
Prepayments – non-current		3,519	—
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
		369,200	333,025
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
<b>Current assets</b>			
Consumables		1,007	1,142
Trade and other receivables	10	17,771	20,890
Cash and cash equivalents	12	252,130	73,225
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		270,908	95,257
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<b>Current liabilities</b>			
Trade and other payables	13	39,723	26,010
Current tax liability		426	373
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		40,149	26,383
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
<b>Net current assets</b>		230,759	68,874
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<b>NET ASSETS</b>		599,959	401,899
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
<b>CAPITAL AND RESERVES</b>			
Share capital	14	28,526	26,026
Reserves		571,433	375,873
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
<b>TOTAL EQUITY</b>		599,959	401,899
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>

*Notes:*

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

The consolidated financial statements 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.

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 are first 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 early adopted any amendments, new or revised standards or interpretations that are issued but not yet effective for the current accounting period. The Group is in the process of making assessment of the potential impact from these amendments and new or revised standards or interpretations. The directors of the Company 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:

	<b>2013</b> <i>US\$'000</i>	<b>2012</b> <i>US\$'000</i>
Casino operations – gaming tables	222,981	172,829
Casino operations – electronic gaming machines	101,936	87,923
Hotel room income, sales of food and beverages and others	20,029	18,010
	<u>344,946</u>	<u>278,762</u>

## 3. Profit before taxation

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

	<b>2013</b> <i>US\$'000</i>	<b>2012</b> <i>US\$'000</i>
Interest income	(625)	(463)
Auditor's remuneration		
- current year	389	349
- under-provision for prior year	—	47
Fuel expenses	8,776	9,154
Amortisation of casino licence premium charged to other operating expenses	3,547	3,547
Depreciation and amortisation	22,877	16,637
Impairment loss on trade receivables	—	89
Reversal of impairment loss on trade receivables previously recognised	(537)	(659)
Write-off of property, plant and equipment	858	1,502
Loss / (Gain) on disposal of property, plant and equipment	1	(6)
Operating lease charges for:		
- land lease rental	187	187
- office and car park rental	1,206	807
- hire of equipment	3,488	1,938
Exchange loss, net	1,054	295
Staff costs (including directors' remuneration)		
- Salaries, wages and other benefits	34,672	29,720
- Contributions to defined contribution retirement scheme	22	9

## 4. Income tax

Income tax in profit or loss represents:

	<b>2013</b> <i>US\$'000</i>	<b>2012</b> <i>US\$'000</i>
Current tax expense		
- Current year	<u>5,113</u>	<u>4,476</u>

Income tax represents monthly gaming obligation payment of US\$288,650 (2012: US\$256,577) and monthly non-gaming obligation payment of US\$137,396 (2012: US\$116,438) payable to the Ministry of Economy and Finance of Cambodia by NagaWorld Limited Gaming Branch and NagaWorld Limited Hotel & Entertainment Branch, branches registered under 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.

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

	2013 US\$'000	2012 US\$'000
Interim dividend declared during the year:		
2013: US cents 1.93 per ordinary share	43,996	—
2012: US cents 1.51 per ordinary share	—	31,438
Final dividend proposed after the end of reporting year:		
2013: US cents 2.38 per ordinary share	54,207	—
2012: US cents 2.33 per ordinary share	—	53,172
	<u>98,203</u>	<u>84,610</u>

The interim dividend of US\$43,996,000 (2012: US\$31,438,000) for the six months period ended 30 June 2013 was declared in August 2013 and paid in September 2013.

## 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\$140,290,000 (2012: US\$113,141,000) and the weighted average number of 2,235,503,533 (2012: 2,082,078,875) ordinary shares in issue during the year.

The weighted average number of ordinary shares is as follows:

	2013	2012
At 1 January	2,082,078,875	2,082,078,875
Issue of shares under placement	153,424,658	—
	<u>2,235,503,533</u>	<u>2,082,078,875</u>

## 7. Segment information

The Group manages its businesses by division, which are organised by a mixture of business lines (casino, hotel & 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 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 of 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.

