NAGACORP LTD.
金界控股有限公司*
(Incorporated in the Cayman Islands with limited liability)
Stock code: 3918

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

Unaudited condensed consolidated interim results for the six months ended 30 June 2014

- Gross Gaming Revenue increased by approximately 27%.
- Public Floor Tables Buy-ins increased by approximately 22%.
- VIP Rollings increased by approximately 20%.
- Gross profit increased by approximately 19% to US$132.7 million.
- Net profit increased by approximately 8% to US$67.6 million.
- Earnings per share of US cents 2.96 per share.
- An interim dividend of US cents 2.07 per share (or equivalent to HK cents 16.04 per share) has been declared, representing a dividend payout ratio of approximately 70% based on the net profit generated for the period. The interim dividend shall be paid on Wednesday, 17 September 2014.

The board of directors (the "Board") of NagaCorp Ltd. (the "Company" and together with its subsidiaries, the "Group") is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2014. The Board has resolved to declare an interim dividend of US cents 2.07 per share (or equivalent to HK cents 16.04 per share) for the six months ended 30 June 2014, representing a dividend payout ratio of approximately 70% based on the net profit generated for the period. The interim dividend shall be paid on Wednesday, 17 September 2014.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Note	Six months ended 30 June **2014** *US$'000* *(Unaudited)*	2013 *US$'000* *(Unaudited)*
Revenue	2	**191,000**	151,644
Cost of sales		**(58,302)**	(40,099)
Gross profit		**132,698**	111,545
Other income		**748**	398
Administrative expenses		**(23,232)**	(20,394)
Other operating expenses		**(39,655)**	(26,141)
Profit before taxation	3	**70,559**	65,408
Income tax	4	**(2,938)**	(2,556)
Profit attributable to owners of the Company		**67,621**	62,852
Earnings per share (US cents)			
Basic and diluted	6	**2.96**	2.87

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2014	2013
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Profit for the period	**67,621**	62,852
Other comprehensive income for the period:		
Items that may be reclassified subsequently to profit or loss:		
Exchange adjustments	-	(1)
Total comprehensive income attributable to owners of the Company for the period	**67,621**	62,851

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2014** *US$'000* *(Unaudited)*	31 December 2013 *US$'000* *(Audited)*
Non-current assets			
Property, plant and equipment	8	**325,021**	270,115
Interest in leasehold land held for own use under operating lease		**613**	616
Intangible assets	9	**75,069**	76,842
Prepayments for purchase of construction materials		**17,958**	18,108
Prepayments – non-current		**3,262**	3,519
		421,923	369,200
Current assets			
Consumables		**1,626**	1,007
Trade and other receivables	10	**15,910**	17,771
Investment in bonds	11	**25,000**	-
Cash and cash equivalents		**184,167**	252,130
		226,703	270,908
Current liabilities			
Trade and other payables	12	**34,763**	39,723
Current tax liability		**490**	426
		35,253	40,149
Net current assets		**191,450**	230,759
NET ASSETS		**613,373**	599,959
CAPITAL AND RESERVES			
Share capital		**28,526**	28,526
Reserves		**584,847**	571,433
TOTAL EQUITY		**613,373**	599,959

Notes:

1. Basis of preparation and principal accounting policies

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2014 has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The unaudited condensed consolidated financial statements have been prepared on the historical basis except for certain financial instruments that are measured at fair value as appropriate.

The unaudited condensed consolidated interim financial information contains selected explanatory notes which include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group after the financial year ended 31 December 2013. The unaudited condensed consolidated interim financial information does not include all of the information required for a full set of annual financial statements prepared in accordance with all applicable International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board (the "IASB"), and should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2013 ("2013 annual financial statements").

Consistent to the 2013 annual financial statements, the adoption of IFRS 10 "Consolidated Financial Statements" had had no impact on the consolidated financial statements to the financial year ended 31 December 2013 and six month period ended 30 June 2014 as all subsidiaries already recognised within the Group satisfied the requirements of control under IFRS 10 and there was no new subsidiaries identified under the new guidance.

Except as described below, the unaudited condensed consolidated interim financial information has been prepared in accordance with the same accounting policies and methods of computation adopted by the Group in its 2013 annual financial statements.

