



NAGACORP

金界控股有限公司

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



2021

INTERIM REPORT





CONTENTS

	Page
Corporate Information	4
Investor Relations	5
Financial Highlights	6
Chairman's Statement	7
Management Discussion and Analysis	12
Disclosure of Interests	26
Independent Review of Investment Risks in Cambodia	29
Corporate Governance and Other Information	33
Condensed Consolidated Statement of Income	37
Condensed Consolidated Statement of Comprehensive Income	38
Condensed Consolidated Statement of Financial Position	39
Condensed Consolidated Statement of Changes in Equity	41
Condensed Consolidated Statement of Cash Flows	42
Notes to the Condensed Consolidated Financial Statements	43



CORPORATE INFORMATION

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

Board of Directors

Executive Directors

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

Non-executive Director

Timothy Patrick McNally (*Chairman*)

Independent Non-executive Directors

Lim Mun Kee
Michael Lai Kai Jin
Leong Choong Wah

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

AML Oversight Committee

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

Company Secretary

Lam Yi Lin

Authorised Representatives

Philip Lee Wai Tuck
Lam Yi Lin

Independent Auditor

BDO Limited

Solicitors

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

Principal Banker

CIMB Bank

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

Listing

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

2021 Interim Report

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

Stock Code

3918

Registered Office

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

Principal Place of Business in Cambodia

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

Principal Place of Business in Hong Kong

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

Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

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

Chief Executive Officer

Tan Sri Dr Chen Lip Keong

Chief Financial Officer

Tan Sean Czoon

Head of Investor Relations

Gerard Chai, *Managing Director*

Investor Relations (North America and Europe)

Kevin Nyland, *Vice President*

Company Website

www.nagacorp.com

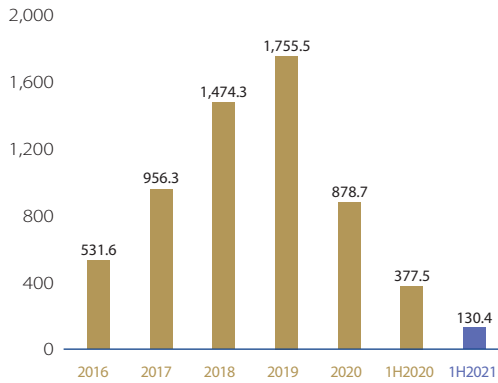
Share Information

Board lot: 2,000 Shares
Issued Shares as at 30 June 2021:
4,341,008,041 Shares

FINANCIAL HIGHLIGHTS

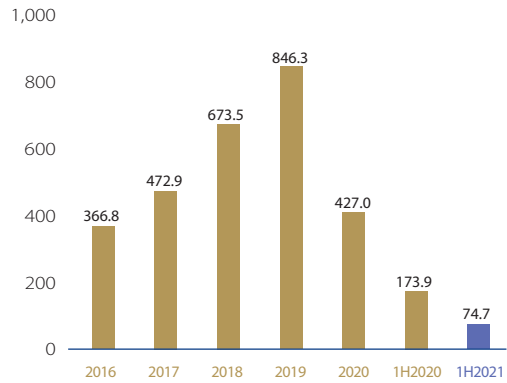
Revenue

(US\$ million)



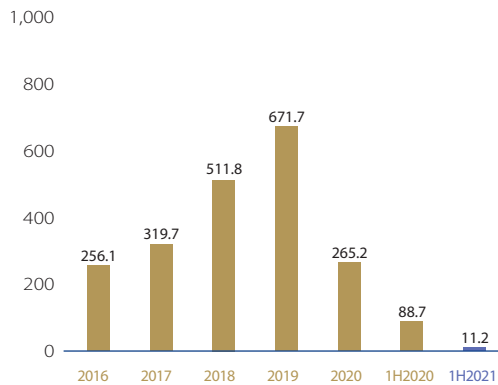
Gross Profit

(US\$ million)



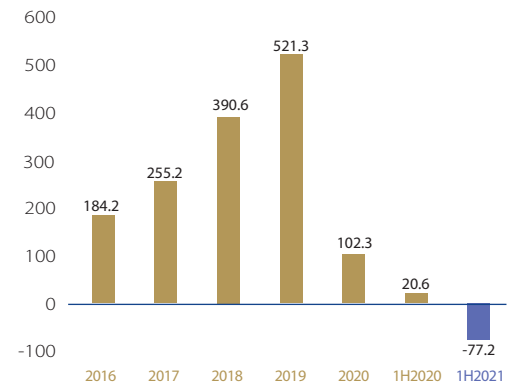
EBITDA

(US\$ million)

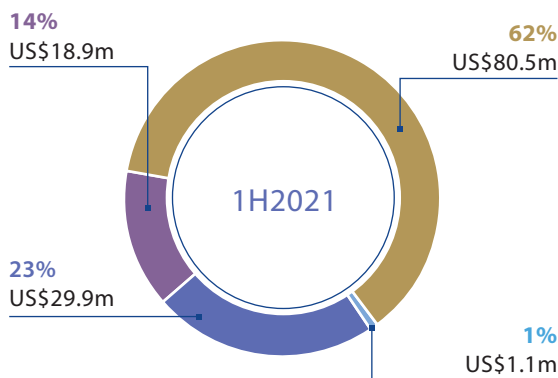


Net Profit

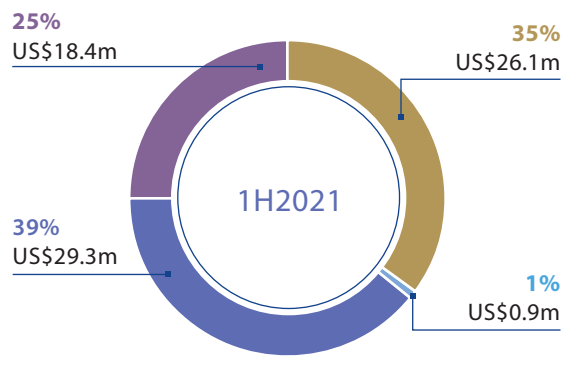
(US\$ million)



Revenue (US\$130.4m)



Gross Profit (US\$74.7m)



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

CHAIRMAN'S STATEMENT



Timothy Patrick McNally
Chairman

Dear Shareholders,

We are pleased to report that despite NagaCorp having approximately only two months of operations during the six months ended 30 June 2021 (the "Period"), the Group remains positive EBITDA with an Adjusted EBITDA of US\$17.7 million during the Period. The Group's operational results in the first quarter of 2021 ("1Q2021") were relatively stable and continued to record recovery of gaming business volumes. The relatively stable operational results prior to the voluntary temporary suspension of business operations and the positive Adjusted EBITDA during the Period was generally attributable to the following:

Business Migration

One of the results of the US-China trade tension has been significant business migration to the Mekong region, including Cambodia. Also, strong bilateral ties between China and Cambodia means the continuation of increasing Chinese arrivals for investment purposes, further reinforcing business migration into the country and the creation of more job opportunities. During the pandemic,

NagaWorld has been a recipient of this wave of business migration, capitalizing on the influx of foreign capital and expatriates into Cambodia.