	<b>Casino operations US\$'000</b>	<b>Hotel and entertainment operations US\$'000</b>	<b>Total US\$'000</b>
<i>Segment revenue:</i>			
Year ended 31 December 2012			
Revenue from external customers	261,180	17,582	278,762
Inter-segment revenue	—	33,732	33,732
	<u>261,180</u>	<u>51,314</u>	<u>312,494</u>
Reportable segment revenue	<u>261,180</u>	<u>51,314</u>	<u>312,494</u>
Year ended 31 December 2013			
Revenue from external customers	325,033	19,913	344,946
Inter-segment revenue	—	31,782	31,782
	<u>325,033</u>	<u>51,695</u>	<u>376,728</u>
Reportable segment revenue	<u>325,033</u>	<u>51,695</u>	<u>376,728</u>
<i>Segment profit:</i>			
Year ended 31 December			
2012	124,645	18,655	143,300
2013	164,496	16,649	181,145
	<u>124,645</u>	<u>18,655</u>	<u>143,300</u>
	<u>164,496</u>	<u>16,649</u>	<u>181,145</u>
<i>Segment assets:</i>			
As at 31 December			
2012	419,529	235,839	655,368
2013	521,271	384,944	906,215
	<u>419,529</u>	<u>235,839</u>	<u>655,368</u>
	<u>521,271</u>	<u>384,944</u>	<u>906,215</u>
<i>Segment liabilities:</i>			
As at 31 December			
2012	(17,788)	(237,862)	(255,650)
2013	(28,779)	(277,396)	(306,175)
	<u>(17,788)</u>	<u>(237,862)</u>	<u>(255,650)</u>
	<u>(28,779)</u>	<u>(277,396)</u>	<u>(306,175)</u>
<i>Net assets/(liabilities):</i>			
As at 31 December			
2012	401,741	(2,023)	399,718
2013	492,492	107,548	600,040
	<u>401,741</u>	<u>(2,023)</u>	<u>399,718</u>
	<u>492,492</u>	<u>107,548</u>	<u>600,040</u>



	<b>Casino operations US\$'000</b>	<b>Hotel and entertainment operations US\$'000</b>	<b>Total US\$'000</b>
<i>Other segment information:</i>			
<i>Capital expenditure:</i>			
Year ended 31 December			
2012	16,030	52,126	68,156
2013	2,164	53,849	56,013
	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </u></u>
<i>Impairment loss on trade receivables:</i>			
Year ended 31 December			
2012	89	—	89
2013	—	—	—
	<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:

	<b>2013</b> <i>US\$'000</i>	<b>2012</b> <i>US\$'000</i>
<b>Revenue</b>		
Reportable segment revenue	376,728	312,494
Elimination of inter-segment revenue	(31,782)	(33,732)
	<hr/>	<hr/>
<b>Consolidated revenue</b>	<b>344,946</b>	<b>278,762</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Profit</b>		
Reportable segment profit	181,145	143,300
Other revenue	121	—
Depreciation and amortisation		
- reportable segment	(26,216)	(20,098)
- unallocated	(208)	(86)
Unallocated head office and corporate expenses	(9,439)	(5,499)
	<hr/>	<hr/>
<b>Consolidated profit before taxation</b>	<b>145,403</b>	<b>117,617</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Assets</b>		
Reportable segment assets	906,215	655,368
Elimination of inter-segment assets	(268,150)	(229,402)
	<hr/>	<hr/>
Unallocated corporate assets	638,065	425,966
	2,043	2,316
	<hr/>	<hr/>
<b>Consolidated total assets</b>	<b>640,108</b>	<b>428,282</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Liabilities</b>		
Reportable segment liabilities	(306,175)	(255,650)
Elimination of inter-segment payables	268,150	229,402
	<hr/>	<hr/>
Unallocated corporate liabilities	(38,025)	(26,248)
	(2,124)	(135)
	<hr/>	<hr/>
<b>Consolidated total liabilities</b>	<b>(40,149)</b>	<b>(26,383)</b>
	<hr/> <hr/>	<hr/> <hr/>

**(b) Geographical information**

The Group's operations and activities are located entirely in Cambodia.

**8. Property, plant and equipment**

The major additions during the year are construction costs in relation to NagaWorld of approximately US\$53,474,000.

**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 the consideration of US\$108 million, less accumulated amortisation of US\$31.2 million (2012: US\$27.6 million).