Financial assets at fair value through profit or loss

These assets include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial assets may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; (ii) the assets are part of a group of financial assets which is managed and its performance evaluated on a fair value basis according to a documented management strategy; or (iii) the financial asset contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Adoption of new or revised standards and interpretations effective on 1 January 2014:

Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge
IFRIC Interpretation 21	Levies
IFRS 10, 12 and IAS 27 (Amendment)	Consolidation for investment entities

The adoption of the above new or revised IFRSs had no material effect of the reported results or financial position of the Group for both the current and prior reporting periods.

New or revised IFRSs that have been issued but not yet effective

The IASB has also issued the following amendments, new or revised standards and interpretations, potentially relevant to the Group's operations, which are not yet effective for the accounting period beginning on or before 1 January 2014 and which have not been early adopted in these condensed consolidated financial statements.

		Effective for accounting period beginning on or after
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contract with Customers	1 January 2017
Amendments to IAS 16	Property, plant and equipment	1 January 2016
Amendments to IAS 38	Intangible assets	1 January 2016
IFRSs (Amendments)	Annual Improvements 2010-2012 Cycle	1 July 2014
IFRSs (Amendments)	Annual Improvements 2011-2013 Cycle	1 July 2014

The directors of the Company (the "Directors") are in the process of making an assessment of the expected impact of these amendments, new or revised standard and interpretations in the period of initial application. Presently, the Directors are of the opinion that these amendments are unlikely to have a significant impact on the Group's results of operations and financial position.

2. Revenue

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

	Six months ended 30 June	
	2014	2013
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Casino operations – gaming tables	**139,141**	97,688
Casino operations – electronic gaming	**41,196**	44,030
Hotel room income, sales of food and beverage and others	**10,663**	9,926
	191,000	151,644

3. Profit before taxation

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2014	2013
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Amortisation of casino licence premium	**1,773**	1,773
Depreciation and amortisation	**14,244**	10,431
Staff costs		
– Salaries, wages and other benefits	**23,661**	15,509
– Contributions to defined contribution retirement scheme	**14**	7

4. Income tax

Income tax in the profit or loss represents:

The monthly gaming obligation payment of (1) US$324,731 (six months ended 30 June 2013: US$288,650) and monthly non-gaming obligation payment of (2) US$164,875 (six months ended 30 June 2013: US$137,396) payable to The Ministry of Economy and Finance of Cambodia by NagaWorld Limited Gaming Branch, a branch 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.

	Six months ended 30 June	
	2014	2013
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Current tax expense		
– Current period	**2,938**	2,556

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

	Six months ended 30 June	
	2014	2013
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Interim dividend declared after the end of reporting period		
2014: US cents 2.07 per ordinary share	**47,334**	-
2013: US cents 1.93 per ordinary share	**-**	43,996
	47,334	43,996

The final dividend of US$54,207,000 for the year ended 31 December 2013 was proposed in February 2014 and paid in April 2014.

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$67,621,000 (six months ended 30 June 2013: US$62,852,000) and the weighted average number of 2,282,078,875 (six months ended 30 June 2013: 2,188,156,223) ordinary shares in issue during the six months ended 30 June 2014.

There were no dilutive potential ordinary shares in existence during the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

7. Segment information

The Group manages its businesses by segments, which comprise a mixture of business activities (casino, hotel and entertainment). The Group has identified the following two main reportable segments in a manner consistent with the way in which information is reported internally to the Group's 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.

Segment revenue and results

The Group's chief operating decision maker (the "CODM") is the senior executive management who monitors the revenue and results, attributable to each reportable segment as follows:

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

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

	Casino operations	**Hotel and entertainment operations**	**Total**
	US$'000	*US$'000*	*US$'000*
Segment revenue:			
Six months ended 30 June 2014 (Unaudited):			
Revenue from external customers	**180,337**	**10,663**	**191,000**
Inter-segment revenue	**-**	**15,204**	**15,204**
Reportable segment revenue	**180,337**	**25,867**	**206,204**
Six months ended 30 June 2013 (Unaudited):			
Revenue from external customers	141,804	9,840	151,644
Inter-segment revenue	-	15,737	15,737
Reportable segment revenue	141,804	25,577	167,381
Segment profit:			
30 June 2014 (Unaudited)	**84,181**	**7,498**	**91,679**
30 June 2013 (Unaudited)	70,885	9,864	80,749