International Arrivals into Cambodia during the Pandemic Period

Cambodia recorded total international arrivals of 102,560 visitors in the first half of 2021. International business-related travel to Cambodia was 48,579 visitors in the first half of 2021, with 60.6% of this travel originating from China (*Source: Cambodian Ministry of Tourism ("MOT")*).

The MOT is expecting to revive international tourism during the fourth quarter of this year by inviting vaccinated international visitors from low-risk countries to enter Cambodia (*Source: Cambodian Tourism Minister statement, 21 May 2021*). The Cambodia government also has outlined strategies and priority action plans aimed at promoting the quality, safety and sustainable development of the tourism sector, as well as to bolster Cambodia's social and economic development (*Source: Cambodian Tourism Minister statement, 5 April 2021*).

CHAIRMAN'S STATEMENT

Cambodia Ranked Second Most Vaccinated Nation in ASEAN

Cambodia has made significant progress in its vaccination campaign and is ranked the second most vaccinated nation among ASEAN after Singapore (*Source: Phnom Penh Post, 29 April 2021; Khmer Times, 5 August 2021*). The successful administering of this vaccination program should eventually lead to restoration of market confidence.

As of 29 August 2021, Cambodia ranked 109th in global COVID-19 cases (*Source: Worldometer's COVID-19*). According to Moody's Investors Service, Inc. ("Moody's"), the Cambodian government's proactive management of COVID-19 has been widely viewed as effective. The World Bank also acknowledged the Cambodian government's endeavors in combating COVID-19 with access to vaccines in order to ensure rapid vaccination within the country, and highly valued the government's Post-COVID-19 Economic Recovery Plan 2021-2023, which it noted was clear, realistic and comprehensive. (*Source: Khmer Times, 26 June 2021*).

In early February 2021, the Cambodian government launched a strategic plan for its COVID-19 vaccination campaign to build socio-economic resilience and strive to achieve herd immunity in Cambodia by the end of 2021, aiming to vaccinate all people aged 18 and above (*Source: Khmer Times, 7 May 2021*). As of 29 August 2021, a total of 9,092,155 people aged 18 and above (56.8% of the total population or 90.9% of the total target population of 10 million people) had been vaccinated in Cambodia (*Source: Cambodian Ministry of Health ("MOH")*). In order to combat the COVID-19 pandemic effectively, the Cambodian government believes it is equally important to vaccinate children and youths aged between 12 and 17 to build community immunity for socio-economic resumption and has launched a campaign to achieve this (*Source: Jian Hua Daily, 23 July 2021; Khmer Times, 24 July 2021; Phnom Penh Post, 1 August 2021*).

Stable Economic Outlook for Cambodia during COVID-19 Pandemic

Cambodia's economy remains relatively stable despite the 20 February 2021 COVID-19 community outbreak, a three-week lockdown imposed in April 2021 and restrictions of movement and business activities since then. The B2 stable outlook rating on Cambodia retained by Moody's reflects the country's strong growth prospects and moderate affordable government debt burden (*Source: Moody's, 21 May 2021*). According to the latest economic outlook of the Asian Development Bank, Cambodia's economy is forecast to recover and grow at 4.0% in 2021 followed by 5.5% in 2022, in view of the economic recovery among major trading partners, boosting demand for Cambodia's exports. Cambodia's total exports rose by 17% and were valued at US\$8.2 billion in the first six months of 2021, compared with the same period of last year. This was fueled by an increased demand for non-garment products such as bicycles, electronic components, wood-made products and agricultural goods in international markets, particularly large economic countries and regions such as the US and the EU, which showed a positive move in trade activity (*Source: Ministry of Economy and Finance*).

Foreign Direct Investment ("FDI") in Cambodia remains resilient as investment inflows steadily return, boosted by increased investment with the newly signed Cambodia-China Free Trade Agreement ("CCFTA") and the Regional Comprehensive Economic Partnership ("RCEP") (*Source: Cambodia Economic Update, World Bank, June 2021*). RCEP is set to be the world's largest free trade agreement comprising 16 member countries, which establishes a comprehensive, modern, high-quality partnership framework that provides mutual economic benefits, and facilitates the expansion of regional trade and investment supply chains, in particular, contributing to the projected rapid recovery of the Cambodian economy (*Source: Khmer Times, 22 June 2021*).

Environmental, Social and Governance (ESG) During a Pandemic

NagaWorld Kind Hearts (the Company's corporate social responsibility ("CSR") arm) is a grassroots initiative with long term contribution towards the betterment of communities in Cambodia. In order to support the effort of the Royal Government of Cambodia ("RGC") to contain the surge of cases in the community, NagaWorld Kind Hearts donated US\$100,000 in food supplies to Phnom Penh City Hall for communities struggling with the latest impact brought upon by the increasing number of COVID-19 cases when the capital went into lockdown on 15 April 2021. The total amount donated was sufficient to assist 3,500 families in the most affected areas.

By partnering with Naga Farm, NagaWorld Kind Hearts has continued its support of local communities most affected by COVID-19 by jointly donating food packages to 1,000 families in need in Ang Snuol district, Kandal province. Working with the local authorities, Naga Farm and NagaWorld Kind Hearts has donated crucial food supplies where it was most needed.

During the pandemic, NagaWorld Kind Hearts has been making regular donations to public institutions to help keep Cambodian communities safe and combat the spread of COVID-19. This includes contributions of world-class medical equipment and testing kits as well as preventive supplies such as surgical masks, hand sanitizer and temperature checkers to the MOH; the Ministry of Education, Youth and Sport; the Ministry of Land Management, Urban Planning and Construction; the General Commissariat of National Police; and Phnom Penh City Hall. Overall aid from the Company during the pandemic now stands at more than US\$245,000 in value.