## 10. Trade and other receivables

	<b>2013</b> <b>US\$'000</b>	<b>2012</b> <b>US\$'000</b>
Trade receivables	11,778	15,459
Less: Allowance for impairment loss	(2,290)	(8,537)
	<u>9,488</u>	<u>6,922</u>
Deposits, prepayments and other receivables	8,283	13,968
	<u>17,771</u>	<u>20,890</u>

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

	<b>2013</b> <b>US\$'000</b>	<b>2012</b> <b>US\$'000</b>
Current to within 1 month	6,984	1,331
1 to 3 months	578	794
More than 1 year	1,926	4,797
	<u>9,488</u>	<u>6,922</u>

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

	<b>2013</b> <b>US\$'000</b>	<b>2012</b> <b>US\$'000</b>
At beginning of year	8,537	11,469
Impairment loss recognised	—	89
Bad debts written off	(5,710)	(2,362)
Reversal of impairment loss previously recognised	(537)	(659)
	<u>2,290</u>	<u>8,537</u>

The credit policy on gaming revenue is seven days from the end of tour. Trade receivables relate mostly to Junket VIP operators and local operators who have good track records with the Group or were active during the year. At the end of reporting year, the Group has a certain concentration of credit risk at 45% (2012: 29%) of the total trade and other receivables that were due from the five largest operators.

The Group recognises impairment loss in accordance with accounting policy of the Group. The Group has a credit policy in place and the exposure to credit risk is monitored on a regular basis. The Group grants credit facilities, on an unsecured basis, to selected Junket VIP operators who have good financial background or with whom the Group has had extensive dealings over the past several years. Credit evaluations are performed on all customers requesting credit facilities.

## 11. Prepayments for purchase of construction materials

As at the end of the reporting year, prepayments for purchase of construction raw materials relate to prepayments made for the purchase of raw materials necessary for the construction in NagaWorld. The materials have not been received by the Group as at the year end. It is anticipated that the materials will be used in the construction of NagaWorld within the next twelve months.

## 12. Cash and cash equivalents

	<b>2013</b> <i>US \$'000</i>	<b>2012</b> <i>US \$'000</i>
Cash and bank balances	114,941	58,225
Fixed deposits	62,189	15,000
Certificates of deposits	75,000	—
	<u>252,130</u>	<u>73,225</u>

As at the end of the reporting year, fixed deposits bear interest of 0.09% to 1.5% (2012: 1.9%) per annum and mature in various periods up to January 2014 (2012: mature in various periods up to January 2013).

Fixed rate certificate of deposits bear interest of 0.45% to 0.62% per annum (2012: Nil) and mature in various periods up to March 2014.

The carrying amounts of these assets approximate their fair values.

## 13. Trade and other payables

	<b>2013</b> <i>US\$'000</i>	<b>2012</b> <i>US\$'000</i>
Trade payables (Note)	2,108	1,170
Unredeemed casino chips	15,950	10,030
Deferred revenue	484	357
Deposits	4,873	100
Construction creditors	7,385	6,849
Accruals and other creditors	8,923	7,504
	<u>39,723</u>	<u>26,010</u>

*Note:*

Included in trade and other payables are trade creditors with the following ageing analysis as at the end of the reporting year:

	<b>2013</b> <i>US\$'000</i>	<b>2012</b> <i>US\$'000</i>
Due within 1 month or on demand	2,018	1,012
Due after 1 month but within 3 months	—	20
Due after 3 months but within 6 months	72	60
Due after 6 months but within 1 year	18	78
	<u>2,108</u>	<u>1,170</u>
Total	<u>2,108</u>	<u>1,170</u>

#### 14. Capital and reserves

	Share capital <i>US\$'000</i>	Share premium <i>US\$'000</i>	Merger reserve <i>US\$'000</i>	Capital contribution reserve <i>US\$'000</i>	Exchange reserve <i>US\$'000</i>	Retained profits <i>US\$'000</i>	Total <i>US\$'000</i>
At 1 January 2012	26,026	135,498	(12,812)	55,568	65	148,133	352,478
Profit for the year	—	—	—	—	—	113,141	113,141
Dividend declared and paid	—	—	—	—	—	(63,718)	(63,718)
Exchange differences on translation of financial statements of foreign entities	—	—	—	—	(2)	—	(2)
At 31 December 2012	<u>26,026</u>	<u>135,498</u>	<u>(12,812)</u>	<u>55,568</u>	<u>63</u>	<u>197,556</u>	<u>401,899</u>
At 1 January 2013	26,026	135,498	(12,812)	55,568	63	197,556	401,899
Profit for the year	—	—	—	—	—	140,290	140,290
Dividend declared and paid (Note (a))	—	—	—	—	—	(97,168)	(97,168)
Issue of shares under placement	2,500	153,629	—	—	—	—	156,129
Share placement expenses	—	(1,191)	—	—	—	—	(1,191)
At 31 December 2013	<u>28,526</u>	<u>287,936</u>	<u>(12,812)</u>	<u>55,568</u>	<u>63</u>	<u>240,678</u>	<u>599,959</u>