Reconciliation of reportable segment revenue and profit or loss to revenue and profit or loss per the condensed consolidated financial information is as follows:

	Six months ended 30 June	
	2014	2013
	US$'000	*US$'000*
	(Unaudited)	*(Unaudited)*
Revenue		
Reportable segment revenue	**206,204**	167,381
Elimination of inter-segment revenue	**(15,204)**	(15,737)
Consolidated revenue	**191,000**	151,644
Profit		
Reportable segment profit	**91,679**	80,749
Other revenue	**253**	46
Depreciation and amortisation	**(16,017)**	(12,204)
Unallocated head office and corporate expenses	**(5,356)**	(3,183)
Consolidated profit before taxation	**70,559**	65,408

8. Property, plant and equipment

During the six months ended 30 June 2014, the Group acquired property, plant and equipment totalling US$69,147,000; and this included US$44,423,000 in relation to acquisition of three aircraft and US$21,075,000 in respect of capital work-in-progress in relation to construction within NagaWorld.

9. Intangible assets

The intangible assets include the casino licence premium, and the exclusivity premium of the casino licence for the exclusivity period to the end of 2035; in total consideration of US$108,000,000, less accumulated amortisation of US$32,931,000 (31 December 2013: US$31,158,000).

10. Trade and other receivables

	30 June	31 December
	2014	2013
	US$'000	*US$'000*
	(Unaudited)	*(Audited)*
Trade receivables, net of allowance for impairment loss	**5,297**	9,488
Deposits, prepayments and other receivables	**10,613**	8,283
	15,910	17,771

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

	30 June 2014	31 December 2013
	US$'000	*US$'000*
	(Unaudited)	*(Audited)*
Current to within 1 month	**3,248**	6,984
1 to 3 months	**-**	578
6 to 12 months	**873**	-
More than 1 year	**1,176**	1,926
	5,297	9,488

The credit policy for gaming receivables is seven days (31 December 2013: seven days) from end of tour. The credit policy on non-gaming receivables is thirty days from end of month (31 December 2013: thirty days from end of month).

11. Investment in bonds

On 13 June 2014, the Group has bought certain notes (the "Bonds") linked to a China bond USD hedged index issued by a reputable international bank (the "Index"). The Bonds are traded over-the-counter. The coupon rate is 3% per annum based on nominal value of US$25,000,000 and the maturity date of which is three years from the date of issue, i.e. 13 June 2017. The Bonds are redeemable at the maturity date and the redemption amount is calculated based on the Index level as at the issue date and as at the maturity date. In the opinion of the Directors, the Bonds will not be held to maturity and are expected to be disposed of within 12 months. The Bonds contain derivatives and are designated at fair value through profit or loss.

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

	US$'000
Fair value:	
As at 1 January 2013 and 2014	-
Additions	25,125
Unrealised loss included in other operating expenses	(125)
As at 30 June 2014	25,000

12. Trade and other payables

	30 June 2014	31 December 2013
	US$'000	*US$'000*
	(Unaudited)	*(Audited)*
Trade payables	**1,423**	2,108
Unredeemed casino chips	**13,130**	15,950
Deferred revenue	**421**	484
Deposits	**5,013**	4,873
Construction creditors	**6,075**	7,385
Accruals and other creditors	**8,701**	8,923
	34,763	39,723

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

	30 June 2014	31 December 2013
	US$'000	*US$'000*
	(Unaudited)	*(Audited)*
Due within 1 month or on demand	**1,382**	2,018
Due after 1 month but within 3 months	**-**	-
Due after 3 months but within 6 months	**41**	72
Due after 6 months but within 1 year	**-**	18
	1,423	2,108

BUSINESS OVERVIEW

The Cambodian economy remains strong amidst a recovering global economy. The Cambodian Ministry of Economy and Finance expects the Cambodian gross domestic product ("GDP") to grow at 7.0% (in real terms). According to the Asian Development Bank ("ADB"), political tensions and labour unrest are likely to dampen economic growth in 2014 before recovering again in 2015. However, the ADB notes that there are opportunities for spurring the development of small and medium-sized firms which will help to sustain and diversify economic growth. The ADB estimates real GDP growth of 7.0% with inflation to edge higher to 3.5% in 2014.