Additionally, the Company has made annual contributions to the Cambodian Red Cross, and contributed directly to organizations such as the Water Wells Foundation of Cambodia to create new and hygienic water sources as part of building sustainable rural development in Cambodia. Over the years, the Company has contributed about US\$31 million for public interest and charitable purposes in Cambodia.

NagaWorld Kind Hearts' comprehensive suite of ESG initiatives mark another achievement after being recognised in the Stevie® Awards for the third consecutive year. The 2021 awards given were a Gold Stevie® Award for Continuous Efforts in Fostering the Development in Cambodia; three Silver Stevie® Awards for Making the World a Better Place: It's a Lifelong Learning Journey, NagaWorld Kind Hearts' Sports Initiatives Spur a Nation's Development, and Taking a Stand: NagaWorld Against COVID-19; and a Bronze Stevie® Award for Moving Generations to Go Green. These awards are an endorsement of the Group's continuous efforts towards improving the social, environmental and economic aspects of Cambodia as well as the lives of its people.

At the corporate level, the Company has been recognized as an Honoured Company in the Small & Mid-Cap category by the renowned financial publication *Institutional Investor* for outstanding leadership, including "Best CEO" and "Best CFO" in the Gaming & Lodging sector. This recognition is part of *Institutional Investor's* 2021 All-Asia Executive Team annual rankings which are regarded globally as the financial industry's benchmark for excellence.

CHAIRMAN'S STATEMENT

Sound Strategy, Positioned for Recovery

During the Period, Mass Market business volume and gross gaming revenue ("GGR") declined mainly due to the voluntary temporary suspension of business operations since 2 March 2021 and the COVID-19 global pandemic. Nevertheless, this was partially mitigated by the reasonably sized expatriate community and to some extent, visitors from East Asia (mainly from China, South Korea and Taiwan) patronising NagaWorld in search of entertainment. Despite softer tourists' arrivals due to the COVID-19 outbreak globally, the footfall on the Mass Market floor was still relatively stable, in particular, the premium mass/high limit gaming area. The Company observed a gradual growth trend in Mass Market business volumes in 1Q2021, prior to the 20 February 2021 COVID-19 community outbreak and the voluntary temporary suspension of business operations.

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

VIP business volume and GGR declined mainly due to the voluntary temporary suspension of business operations since 2 March 2021 and the restrictive cross-border travel policies in the Asian region. However, prior to the 20 February 2021 COVID-19 community outbreak and the voluntary temporary suspension of business operations, the VIP business recorded stable business volume in 1Q2021, mainly generated from a reasonably sized number of expatriates currently residing and conducting business in Cambodia.

We anticipate that as travel restrictions are lifted across the Asia Pacific region, our VIP business will continue to improve, particularly with junket operators.

During the Period, non-gaming revenue declined mainly due to the voluntary temporary suspension of business operations since 2 March 2021 and the tightening of travel policies in Cambodia and other regional countries in response to COVID-19 pandemic, which led to lower occupancy rate and footfall.

The Naga 3 development is in progress, despite the COVID-19 pandemic. We believe that when COVID-19 restrictions ease, there will be many business travellers coming into Cambodia, particularly from East Asia. This steady flow of travellers fits the long term strategy of Naga 3 – continuing the success of Naga 2 by providing comprehensive lifestyle products (including non-gaming) to a steady flow of customers who are traveling to Cambodia or already living in the country. NagaCorp is committed to developing and completing Naga 3 to help fulfil Cambodia's long term strategy of bringing in larger volumes of Chinese business travellers who stay longer. The inflow of Chinese FDI and the presence of Chinese investment in the construction industry in particular is very visible throughout Cambodia. We believe these entrenched business and vested interests to develop Cambodia will only continue and bring a steady flow of business investment and capital to help continue building Cambodia into a bustling Southeast Asian nation.

CHAIRMAN'S STATEMENT

The Vladivostok project is also ongoing and will focus on the domestic market as well as regional inbound visitation. The US-China trade conflict will only drive closer Sino-Russian cooperation and business interchange between the two countries, including the development of a bilateral tourism strategy to enrich both nations. Our Vladivostok project will benefit from these bilateral mutual cooperative efforts.

Looking ahead, 2021 will remain challenging largely resulting from economic uncertainties arising from the unprecedented COVID-19 pandemic. Nonetheless, with the relaxation of restrictions and the global economy slowly returning to normalcy, the Group expects to continue its growth trajectory, and believes that the long term prospects and outlook of the Group will remain stable.

Social Responsibility

For many years, NagaCorp has been recognized for its leadership in corporate social responsibility. The first half of 2021 was no different. We will continue our journey of being a good corporate citizen and striving for excellence to uphold our responsible position in the country.

Corporate Governance

NagaCorp has engaged an independent professional party to review the internal controls of the Group with a focus on anti-money laundering on a semi-annual basis. The independent professional party will issue its findings in a report, details of which will be enclosed in our annual report for the year ending 31 December 2021. The Company has also engaged another professional party, Political and Economic Risk Consultancy, Ltd., to assess the investment risks in Cambodia and its findings are set out in this interim report.

Our Appreciation

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

Timothy Patrick McNally
Chairman

Hong Kong, 30 August 2021

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

After contracting by 3.1% in 2020, Cambodia's economic outlook is expected to return to a positive level in 2021 despite the near-term uncertainty caused by the pandemic. The International Monetary Fund ("IMF") has projected Cambodia's real gross domestic product growth at 4.2% in 2021 and 6.0% in 2022, with an inflation rate of 3.1% and 2.8%, respectively (*Source: IMF – World Economic Outlook Database, April 2021*). The World Bank is of the opinion that Cambodia's economic growth is gradually recovering and has projected it to grow at 4.0% in 2021, supported by a gradual recovery in domestic demand following the vaccine deployment and improvements in external demand and capital inflows (*Source: Cambodia Economic Update, World Bank, June 2021*).