*Note:*

- (a) The dividend declared and paid during the year ended 31 December 2013 comprises the 2012 final dividend of US\$53,172,000 which was paid in June 2013 and the 2013 interim dividend of US\$43,996,000 which was paid in September 2013.

#### Share capital

- (i) Authorised:

	2013 <i>US\$'000</i>	2012 <i>US\$'000</i>
8,000,000,000 ordinary shares of US\$0.0125 each	<u>100,000</u>	<u>100,000</u>

(ii) Issued and fully paid:

	2013		2012	
	Number of shares	US\$'000	Number of shares	US\$'000
Ordinary shares of US\$0.0125 each				
At 1 January	2,082,078,875	26,026	2,082,078,875	26,026
Issue of shares under placement (Note (b))	200,000,000	2,500	—	—
At 31 December	<u>2,282,078,875</u>	<u>28,526</u>	<u>2,082,078,875</u>	<u>26,026</u>

The holders of ordinary 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 ordinary shares rank equally with regard to the Company's residual assets.

*Note:*

(b) On 27 March 2013, the Company allotted and issued 200,000,000 new ordinary share of US\$0.0125 each at a subscription price of HK\$6.05 per share pursuant to the Placing and Subscription Agreement dated 13 March 2013.

## 15. Acquisition of subsidiaries

The Company entered into a conditional share purchase agreement on 13 June 2011, as supplemented by a supplemental agreement dated 28 December 2011, with Tan Sri Dr Chen Lip Keong, 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 wholly owned by Tan Sri Dr Chen Lip Keong. The agreed consideration is US\$369,000,000, which will be settled upon completion, in the form of shares of the Company or convertible bonds to be issued by the Company. The acquisition was approved by the shareholders of the Company at the Extraordinary General Meeting held on 30 January 2012. The completion of the acquisition is subject to the completion of the construction of several projects to be undertaken by TSC Inc. and City Walk Inc. The projects include the development and construction of the hotel and gaming complex and a retail walkway in Cambodia.

## 16. Contingent Liabilities

Pursuant to the Service Agreement between the Company and the Chief Executive Officer (the "CEO"), the CEO is entitled to an annual performance incentive based on the Group's consolidated profit before taxation. For the years 2010 to 2012, the CEO had waived and forgone his performance incentive totalling US\$8.9 million for the three years, as a service to the Company. For the financial year ended 31 December 2013, the CEO is entitled to a performance incentive of US\$5.9 million as a result of the achievement of positive results again for the Company. However, the CEO has agreed to accept only a partial performance incentive of US\$2.0 million. Due to the revised terms, the remaining balance of US\$3.9 million is only payable in 2015 upon the Company satisfactorily achieving certain 2014 performance targets.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group owns, manages and operates the largest integrated gaming and entertainment hotel complex in Cambodia – NagaWorld. NagaWorld is the only licensed casino in the capital city of Phnom Penh. NagaWorld features a world-class 700-room hotel, 19 food and beverage outlets, and entertainment outlets. NagaWorld is also widely recognised as a popular meetings, incentives, conventions and exhibitions (“MICE”) facilities destination in Indochina. This includes 25,000 square metres of meeting and ballroom space, a stand-alone 6,500 square-metre ballroom, a 60-seat auditorium, and an exhibition space. There are also five luxury boutiques in NagaWorld, namely Cartier, Piaget, Rolex, Mont Blanc and Jaeger LeCoultre.

As at 31 December 2013, NagaWorld had available in operation 172 gaming tables and 1,543 electronic gaming machines. With a built-up area of 113,307 square metres, NagaWorld’s size and facilities positions it as the leading integrated gaming and entertainment destination in Indochina.

The Group holds a Casino Licence granted to the Group by the Royal Government of Cambodia, for a duration of 70 years commencing from 2 January 1995, and has 41 years of exclusivity within a 200-km radius of Phnom Penh, Cambodia (excluding the Cambodia-Vietnam border area, Bokor, Kirirom Mountains and Sihanoukville).