International tourist arrivals to Cambodia continued to grow, recording 1.9 million visitors in the first five months of 2014, an increase of 6% compared to the same period in 2013. The top three countries where visitors originated were Vietnam (18%), China (13%) and Korea (11%), which collectively accounting for 42% of total tourist arrivals to Cambodia with a year-on-year increase of 6%. Visitors from China increased by 19% year-on-year to 240,657 visitors in the first five months of 2014 (Source: Ministry of Tourism, Cambodia). Continued visitor growth from these gaming-centric countries is a driver of the Group's business growth.

Despite the negative news and the slowdown of Gross Gaming Revenue ("GGR") growth in Macau, NagaWorld, which is situated in Phnom Penh, the capital city of Cambodia, continues to generate positive operational and financial results with a growth of 27% in GGR. The Group's revenue increased by 26% to US$191.0 million and net profit increased by 8% to US$67.6 million during the six months ended 30 June 2014. The positive results were attributed to higher business volume from the Public Floor Tables and the successful ramp-up of VIP Gaming generated through the junket incentive program. As at 30 June 2014, NagaWorld had 169 gaming tables and 1,544 electronic gaming machines in operation.

RESULTS

Table 1: Performance Highlights

For the period ended 30 June 2014 and comparative periods:

	1st half of year 2014 ("1H2014") *US$'000*	1st half of year 2013 ("1H2013") *US$'000*	Increase / (Decrease) *%*
Mass Market: Public Floor Tables			
– Buy-ins	**235,156**	192,228	22.3%
– Win rate	**22.6%**	23.1%	
– Revenue	**53,117**	44,346	19.8%
Mass Market: Electronic Gaming			
– Bills-in	**574,905**	557,867	3.1%
– Win rate	**10.1%**	10.9%	
– Win per unit per day (WUD) (US$)	**210**	224	(6.3%)
– Revenue	**41,196**	44,030	(6.4%)
– No. of machines at end of period	**1,544**	1,450	6.5%
VIP Gaming			
– Rollings	**2,422,040**	2,013,915	20.3%
– Win rate	**3.6%**	2.6%	
– Revenue	**86,024**	53,342	61.3%
Gross Gaming Revenue	**180,337**	141,718	27.3%
Non-Gaming			
– Revenue	**10,663**	9,926	7.4%

Mass Market (Public Floor Tables and Electronic Gaming)

The Group achieved a growth of 22% in Public Floor Tables buy-ins and 3% in Electronic Gaming bills-in respectively. Gross profit margin remained at 95%.

The growth of Public Floor Tables is attributable to the steady growth in visitation to the property as well as the improvement in table game productivity. The Group's strategy in segmenting the public floor players with its concept of casino cells continued to work well; increasing visitation and business volume growth in the premium mass gaming areas, namely NagaRock, Saigon Palace and Aristocrat Private Club.

In the Electronic Gaming segment, revenue decreased marginally as a result of lower win-rate despite an increase in volume (bills-in). The 3% increase in bills-in is generally in line with the tourism growth of 6%.

The Group's loyalty program, the Golden Edge Rewards Club, has been tracking well with increasing membership. As at 30 June 2014, the club has approximately 42,400 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 visitation and increase spend per player.

To increase visitation to NagaWorld, the Group purchased two Airbus A320 which will be leased to an independently operated airline. The airline will, through collaboration with key Chinese travel agents, increase flights to Phnom Penh targeting the Mass Market players with packaged accommodation in NagaWorld. The Group also intends to use these aircraft, in addition to the private jets, to fly VIP players from various parts of Asia targeting destinations which do not have direct flights to Phnom Penh.

VIP Market

The Group's VIP Gaming comprises the 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 enabled the Group to increase the existing table limits, whilst managing volatility and credit risk.

The incentive program has continued to ramp up with sequential increase in rollings under the incentive junket halls in 1H2014. Total VIP rollings increased by 20% to US$2.4 billion and the overall win rate improved significantly from 2.6% to 3.6%. As a result, total VIP Gaming revenue increased by 61% to US$86 million.

As at the date of this announcement, the Group has completed the project on level 3 of the hotel block which will add approximately 47 VIP gaming tables in July 2014.

Non-Gaming – Hotel, Food & Beverage and Entertainment

Non-Gaming revenue increased by 7% to US$10.7 million, due to an increase in the number of room nights sold at NagaWorld.