Despite the Group having approximately only two months of operations during the Period, the Group maintained positive EBITDA with an Adjusted EBITDA of US\$17.7 million during the Period. The Group's 1Q2021 operational results were relatively stable and continued to record recovery of gaming business volumes. The relatively stable operational results prior to the voluntary temporary suspension of business operations and the positive Adjusted EBITDA during the Period was generally attributable to the following:

Business Migration

The US-China trade tension has caused business migration to the Mekong region as it encouraged Chinese factories to relocate to lower cost countries such as Cambodia, which is consistent with the influx of foreign capital and expatriates into Cambodia, especially its capital Phnom Penh. The Group serves a wide and geographically diverse premium mass and mass-market customer base, mainly from South East Asia, East Asia and captive

local affluent expatriate community living in Cambodia patronizing NagaWorld in search of entertainment. As such, the Company is able to capitalize on and benefit from the wave of business migration during the period of COVID-19 global pandemic.

Strong bilateral ties between China and Cambodia have resulted in a continued increase in the number of Chinese people travelling to Cambodia for investment purposes, reinforcing further the business migration and creation of more job opportunities in Cambodia.

International Arrivals and Direct Flights into Cambodia during the Pandemic Period

Cambodia's borders remained open to international visitors during most of the first half of the year. In the first half of 2021, the country recorded total international arrivals of 102,560. Of the top 10 markets, Thailand was the highest at 51.0%, followed by China (29.0%), Vietnam (6.8%), Indonesia (3.3%), Korea (1.8%), U.S.A (1.6%), Taiwan (1.5%), Malaysia (0.9%), Japan (0.8%) and France (0.6%). These top 10 markets accounted for 97.2% of total arrivals. International business-related travel to Cambodia was 48,579 visitors in the first half of 2021, with 60.6% of this travel originating from China (*Source: MOT*).

As of 29 August 2021, weekly international direct flights to Phnom Penh, Cambodia stood at 27, including 7 direct flights from Greater China cities such as Guangzhou, Chengdu, Taipei and Hong Kong, as well as 9 from Seoul and 11 from Singapore (*Source: Cambodia Airports, airlines websites*). Monthly international business-related arrivals for the month of June 2021 was 4,732 visitors, representing an increase of 70% from the lowest point of 2,776 visitors recorded in April 2020 (*Source: MOT*).

The MOT is expecting to revive international tourism during the fourth quarter of this year by inviting fully vaccinated international visitors from low-risk countries to enter Cambodia (Source: *Cambodian Tourism Minister statement, 21 May 2021*). The RGC has also outlined strategies and priority action plans aimed at promoting the quality, safety and sustainable development of the tourism sector, as well as to bolster Cambodia's social and economic development (Source: *Cambodian Tourism Minister statement, 5 April 2021*).

Cambodia Ranked Second Most Vaccinated Nation in ASEAN

The pandemic has impacted more than 200 countries and territories worldwide, with approximately 217 million confirmed cases and more than 4 million deaths to date. As of 29 August 2021, Cambodia ranked 109th in global COVID-19 cases (Source: *Worldometer's COVID-19*). As of 29 August 2021, the total number of confirmed COVID-19 cases was 92,616, of which 15,029 cases (16.2%) were imported, 88,443 cases were cured (95.5% recovery rate) and 1,892 deaths (2.0%) (Source: *MOH*). According to Moody's, the RGC's proactive management of the COVID-19 has been widely viewed as effective. Similarly, the World Bank acknowledged the RGC's efforts in combating COVID-19 by ensuring rapid vaccination within the country. It also highly valued the government's Post-COVID-19 Economic Recovery Plan 2021-2023, which it noted was clear, realistic and comprehensive (Source: *Khmer Times, 26 June 2021*).

Since early February 2021, the RGC has launched a strategic plan for its COVID-19 vaccination campaign to build socio-economic resilience and strive to achieve herd immunity in Cambodia by the end of 2021, aiming to vaccinate all people aged 18 and above (Source: *Khmer Times, 7 May 2021*). As of 23 August 2021, Cambodia had

received about 25.1 million doses of World Health Organisation ("WHO") approved vaccines (Source: *Jian Hua Daily, 23 August 2021*). It is more than sufficient to cover the government's initial plan to vaccinate 10 million people (Source: *Jian Hua Daily, 10 July 2021*). In August, the RGC revised its vaccination target to 12 million or 75% of the country's population by the end of 2021 (Source: *Khmer Times, 21 August 2021*). Furthermore, on 8 August 2021 the RGC began its 3rd 'booster' shot vaccination campaign for frontline workers located at the Cambodia-Thailand border, and on 12 August 2021 began the same vaccination campaign in Phnom Penh to strengthen the vaccine's effect against the new COVID-19 variants (Source: *Khmer Times, 1, 7 & 10 August 2021*). So far, a total of 599,722 people have received their third vaccine dose (Source: *MOH*). Meanwhile, the RGC is actively involving in negotiations with licensed COVID-19 vaccine producers to secure sufficient doses for the ongoing 3rd 'booster' shot campaign.

As of 29 August 2021, a total of 9,092,155 people aged 18 and above (56.8% of the total 16 million population or 90.9% of the targeted 10 million population) in Cambodia had received at least one vaccine dose. Of which, 8,123,708 people (50.8% of the total 16 million population or 81.2% of the targeted 10 million population) had been fully vaccinated, i.e. already received their second vaccine dose (Source: *MOH*). In order to combat the COVID-19 pandemic effectively, the RGC began vaccinating children and youths aged between 12 and 17 on 1 August 2021, starting from Phnom Penh and the neighbouring Kandal province (Source: *Jian Hua Daily, 23 July 2021; Khmer Times, 24 July 2021; Phnom Penh Post, 1 August 2021*). A total of 1,470,840 children and youths (74.8% of the targeted 1,966,931 population) have received their first dose of COVID-19 vaccine since 1 August 2021 (Source: *MOH*).

Cambodia has made significant progress in its vaccination campaign and is ranked the second most vaccinated nation among ASEAN after Singapore (Source: *Phnom Penh Post*, 29 April 2021; *Khmer Times*, 5 August 2021). After nearly five months, the Cambodia sub-committee for COVID-19 vaccination wrapped up the COVID-19 vaccination drive in Phnom Penh after 2,128,791 people or 99.22% of the capital's adult population completed the two-dose inoculation (Source: *Khmer Times*, *Xin Hua*, 8 July 2021). According to investment and advisory firm Mekong Strategic Partners, Phnom Penh is the most vaccinated capital in the world (Source: *Khmer Times*, 18 August 2021). The successful rollout of this vaccination program should eventually lead to restoration of market confidence.