## RESULTS

**Table 1: Performance Highlights**

For the year ended 31 December 2013 and comparative prior year:

	<b>2013</b> <i>US\$'000</i>	<b>2012</b> <i>US\$'000</i>	<b>Increase / (Decrease)</b> %
<b>Mass Market: Public Floor Gaming Tables</b>			
- Buy-ins	400,318	348,458	14.9%
- Win rate	22.4%	22.4%	
- Revenue	89,803	77,916	15.3%
<b>Mass Market: Electronic Gaming Machines</b>			
- Bills-in	1,097,997	995,464	10.3%
- Win rate	11.0%	11.5%	
- Win per unit per day (WUD) (US\$)	217	236	(8.1%)
- Revenue	101,936	87,923	15.9%
- No. of machines at end of year	1,543	1,470	5.0%
<b>VIP Market</b>			
- Rollings	4,573,644	3,786,670	20.8%
- Win rate	2.9%	2.5%	
- Revenue	133,178	94,913	40.3%
<b>Non-Gaming</b>			
- Revenue	20,029	18,010	11.2%

## **BUSINESS OVERVIEW**

The Group's property, NagaWorld, continues to generate strong operational and financial results. The Group's revenue increased by 24% to US\$344.9 million and net profit increased by 24% to US\$140.3 million for the year ended 31 December 2013. The positive results were attributed to higher business volume from the Mass Market and VIP Market, as well as improved margins from the VIP Market.

International tourism grew by 5% in 2013 to a record of 1.1 billion travellers globally (Source: United Nations World Tourism Organisation). In Cambodia, international tourist arrivals continued to outperform worldwide tourism growth by recording 4.2 million visitors in 2013, an increase of 17% in 2013 compared to 2012. The top three countries where visitors originated were Vietnam (20%), China (11%) and Korea (10%), which collectively accounted for 41% of total tourist arrivals to Cambodia with a year-on-year increase of 16%. Visitors from China increased by 39% year-on-year to 463,123 visitors in 2013 (Source: Ministry of Tourism, Cambodia (MOTC)). The strong visitor growth from these gaming-centric countries continued to be an important driver of the Group's business growth.

The Cambodian economy remains robust amidst a recovering global economy. The National Bank of Cambodia reported a gross domestic product ("GDP") growth rate of 7.0% and an inflation rate of 4.0% for 2013. The positive macroeconomic outlook is underpinned by strong growth in the garment and construction sectors, sustained agricultural growth as a result of favourable weather conditions, strong tourism growth and continued inflows of foreign direct investments ("FDI") (Sources: Asian Development Bank, World Bank).

### **Mass Market (Public Floor Gaming Tables and Electronic Gaming Machines)**

The Group achieved a growth of 15% in Public Floor Gaming Tables buy-ins and 10% in Electronic Gaming Machines ("EGM") bills-in respectively. Both win rates and margins remained stable.

On the back of successful premium mass gaming areas, namely NagaRock and Saigon Palace, the Group continued its strategy to segment the Mass Market and attract higher end public floor players. Aristocrat Private Club, a premium mass gaming area with 31 EGM and 5 gaming tables offering higher table limits, successfully ramped up since its opening in July 2013. These premium mass gaming areas continue to be well-received, with increasing visitations during the year. In addition, the Group also raised the minimum table bets on its normal public floor gaming areas towards the end of the year.

In the EGM segment, revenue increased by 16% to US\$101.9 million as a result of higher bills-in. The number of EGM in operation at the end of the year increased from 1,470 to 1,543, as a result of additions in the Aristocrat Private Club and Saigon Palace.

The Group's loyalty program, the Golden Edge Rewards Club, has been tracking well with increasing registration. As at 31 December 2013, the program successfully captured more than 34,500 members. This has allowed the Group to continue its efforts to understand its members' profiles, create targeted marketing promotions and rollout player development initiatives to drive frequency of visitations.



## VIP Market

The Group's VIP Market comprises the players brought in by junkets, who are either under a commission-based model or incentive program and direct players without an intermediary. The overseas junket incentive program introduced in March 2013 enables the Group to increase the existing table limits, whilst managing volatility and credit risk.