The Group continues 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 Group has opened a new retail store named The Luxury Shop, to compliment the five existing luxury boutiques (namely Cartier, Piaget, Rolex, Mont Blanc and Jaeger LeCoultre). The expected opening of the NagaCity Walk in mid 2015 will enhance the retail experience available to the patrons and further strengthen NagaWorld's overall appeal to both the VIP Market and Mass Market.

Revenue and Gross Profit Analysis

Table 2(a)

	Revenue		**Gross Profit**		**Gross Profit Margin**
1H2014	**US$'m**	**%**	**US$'m**	**%**	**%**
Mass Market	**94.3**	**49%**	**89.9**	**68%**	**95%**
VIP Market	**86.0**	**45%**	**33.9**	**25%**	**39%**
Non-Gaming	**10.7**	**6%**	**8.9**	**7%**	**83%**
Total	**191.0**	**100%**	**132.7**	**100%**	**69%**

Table 2(b)

1H2013	Revenue		Gross Profit		Gross Profit Margin
	US$'m	%	US$'m	%	%
Mass Market	88.4	58%	83.2	75%	94%
VIP Market	53.3	35%	21.9	19%	41%
Non-Gaming	9.9	7%	6.4	6%	65%
Total	151.6	100%	111.5	100%	74%

The Group recorded a gross profit increase of 19% to US$132.7 million for 1H2014. The gross profit increase in the VIP Market from US$21.9 million to US$33.9 million was driven by higher win rates and rollings, partially offset by higher direct costs paid to junket operators. The VIP Markets contribution to the total gross profit increased from 19% to 25% as a result of higher VIP Market revenue composition of 45% (1H2013: 35%). The Mass Market continued to generate a high margin of 95%.

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

Administrative and other operating expenses before impairment losses, depreciation and amortisation increased by 37% to US$46.9 million during 1H2014. Increased expenses were required to support the higher business volume across all segments. Further, to ensure NagaWorld remains internationally competitive and prepare for the next growth phase, a comprehensive review of salaries and wages was undertaken and pay rises granted. Significant increases were awarded especially to front-line staff to improve service standards and retention. Additionally, the Group has hired a number of experienced and qualified staff to facilitate the regional marketing efforts and ongoing property enhancements at NagaWorld.

Finance Costs

The Group did not incur any finance costs as there were no borrowings as at 30 June 2014.

Net Profit

Net profit attributable to the shareholders of the Group, or net profit, increased by 8.0% to US$67.6 million for the period ended 30 June 2014. Net profit margin for the period decreased from 41.4% to 35.4% due to the increased contribution from the lower margin VIP Gaming as well as increased operating expenses to cater for the future expansion and to remain internationally competitive.

Earnings per share were US cents 2.96 (HK cents 22.94 per share) and US cents 2.87 (HK cents 22.24 per share) for the 6 months ended 30 June 2014 and 2013 respectively.

FINANCIAL REVIEW

Pledge of Assets

As at 30 June 2014, the Group had not pledged any assets for bank borrowings (31 December 2013: Nil).

Contingent Liabilities

Pursuant to the existing service agreement between the Company and the Chief Executive Officer of the Company ("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 was 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 which was paid in April 2014. During the current interim period, the remaining balance of US$3.9 million has been waived by the CEO.

There are no further contingent liabilities as at 30 June 2014.

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. 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

There were no shares issued by the Company during the six months ended 30 June 2014.

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 (the "Announcement") 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") and (ii) the announcement of the Company dated 27 March 2013 concerning the completion of the Top-up Placing and Subscription.

Pursuant to a placing and subscription agreement dated 13 March 2013 (the "Placing and Subscription Agreement") entered into among the Company, BNP Paribas Capital (Asia Pacific) Limited, Morgan Stanley & Co. International Plc, Fourth Star Finance Corp. ("Fourth Star") and Tan Sri Dr Chen Lip Keong, the Company allotted and issued 200,000,000 new ordinary shares (the "Subscription Shares") of US$0.0125 each at a subscription price of HK$6.05 per share to Fourth Star, 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 (the "Placing Shares") to not less than six independent investors at a placing price of HK$6.05 each.