Cambodia Economic Outlook during COVID-19 Pandemic

Cambodia's economy remains relatively stable despite the 20 February 2021 COVID-19 community outbreak, a three-week lockdown imposed in April 2021 and restrictions of movement and business activities since then. The B2 stable outlook rating on Cambodia retained by Moody's has reflected the country's strong growth prospects and moderate affordable government debt burden (Source: *Moody's*, 21 May 2021). According to the latest economic outlook of the Asian Development Bank, Cambodia's economy is forecast to recover and grow at 4.0% in 2021, followed by 5.5% in 2022 in view of the economic recovery in major trading partners, boosting demand for Cambodia's exports. Cambodia total exports rose by 17% and was valued at US\$8.2 billion in the first six months of 2021 compared with the same period of last year. This was contributed by the increased demand for non-garment products such as bicycles, electronic components, wood-made products and agricultural goods from international markets, particularly large

economies and regions such as the US and the EU, which showed a positive move in trade activity (Source: *Ministry of Economy and Finance*).

FDI remains resilient as FDI inflows steadily return, boosted by increased investment with the newly signed CCFTA and RCEP (Source: *Cambodia Economic Update*, *World Bank*, June 2021). RCEP, the world's largest free trade agreement comprising 16 member countries, establishes a comprehensive, modern, high-quality partnership framework that provides mutual economic benefits, and facilitates the expansion of regional trade and investment supply chains, in particular, contributing to the rapid recovery of the Cambodian economy (Source: *Khmer Times*, 22 June 2021). According to the 2021 World Investment Report by the United Nations Conference on Trade and Development, in spite of the global COVID-19 pandemic, FDI in Cambodia amounted to US\$3.6 billion, with the financial and banking sector growing by 13.0% to US\$1.4 billion in 2020. With the additional policy support and COVID-19 vaccination campaigns reaching millions of people, IMF projects Cambodia's real Gross Domestic Product ("GDP") to rebound and grow at 4.2% in 2021 (Source: *IMF*, April 2021). Based on Cambodian Development Council data, FDI from China contributed approximately 69% of the total approved investment projects in the first half of 2021 (Source: *Jian Hua Daily*, 9 July 2021).

Environmental, Social and Governance (ESG) During a Pandemic

NagaWorld Kind Hearts (the Company's CSR arm) is a grassroots initiative with long term contribution towards the betterment of communities in Cambodia. In order to support the RGC's effort to contain the surge of cases in the community, NagaWorld Kind Hearts donated US\$100,000 in food supplies to Phnom Penh City Hall for communities struggling with the latest impact brought upon by the increasing number of COVID-19 cases when the capital went into lockdown on 15 April 2021. The total amount donated was sufficient to assist 3,500 families in the most affected areas.

By partnering with Naga Farm, which was established in recent years in the Ang Snuol district, with local community members as employees, NagaWorld Kind Hearts has continued its support of local communities most affected by COVID-19 by jointly donating food packages to 1,000 families in need in Ang Snuol district, Kandal province. Working with the local authorities, Naga Farm and NagaWorld Kind Hearts have donated crucial food supplies where it was most needed.

During the pandemic, NagaWorld Kind Hearts has been making regular donations to public institutions to help keep Cambodian communities safe and combat the spread of COVID-19. This includes contributions of world-class medical equipment and testing kits as well as preventive supplies such as surgical masks, hand sanitizers and temperature checkers to the MOH, the Ministry of Education, Youth and Sport, the Ministry of Land Management, Urban Planning and Construction, the General Commissariat of National Police and Phnom Penh City Hall. Overall aid from the Company during the pandemic now stands at more than US\$245,000 in value.

The Company has made annual contribution to the Cambodian Red Cross, and contributed to the Water Wells Foundation of Cambodia to create new and hygienic water sources as part of sustainable rural development of Cambodia. Over the years, the Company has contributed about US\$31 million for public interests and charitable purposes in Cambodia.

NagaWorld Kind Hearts' comprehensive suite of ESG initiatives mark another achievement after being recognised in the Stevie® Awards for the third consecutive year. The 2021 awards given were a Gold Stevie® Award for Continuous Efforts in Fostering the Development in Cambodia; three Silver Stevie® Awards for Making the World a Better Place: It's a Lifelong Learning Journey, NagaWorld Kind Hearts' Sports Initiatives Spur a Nation's Development, and Taking a Stand: NagaWorld Against COVID-19; and a Bronze Stevie® Award for Moving Generations to Go Green. These awards are an endorsement of the Group's continuous efforts towards improving the social, environmental and economic aspects of Cambodia as well as the lives of its people.

At the corporate level, the Company has been recognized as an Honoured Company in the Small & Mid-Cap category by the renowned financial publication *Institutional Investor* for outstanding leadership, including "Best CEO" and "Best CFO" in the Gaming & Lodging sector. This recognition is part of *Institutional Investor's* 2021 All-Asia Executive Team annual rankings which are regarded globally as the financial industry's benchmark for excellence.

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

Improved Liquidity and Cost Efficiency

As of 30 June 2021, the Group's cash and deposits were US\$275 million. The Group has sufficient liquidity and cash reserves to fund cash expenditures during the voluntary temporary suspension of business operations. On 15 June 2021, the Company completed the issuance of an additional US\$200 million 7.95% senior notes due 2024 (the "Additional 2024 Senior Notes") priced at a yield of 6.625%, to strengthen the Group's working capital. The Company fully repaid the outstanding principal amount of US\$300 million together with the interest accrued to the maturity date of the US\$300 million aggregate principal amount of 9.375% senior notes due 2021 (the "2021 Senior Notes") due on 21 May 2021, with cash on hand. Following the full repayment of the 2021 Senior Notes, the Company will not have any debt repayment obligation until July 2024.

The accumulated cash and deposits demonstrate the Group's continued ability to retain a stable cash position and raise external funding despite the unprecedented challenging period of the COVID-19 pandemic. Furthermore, given the COVID-19 impact in Cambodia, the Company has launched a rationalization program to improve cost efficiency, which formed part of the Company's COVID-19 strategy to help stabilize the Group's financial position over the long term. While the Group's business operations remain suspended, the Group expects to continue undertaking a series of actions to minimize run-rate operating costs and cash expenditures, including scaling back hotel and food and beverage operations, reducing payroll expenses by limiting staff on site and reducing employee pay, and the voluntary temporary closure of facilities to reduce utilities expenditure.