After introducing the incentive program, the Group observed an increase in better quality VIP players, which contributed to the increase in rollings and win rate. This program continued to ramp up with sequential increase in VIP rollings in 2H2013. Total VIP rollings increased by 21% to US\$4.6 billion and overall win rate increased from 2.5% to 2.9%. As a result, total VIP Market revenue recorded an increase of 40% to US\$133.2 million.

## Non-Gaming Revenue

Non-Gaming revenue increased by 11% to US\$20.0 million, mainly due to an increase in room revenue, as a result of higher average room rates.

The Group continues its strategic marketing efforts in key target markets to provide internationally recognized services to both gaming and non-gaming patrons and continue to carve a unique niche in an increasingly competitive landscape. The five luxury boutiques opened in NagaWorld, namely Cartier, Piaget, Rolex, Mont Blanc and Jaeger LeCoultre, continue to enhance the high-end retail experience of its patrons and further strengthen NagaWorld's overall appeal to both the VIP and Mass Markets.

## Revenue and Gross Profit Analysis

Table 2(a)

2013	Revenue		Gross Profit		Gross Profit Margin
	US\$'m	%	US\$'m	%	%
Mass Market	191.7	55%	181.9	73%	95%
VIP Market	133.2	39%	53.9	22%	40%
Non-gaming	20.0	6%	12.8	5%	64%
Total	344.9	100%	248.6	100%	72%

Table 2(b)

2012	Revenue		Gross Profit		Gross Profit Margin
	US\$'m	%	US\$'m	%	%
Mass Market	165.8	60%	157.0	77%	95%
VIP Market	94.9	34%	35.3	17%	37%
Non-gaming	18.0	6%	10.9	6%	61%
Total	278.7	100%	203.2	100%	73%

The Group recorded a gross profit increase of 22% to US\$248.6 million for the financial year ended 31 December 2013. The Mass Market continued to generate a high margin of 95% and contributes a significant 73% to the Group's total gross profit. The gross profit margin of the VIP Market increased from 37% to 40% driven by higher win rates in the overall VIP Market and better margins achieved by the overseas junkets incentive program. The VIP Market's contribution to total gross profit also increased from 17% to 22% as a result of higher VIP Market revenue composition of 39% (2012: 34%).

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

Administrative and other operating expenses before impairment losses, depreciation and amortisation increased by 18% to US\$78.5 million during the year from US\$66.7 million in 2012. Increased expenses were required to support the higher business volume across most segments. Staff related costs also increased due to the hiring of experienced and qualified staff to facilitate the regional marketing efforts and ongoing property enhancements of NagaWorld.

### **Finance Costs**

The Group did not incur any finance costs as there were no financing arrangements as at 31 December 2013. The Group has continued to remain ungeared.

### **Net Profit**

Net profit attributable to shareholders of the Group, or net profit, increased by 24% to US\$140.3 million for the year ended 31 December 2013. Net profit margin was maintained at 41%.

Earnings per share were US cents 6.28 (HK cents 48.67 per share) and US cents 5.43 (HK cents 42.08 per share) for the year ended 31 December 2013 and 2012 respectively.

### **Update on the Investment Project in Vladivostok**

On 6 September 2013, the Company entered into an investment agreement with The Administration of Primorsky Territory of the Russian Federation acting by its Governor; the Corporation of Development of Primorsky Territory, the registered lessee of four plots of land situated in The Gambling Zone of the Primorye Region, Russia (the "IEZ"); and the Department of International Cooperation and Tourism Development of the Primorsky Territory, the state authorised body with responsibility for the IEZ; pursuant to which the Group has agreed to invest not less than US\$350 million (approximately HK\$2.7 billion or approximately Russian Roubles 11.6 billion) in a gaming and resort development project in Russia under the name 'Primorsky Entertainment Resort City' (PERC) sited on an area with dual frontage and majestic views to the sea and an inland lake flanked by two hills.

The proposed investment amount was mutually agreed between the parties based on arm's length negotiation as representing the capital commitment needed to develop a world-class hotel, casino and entertainment complex ("Casino Hotel Complex"), the freehold interest of which is ultimately intended to be owned by the Group, and to landscape the immediate surrounding areas, all as contained within the IEZ. The IEZ is one of four legal designated casino gaming zones established in Russia, within which casino gaming is now permitted following a general nationwide embargo on gaming activities imposed in 2009. The Company intends to fund the proposed investment amount through equity and/or debt.