As disclosed in the Announcement, the subscription price for the Subscription Shares, which was equal to the placing price for the Placing Shares, represented a discount of approximately 8.33% to the closing price of HK$6.60 per Share as quoted on The Stock Exchange of Hong Kong Limited on 13 March 2013, being the last trading day prior to the signing of the Placing and Subscription Agreement.

Pursuant to the terms and conditions of the Placing and Subscription Agreement, 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.

As disclosed in the Announcement, the Directors had considered various ways of raising funds and had considered that it would be in the interests of the Company to raise equity funding via the Top-up Placing and Subscription to broaden its shareholder base, strengthen the capital base and to enhance its financial position and net assets base for long-term development and growth. The Directors (including the Independent Non-executive Directors) had also considered the terms of the Placing and Subscription Agreement to be fair and reasonable in light of the market conditions at that time, and the Top-up Placing and Subscription to be in the interests of the Company and the Shareholders as a whole.

As disclosed in the Announcement, the net proceeds from the Top-up Placing and Subscription amounting to HK$1.2 billion (or equivalent to US$156 million) (the "Net Proceeds") (equivalent to a net price of approximately HK$6.00 per Subscription Share) 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.

During the year ended 31 December 2013, approximately 74% of 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 30 June 2014, approximately 75% of the Net Proceeds had been utilised or deployed in accordance with the intended use as disclosed in the Announcement. As at 30 June 2014, the remaining 25% of the Net Proceeds amounting to approximately HK$301 million remains unspent and continues to be utilised or deployed in line with the Announcement.

Liquidity, Financial Resources and Gearing

As at 30 June 2014, the Group had total cash and cash equivalents, fixed deposits, certificate of deposits and bonds of US$209.2 million (31 December 2013: US$252.1 million).

As at 30 June 2014, the Group had net current assets of US$191.5 million (31 December 2013: US$230.8 million). The Group had net assets of US$613.4 million as at 30 June 2014 (31 December 2013: US$600.0 million).

As at 30 June 2014 and 31 December 2013 respectively, the Group had no outstanding borrowings. The Group has continued to remain ungeared.

Capital and Reserves

As at 30 June 2014, the capital and reserves attributable to owners of the Company was US$613.4 million (31 December 2013: US$600.0 million).

Employees

As at 30 June 2014, the Group employed a total work force of 5,210 (as at 30 June 2013: 4,763), stationed in Cambodia, Hong Kong, Macau, Malaysia, Thailand, United Kingdom, United States and Vietnam. The remuneration and staff costs for the period were US$23.7 million (for the six months ended 30 June 2013: US$15.5 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.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries

There were no other significant investments held, material acquisitions, or disposals of subsidiaries during the six months ended 30 June 2014.

Events After Reporting Period

There were no major subsequent events occurred since the end of the reporting period and up to the date of this announcement.

PROJECT UPDATES AND PROSPECTS

Update on Naga2

The development of Naga2 has a total built-up area of approximately 110,105 square metres, which includes the NagaCity Walk with approximately 13,248 square metres of retail and public space, and the TSCLK Complex which features approximately 1,000 hotel rooms, 38 luxury VIP suites, a multipurpose-entertainment/theatre with a seating capacity of approximately 2,100; and additional gaming space (up to 300 gaming tables and 500 electronic gaming machines). Based on the current state of the project, NagaCity Walk is scheduled for physical completion by the end of 2014, with operations commencing mid 2015; whereas the TSCLK Complex is scheduled for completion by late 2016, with operations commencing mid 2017. It is anticipated that the completion of Naga2 together with the present NagaWorld will position the Group as the leading integrated gaming and entertainment destination in Indochina.

Update on the Investment Project in Vladivostok

Reference is made to the announcement of the Company dated 9 September 2013 in relation to the Company's investment in Vladivostok, Russia. Pursuant to an investment agreement dated 6 September 2013 entered into among the Company, the Administration of Primorsky Territory of the Russian Federation acting by its Governor; Open Joint Stock Company Primorsky Krai Development Corporation and the Department of International Cooperation and Tourism Development of the Primorsky Territory, the Group agreed to make an investment of 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) (the "PERC Project") sited on an area with dual frontage and majestic views to the sea and an inland lake flanked by two hills.