BUSINESS REVIEW

Table 1: Performance Highlights

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

	1H2021	1H2020
	US\$'000	US\$'000
Mass Market: Public Floor Tables		
– Buy-ins	202,109	344,501
– Win rate	14.8%	19.9%
– Revenue	29,870	68,449
Mass Market: Electronic Gaming Machines (“EGM”)		
– Bills-in	297,653	504,412
– Win rate	8.6%	9.3%
– Revenue	18,944	32,689
VIP Market		
– Rollings	2,906,273	9,671,263
– Win rate	2.8%	2.8%
– Revenue	80,509	270,870
Gross Gaming Revenue	129,323	372,008

Mass Market (Public Floor Tables and EGM)

During the Period, Mass Market business volume and GGR declined mainly due to the voluntary temporary suspension of business operations since 2 March 2021 and the COVID-19 global pandemic. Nevertheless, this was partially mitigated by the reasonably sized expatriate community and to some extent, visitors from East Asia (mainly from China, South Korea and Taiwan) patronising NagaWorld in search of entertainment in the first two months of the year. Despite softer tourists' arrivals due to the COVID-19 outbreak globally, the footfall on the Mass Market floor was still relatively stable, in particular, the premium mass/high limit gaming area. The Company observed a gradual growth trend in Mass Market business volumes in 1Q2021, prior to the 20 February 2021 COVID-19 community outbreak and the voluntary temporary suspension of business operations.

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

VIP Market

During the Period, VIP business volume and GGR declined mainly due to the voluntary temporary suspension of business operations since 2 March 2021 and the restrictive cross-border travel policies in the Asian region. However, prior to the 20 February 2021 COVID-19 community outbreak and the voluntary temporary suspension of business operations, the VIP business recorded stable volume in 1Q2021, mainly generated from a reasonably sized number of expatriates currently residing and conducting business in Cambodia.

Non-Gaming – Hotel, F&B and Entertainment

During the Period, non-gaming revenue declined mainly due to the voluntary temporary suspension of business operations since 2 March 2021 and the tightening of travel policies in Cambodia and other regional countries in response to the pandemic, which led to lower occupancy rate and footfall during the Period.

Revenue and Gross Profit Analysis

Table 2(a)

	Revenue		Gross Profit		Gross Profit Margin
	US\$'m	%	US\$'m	%	%
1H2021					
Mass Market	48.8	37	47.7	64	98
VIP Market	80.5	62	26.1	35	32
Non-Gaming	1.1	1	0.9	1	82
Total	130.4	100	74.7	100	57

Table 2(b)

	Revenue		Gross Profit		Gross Profit Margin
	US\$'m	%	US\$'m	%	%
1H2020					
Mass Market	101.1	27	100.2	58	99
VIP Market	270.9	72	69.2	40	26
Non-Gaming	5.5	1	4.5	2	82
Total	377.5	100	173.9	100	46

The Group recorded a gross profit of US\$74.7 million for the Period. The overall gross profit margin was 57% (six months ended 30 June 2020: 46%) as a result of stable mix among all business segments. Mass Market continued to maintain a high gross profit margin of 98%.

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

Administrative and other operating expenses before impairment losses, depreciation and amortisation were US\$65.9 million during the Period, representing a decrease of US\$21.1 million or 24.2% year-on-year. With improvements in operating efficiencies and rigorous financial discipline, the Group has been able to keep its operating costs reasonably low. In addition, the Company has implemented a series of cost saving measures in response to the voluntary temporary

suspension of business operations since 2 March 2021.

Finance Costs

During the Period, the Group incurred finance costs of US\$21.7 million (six months ended 30 June 2020: US\$5.0 million) for the interest expenses and transaction costs relating to the senior notes issued. See note 16 to the condensed consolidated financial statements for further detail of the senior notes.

Net Loss

Net loss attributable to shareholders of the Company (the "Shareholders"), or net loss, was US\$77.2 million for the Period. Net loss margin for the Period is 59.2% (six months ended 30 June 2020: net profit margin 5.5%) as a result of the voluntary temporary suspension of business operations because of COVID-19 concerns since 2 March 2021.

Basic loss per share were US cents 1.78 (HK cents 13.80) for 1H2021 and basic earnings per share were US cents 0.48 (HK cents 3.72) for 1H2020, respectively.

FINANCIAL REVIEW

Pledge of Assets

In December 2014, in accordance with the terms of the investment agreement in respect of the development of an integrated resort in Vladivostok, Russia, the Company's subsidiary remitted approximately US\$8.9 million from its Hong Kong bank account to a Russian bank account of the Company's Russian subsidiary PERC. This amount was deposited in the same Russian bank as fixed deposits which are pledged against which promissory notes were subsequently issued to provide collateral for the issuance of a bank guarantee from the same bank required under the investment agreement.

Contingent Liabilities

Other than the additional obligation payment as described in note 7 to the condensed consolidated financial statements, there were no other contingent liabilities as at 30 June 2021.

Exchange Rate Risk

The Group's income is earned principally in United States Dollars ("US\$"). The Group's expenditure is paid principally in US\$ and to a lesser extent in Cambodian Riel and Russian Rubles ("RUB"). The Group, therefore, does not have any significant exposure to foreign currency risk and, thus has not entered into any currency hedging transactions.

Issue of New Shares

No shares were issued by the Company during the Period.

Liquidity, Financial Resources and Gearing

All figures quoted in this section are as at 30 June 2021, unless stated otherwise.

The Group had total cash and bank balances, restricted bank balance and fixed deposits of US\$275.4 million (31 December 2020: US\$452.0 million). The cash and bank balances, restricted bank balance and fixed deposits were mainly denominated in US\$.

The Group had net current assets of US\$125.5 million (31 December 2020: US\$107.0 million). The Group had net assets of US\$1.7 billion as at 30 June 2021 (31 December 2020: US\$1.7 billion).

The Group had outstanding senior notes with a carrying amount of US\$541.4 million (31 December 2020: US\$635.6 million).

The Group's gearing ratio calculated as total debt less cash and bank balances, restricted bank balance and fixed deposits divided by equity was 16.0% (31 December 2020: 11.1%).

Capital and Reserves

As at 30 June 2021, the capital and reserves attributable to owners of the Company were US\$1.7 billion (31 December 2020: US\$1.7 billion).