The Company is currently in the process of establishing one or more indirect subsidiaries in Russia for the purposes of undertaking this gaming and resort project. After establishing the Russia subsidiary, it will apply for a casino permit pursuant to the federal laws of Russia.

The Company anticipates that the process of obtaining all necessary permits for the construction of the Casino Hotel Complex and the hotel suite units will be in the order of one to two years. Thereafter, it is envisaged that the project will be completed within four years from the date of obtaining all approvals. Accordingly the Company expects that the Casino Hotel Complex may not begin operations before 2018.

## **FINANCIAL REVIEW**

### **Pledge of Assets**

As at 31 December 2013, the Group had not pledged any assets for bank borrowings (31 December 2012: Nil).

### **Contingent Liabilities**

Pursuant to the Service Agreement between the Company and the CEO, the CEO is entitled to an annual performance incentive based on the Group's consolidated profit before taxation. For the financial year ended 31 December 2013, the CEO is entitled to a performance incentive of US\$5.9 million. However, the CEO has agreed to accept only a partial performance incentive of US\$2.0 million, with the balance of US\$3.9 million being deferred and contingently payable in 2015 only upon the Company satisfactorily achieving certain 2014 performance targets.

### **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 Riels. The Group therefore does not have any significant exposure to foreign currency risk and therefore has not entered into any currency hedging transactions.

### **Issue of New Shares**

Pursuant to the Placing and Subscription Agreement dated 13 March 2013, the Company allotted and issued 200,000,000 new ordinary shares of US\$0.0125 each at a subscription price of HK\$6.05 per share to Fourth Star Finance Corp., a substantial shareholder of the Company, on 27 March 2013 following completion of the top-up placing of an aggregate of 200,000,000 existing shares to not less than six independent investors at a placing price of HK\$6.05 each. The net proceeds from this placing of shares amounting to HK\$1.2 billion (or equivalent to US\$156 million) were intended to be used for future growth and market penetration of the Company's overseas high-premium direct-players program and the junket incentive program.

The 200,000,000 subscription shares were allotted and issued under the general mandate granted to the Directors by its shareholders at the annual general meeting of the Company held on 24 May 2012.

### **Liquidity, Financial Resources and Gearing**

As at 31 December 2013, the Group had total cash and bank balances, fixed deposits and certificate of deposits of US\$252.1 million (31 December 2012: US\$73.2 million).

As at 31 December 2013, the Group had net current assets of US\$230.8 million (31 December 2012: US\$68.9 million). The Group had net assets of US\$600.0 million as at 31 December 2013 (31 December 2012: US\$401.9 million).

As at 31 December 2013 and 31 December 2012, the Group had no outstanding borrowings.

### **Capital and Reserves**

As at 31 December 2013, the capital and reserves attributable to owners of the Company was US\$600.0 million (31 December 2012: US\$401.9 million).

### **Staff**

As at 31 December 2013, the Group employed a total work force of 4,894 (31 December 2012: 4,544), stationed in Cambodia, Hong Kong, Macau, Malaysia, Thailand, United Kingdom, United States and Vietnam. The remuneration and staff costs for the year were US\$34.7 million (31 December 2012: US\$29.7 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**

The Group continues to monitor the changes in trade receivables. The increase in net trade receivables from US\$6.9 million to US\$9.5 million during the year was due to new credit facilities extended to overseas junket operators under the new incentive program.

For the year under review, the Group has not made any provision of impairment loss (31 December 2012: US\$0.1 million) and bad debts written off amounted to US\$5.7 million (31 December 2012: US\$2.4 million). These debts had been fully provided for in previous years.

The Group has adhered to its strict credit guidelines implemented since 2009. From time to time, the Group will review and monitor its junket operators to ensure they comply with the credit guidelines. The Group strives to maintain a win-win cordial commercial relationship with many of these junket operators for a long period of time. Mutual support from these junket operators are essential for the growth in the VIP Market going forward.

### **PROSPECTS**

The World Bank continues to remain positive on FDI inflows to Cambodia, projecting a growth of 12% in 2014 to US\$1.63 billion from US\$1.45 billion in 2013. Meanwhile, the International Monetary Fund (IMF) is projecting Cambodia's GDP at 7.2% and inflation at 3.4% in 2014. Tourism remains as one of the key pillars of Cambodia's growth. In June 2013, the MOTC revised upwards the forecast for international tourist arrivals from 7.0 million to 7.5 million by 2020. Therefore, the stable macro environment in Cambodia, positive FDI inflows and strong tourism growth will continue to benefit the Group's business growth.