The PERC Project is currently at its development and investment stage and the Group has established certain indirect subsidiaries in Russia for the purposes of undertaking the PERC Project and will apply for a gaming permit to permit the Group (through one such Russian subsidiary) to conduct all gambling activities within the Casino Hotel Complex in "The Integrated Entertainment Zone "Primorye" Region, Russia" pursuant to the federal laws of Russia. The Group anticipates that the process of obtaining all necessary permits for the construction of PERC will be completed in about a year. Thereafter, it is envisaged that the PERC Project will be completed within four years from the date of obtaining all approvals.

The PERC Project is not expected to be operational before 2018 and will be expected to be the Group's next growth catalyst. The Group believes that its participation in an exciting new casino market in a different geographical region will diversify and enhance the Group's results in the long term.

Prospects

Over the past few months, there have been signs of slowdown in GGR growth in Macau. According to statistics released by the Macau Gaming Inspection and Coordination Bureau ("DICJ"), Macau's GGR in 2Q2014 dropped sequentially from 1Q2014 by about 11%. This is the first time that Macau's GGR has experienced a sequential quarterly drop since 2Q2009. In contrast, the Group's GGR grew by 35% sequentially from 1Q2014 to 2Q2014. The Directors believe that the growth in the Group's GGR compared to the decline in Macau, highlights the different and diverse source gaming markets of the Group (predominantly from South East Asia and Indochina) compared to Macau (predominantly from China).

To further diversify and grow its revenue base, the Group is expanding its reach to North Asia and plans to sign up new junket operators. To pursue this, the Group has established a marketing office in Macau for the purpose of promoting NagaWorld to the North Asian junket market while continuing with its market development in South East Asia.

With regard to the Mass Market, the Group is also focused on developing the China market by improving accessibility to Phnom Penh, using its recently acquired Airbus A320s and collaborating with key outbound Chinese travel agents. The appeal of Cambodia as a travel destination for the Chinese tourists is evident from the continued strong growth of Chinese visitation, which recorded an approximately 19% increase for the 5 months ended 31 May 2014.

The expected opening of the NagaCity Walk with its retail mall in mid-2015 is intended to enhance NagaWorld's appeal to both the Mass and VIP Markets out of China.

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 six months ended 30 June 2014, except for the following deviation:

Code Provision E.1.2 stipulates that the Chairman of the Board should attend the annual general meeting. Due to the Company's another business engagement, the Chairman of the Board and of the AML Oversight Committee, Mr. Timothy Patrick McNally was unable to attend the annual general meeting of the Company held on 9 April 2014 (the "AGM"). Mr. Philip Lee Wai Tuck, the Chief Financial Officer and the executive director of the Company, took the chair of the AGM and the chairman of each of the Audit Committee, the Remuneration Committee and the Nomination Committee, and one member of the AML Oversight Committee were present to be available to answer any question to ensure effective communication with the shareholders of the Company.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct in respect of transactions in securities of the Company by the Directors. Having made specific enquiry, the Company confirms that the Directors have complied with the required standard set out in the Model Code for the six months ended 30 June 2014.

AUDIT COMMITTEE

The unaudited interim results for the six months ended 30 June 2014 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.

The unaudited interim results for the six months ended 30 June 2014 have also been reviewed by the external auditor of the Company.

INTERIM DIVIDEND

The Board has resolved to declare payment of an interim dividend of US cents 2.07 per share (or equivalent to HK cents 16.04 per share) for the six months ended 30 June 2014 payable to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Thursday, 4 September 2014. This represents a dividend payout ratio of approximately 70%, based on the net profit generated for the period. The interim dividend shall be paid on Wednesday, 17 September 2014.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement to the interim dividend for the six months ended 30 June 2014, the Company's register of members will be closed on Thursday, 4 September 2014 during which day no transfer of shares will be registered. In order to qualify for the interim dividend for the six months ended 30 June 2014, all completed transfers forms accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 3 September 2014.

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

For the six months ended 30 June 2014, the Company did not redeem any of its listed securities nor did the Company or any of its subsidiaries purchase or sell any of the Company's listed securities.

PUBLICATION OF FINANCIAL INFORMATION

This announcement is available for viewing on the Company's website at www.nagacorp.com and the website of The Stock Exchange of Hong Kong Limited. The interim report of the Company for the six months ended 30 June 2014 containing, among others, the interim financial information of the Group will be despatched to the shareholders of the Company and will be published on the above websites in due course.

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

Hong Kong, 6 August 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*

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.