Employees

As at 30 June 2021, the Group employed a total work force of 6,958 (31 December 2020: 8,371), stationed in Cambodia, China, Hong Kong, Macau, Malaysia, Singapore, Thailand, the United Kingdom, the United States and Russia. The remuneration and staff costs for the Period were US\$39.8 million (six months ended 30 June 2020: US\$66.2 million).

Given the COVID-19 impact in Cambodia, the Company has taken proactive measures to manage the situation. The Company launched an employee rationalization program to improve cost and operational efficiency. The Company believes that these changes will help with the quick return to business normality and help deliver continued financial stability over the long term. It is important for the Group to maintain operational and financial flexibility to ensure that it remains focused and efficient during this period. To reduce the impact of these necessary changes on our employees, the Company has provided a mutual separation option to affected employees with enhanced termination compensation over and above payments required by the applicable Cambodian Laws to assist their transition into other career or business interests.

By and large the employee rationalisation exercise has been completed at the date of this interim report.

Employee Benefits

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

Trade Receivables and Credit Policy

The Group continues to monitor changes in trade receivables. Net trade receivables decreased from US\$72.9 million (as at 31 December 2020) to US\$55.5 million (as at 30 June 2021).

During the Period, the Group prudently made provision for impairment loss of US\$1.0 million (six months ended 30 June 2020: US\$0.6 million).

The Group has adhered to strict credit policies implemented since 2009. From time to time, the Group will review its policies to ensure that they are competitive and are in line with the Group's risk management strategy. During the Period, the credit policy for gaming receivables was five to thirty days from end of tour while the credit policy on non-gaming receivables remained as thirty days from end of month.

Significant Investments Held and Material Acquisitions of Subsidiaries

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

Events after Reporting Period

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

PROJECT UPDATES AND PROSPECTS

Update on Naga 3

Chicago-based Skidmore, Owings and Merrill has fully completed the Naga 3 conceptual design works. The subsequent design development work will be handled by a team of experienced consultants consisting of Steelman Partners (a global leader in gaming and entertainment design), Jacobs Engineering Services Sdn. Bhd. (Civil and structural consultant, one of the world's largest engineering firms), DRTAN LM Architect (Architect-of-Record), KWA Consult Sdn. Bhd. (Mechanical and electrical consultant), ELP Quantity Surveyors Sdn. Bhd. (Quality surveyor consultant).

The following are brief progress updates:

- a) **Soil Improvement Work** – Soil improvement work of 4m wide by 292m long along the western boundary has been fully completed by way of more than 1,000 deep soil mixing columns and almost 4,000 tons of cement being injected into the ground to strengthen the existing soil; the main objective of the soil improvement work is to minimize settlement risk to the row of existing shops during the diaphragm wall and bored pile construction. Both large deep soil machines and the associated cement silos have been fully demobbed from the construction site, freeing up space for the operation of 2 diaphragm wall machines and the steel cage fabrication yard.
- b) **Diaphragm Walls** – The Tower 3 diaphragm walls are nearing completion, and one machine has been shifted to work on the Tower 1 diaphragm walls, while the other machine will finish the last few panels within next two weeks, freeing up space for the bored piling operation to commence; two additional boring rigs have been brought in to quickly complete the Tower 3 bored piles.
- c) **Bored Piles** – 35% bored piles at the Tower 1 area have been completed so far, one number bi-directional load test has been completed as well with very satisfactory results. At the Tower 2 area, 68 coffer piles have been fully completed and the coffer pile machinery has been temporarily demobbed from site to free up more space for other more critical boring rigs operation. Presently there are eight boring rigs constructing the bored piles on site.
- d) **Wind Tunnel Study** – The wind tunnel testing for the wind induced structural study has been completed with satisfactory results. The second part of wind tunnel testing for the façade cladding, human comfort and pedestrian wind comfort study will be carried out in the fourth quarter of 2021 when the design development work is more developed.

- e) **Pandemic and Vaccination** – Construction progress was slightly impacted by the sudden Phnom Penh lockdown, curfew and inter provincial/district travel restrictions. With the disruption of cement/concrete/steel supply and shipping logistics delays, additional measures have been added to catch-up on lost time. The construction site is enforcing very strict measures to prevent COVID-19 infection. All construction workers and management staff have been fully vaccinated; only fully vaccinated construction workers, sub-contractors, suppliers, etc. are allowed to work and enter the construction site.
- f) **Design Development Work** – Design development work is ongoing, and is on schedule to complete the drawings for the super-structure construction. The target for commencing this work is the first half of 2023, after the foundation and basements have been completed and handed over to super-structure construction teams.

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

Amid rising cases of COVID-19 infections, Cambodia is aggressively rolling out a vaccination program that will help the nation reach herd immunity. Some non-essential businesses remain closed while the Cambodian government has allowed the reopening of essential businesses, i.e. restaurants and local markets with strict social distancing and other health measures in place including requiring everyone to wear a mask, maintain social distancing, washing hands with sanitisers and scanning the “Stop COVID” QR Code before entering public venues (*Source: Khmer Times, 15 June 2021*). As of 23 August 2021, Cambodia had received about 25.1 million doses of vaccine which is sufficient to achieve the COVID-19 vaccination campaign goal of 12 million vaccinated people (75% of the country’s population) by the end of 2021 (*Source: Khmer Times, 21 & 23 August 2021*). Furthermore, the vaccination drive in Phnom Penh has been completed and the city is ranked the most vaccinated capital in the world, with almost every resident vaccinated (*Source: Xin Hua, 8 July 2021; Khmer Times, 18 August 2021*). The Cambodian government’s efforts in COVID-19 vaccination campaign are widely viewed as successful, particularly when measured by the increased vaccination uptake; this positive response to the vaccination campaign is the key to boosting market confidence.

Update on the Investment Project in Vladivostok

In respect of the Group’s gaming and resort development project in Vladivostok, Russia, site clearing commenced in 2016. An office has been established in the city centre of Vladivostok, Russia and certain key personnel have been appointed to monitor various aspects of the progress of the project, despite being impacted by the COVID-19 global pandemic. As at 30 June 2021, the hotel tower topping off was completed and construction of the casino podium was progressing up to level 2. The water and sewage system connected to the development site has been largely completed.