One of the focuses for 2014 is to increase connectivity to NagaWorld, which should translate into higher visitations for both Mass and VIP Markets. The frequency of direct weekly flights to Cambodia has increased from 360 in 2012 to 396 at the end of 2013. Despite the increasing frequency of direct flights to Cambodia, there are several major cities within China and Southeast Asia which presently do not have direct flights to Cambodia. To increase visitation to NagaWorld, the Group is collaborating with travel agents especially from China to organise charter flights to Phnom Penh.

To competitively position the Group's VIP Market within the region, the Company successfully raised US\$156 million through a top-up placement (please refer to the section on "Issue of New Shares" for more details). The placement proceeds intended to provide better quality VIP services and experiences to patrons, upgrade facilities in NagaWorld and improve the Group's working capital position.

To penetrate the lucrative VIP Market in Macau, the Group plans to charter flights between Macau and Phnom Penh to facilitate Macau-based junket operators sending their players to NagaWorld. To cope with the expected increase in VIP headcount, the Group is completing level 3 of the hotel block and the rooftop of the pool wing to create additional VIP junket gaming areas that will potentially add up to 63 VIP gaming tables, which is targeted for completion in 2014.

In the medium term, the Group is on track to launch Naga2 around 2016. Naga2, with a total built-up area of 116,358 square metres, will feature over 1,000 hotel rooms, 50 luxury VIP suites, up to 18,738 square metres of retail space, MICE / theatre facilities with a 4,000 seating capacity and additional gaming space (up to 300 gaming tables and 500 EGM).

In the longer term, the Group's investment in Vladivostok, Russia not expected to be operational before 2018, will be the next catalyst of growth. The Group believes that its participation in an exciting new casino market in a different geography offers the potential for attractive investment returns.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Directors, having reviewed the corporate governance practices of the Company, and considered, among 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 financial year ended 31 December 2013.

## **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 Directors. Having made specific enquiry, the Company confirms that the Directors have complied with the required standard set out in the Model Code for the financial year ended 31 December 2013.

## **AUDIT COMMITTEE**

The annual results for the year ended 31 December 2013 have been reviewed by the audit committee of the Company which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure has been made.

## **INTERIM AND FINAL DIVIDEND**

The Board recommends the payment of Final Dividend of US cents 2.38 per share (or equivalent to HK cents 18.45 per share) for the year ended 31 December 2013 to shareholders whose names appear on the Company's register of members on Tuesday, 15 April 2014. Subject to the approval of the shareholders of the Company at the annual general meeting ("AGM") to be held on Wednesday, 9 April 2014, the Final Dividend is expected to be paid to shareholders by post on or about Tuesday, 29 April 2014. The proposed Final Dividend together with an interim dividend of US cents 1.93 per share (or equivalent to HK cents 14.96 per share) paid on Friday, 27 September 2013, the total dividend declared for the financial year ended 31 December 2013 would thus be US cents 4.31 per share (or equivalent to HK cents 33.41 per share).

## **CLOSURE OF REGISTER OF MEMBERS**

### **1. AGM**

The register of members will be closed from Monday, 7 April 2014 to Wednesday, 9 April 2014, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the 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, 4 April 2014.

### **2. Proposed Final Dividend**

The register of members will be closed on Tuesday, 15 April 2014. The ex-dividend date will be Friday, 11 April 2014. 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, 14 April 2014.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

For the year ended 31 December 2013, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

## **PUBLICATION OF FINANCIAL INFORMATION**

The annual report of the Group for the year ended 31 December 2013 containing, among others, the annual financial information of the Group will be despatched to our shareholders and available at the Company's website [www.nagacorp.com](http://www.nagacorp.com) and the website of The Stock Exchange of Hong Kong Limited.

On behalf of the Board of  
**NagaCorp Ltd.**  
**Timothy Patrick McNally**  
*Chairman*

Hong Kong, 12 February 2014

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

*Executive Directors*

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

*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 identification purpose only*

Please also refer to the electronic version of the same on the Company's website [www.nagacorp.com](http://www.nagacorp.com).

For the purpose of this announcement, amounts denominated in US\$ have been converted to HK\$ at an exchange rate of US\$1.0 to HK\$7.75.