MANAGEMENT DISCUSSION AND ANALYSIS

During the COVID-19 pandemic, Cambodia-China relations have been continually strengthening and China has played a vital role in boosting Cambodia's economic recovery, especially with the supply of vaccines. In term of investment, China's investment in Cambodia stood at approximately US\$2.0 billion in the first half of 2021, accounting for 69% of total investment. The Cambodian government believes that China will remain Cambodia's largest source of investment and will help drive its economic growth through trade and investment activities (Source: *Jian Hua Daily*, 11 July 2021). The prospects of CCFTA, which may go into effect this year, will help further boost investment, and thus support overall agricultural production for exports, especially to the Chinese market (Source: *Cambodia Economic Update*, World Bank, June 2021). The bilateral trade volume between China and Cambodia remained strong despite the global outbreak of COVID-19, reaching US\$8.2 billion in 2020. In the first six months of 2021, the bilateral trade volume between China and Cambodia stood at US\$6.1 billion, an increase of approximately 44% year-on-year (Source: *Jian Hua Daily*, 11 July 2021 & 12 August 2021). According to Cambodia's Commerce Ministry, the RCEP is expected to come into effect early next year, which will enable Cambodia to modernize and diversify its economic structure through long term partnership trade opportunities (Source: *Khmer Times*, 16 July 2021). Subject to recovery in domestic and international demand following wide vaccine deployment, Cambodia's economy is expected to recover gradually with IMF and World Bank projecting the country's real GDP to grow at 4.2% and 4.0%, respectively in 2021.

According to the Cambodia Tourism Minister's statement on 21 May 2021, the MOT is working towards a possible reopening of the Cambodia tourism industry in the fourth quarter of this year to fully vaccinated tourists. With the COVID-19 pandemic taking a toll in the tourism industry, the country's rapid vaccination drive puts Cambodia on track for the possible reopening of its borders to low-risk countries in the fourth quarter of 2021.

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

Looking ahead, 2021 will remain challenging largely resulting from economic uncertainties arising from the unprecedented COVID-19 pandemic. Nonetheless, with the relaxation of restrictions and the global economy slowly returning to normalcy, NagaWorld is expected to continue drawing tourists from South East Asia and East Asia, especially with incoming business migration inflows to Cambodia. The Group expects to continue its growth trajectory, and believes that the long term prospects and outlook of the Group will remain stable.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Shareholders for the Period (six months ended 30 June 2020: US cents 0.29 per share).

DISCLOSURE OF INTERESTS

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

The directors of the Company (the "Directors") who held office as at 30 June 2021 had the following interests in the Shares, underlying Shares and debentures at that date as recorded in the register of directors' and chief executive's interests required to be kept under section 352 of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (the "SFO") or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

(1) Interests in Shares and Underlying Shares

Name of Director	Capacity	Number of Shares and Underlying Shares Held	% of Total Issued Shares (Note 1)
Tan Sri Dr Chen Lip Keong ("Dr Chen")	Founder of a discretionary trust (Note 2)	951,795,297 (L)	21.93 (L)
Dr Chen	Beneficial owner	1,943,107,166 (L)	44.76 (L)
Dr Chen	Interest of controlled corporation (Note 3)	1,176,600,575 (L)	27.10 (L)

Notes:

- (1) Based on the Company's issued share capital of 4,341,008,041 Shares as at 30 June 2021.
- (2) Dr Chen is the founder of a discretionary family trust named ChenLa Foundation. ChenLa Foundation indirectly holds, through LIPKCO ENTERPRISES LIMITED and LIPKCO Group Limited, a total of 951,795,297 Shares. As a founder of ChenLa Foundation, Dr Chen is deemed to be interested in the Shares held by ChenLa Foundation. Details of the interests in the Company held by ChenLa Foundation and LIPKCO Group Limited are set out in the section headed "Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares" below.
- (3) Such interest includes (i) 34,222,000 Shares held by ChenLipKeong Capital Limited; and (ii) 1,142,378,575 Settlement Shares or such Adjusted Settlement Shares (both as defined in the circular of the Company dated 22 July 2019) to be issued to ChenLipKeong Fund Limited upon completion of the Guaranteed Maximum Sum Design and Build Agreement ("DBA") and the Subscription Agreement. By virtue of the 100% interest held by Dr Chen in ChenLipKeong Capital Limited and ChenLipKeong Fund Limited, Dr Chen is deemed to be interested in the Shares which are held by ChenLipKeong Capital Limited and which will be held by ChenLipKeong Fund Limited. Details of the interests in the Company held by ChenLipKeong Fund Limited is set out in the section headed "Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares" below.
- (4) The letter "L" denotes the entity's long position in the Shares.

(2) Interests in Debentures

Name of Director	Capacity	Amount of Debentures Held
Dr Chen	Interest of controlled corporation ^(Note)	US\$45,000,000

Note:

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

Save as disclosed above, as at 30 June 2021, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code.

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

So far as the Directors or the chief executive of the Company are aware of, as at 30 June 2021, the Shareholders, other than a Director or the chief executive of the Company, who had an interest or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 in Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Name of Shareholder	Capacity	Number of Shares Held	% of Total Issued Shares
ChenLa Foundation	Interest of controlled corporation ^(Note 2)	951,795,297 (L)	21.93 (L)
LIPKCO Group Limited	Beneficial owner	789,534,854 (L)	18.19 (L)
ChenLipKeong Fund Limited	Beneficial owner ^(Note 3)	1,142,378,575 (L)	26.32 (L)

Notes:

- (1) Based on the Company's issued share capital of 4,341,008,041 Shares as at 30 June 2021.
- (2) Such interests are held by LIPKCO Group Limited and LIPKCO ENTERPRISES LIMITED which in turn are controlled by ChenLa Foundation of which Dr Chen is the founder.
- (3) Upon the completion of the DBA and the Subscription Agreement, these 1,142,378,575 Settlement Shares or such Adjusted Settlement Shares (both as defined in the circular of the Company dated 22 July 2019) for the funding of the Naga 3 project will be issued to ChenLipKeong Fund Limited. ChenLipKeong Fund Limited is wholly owned by Dr Chen.
- (4) The letter "L" denotes the entity's long position in the Shares.

DISCLOSURE OF INTERESTS

Save as disclosed above and so far as the Directors and the chief executive of the Company are aware of, as at 30 June 2021, no other party (other than a Director or the chief executive of the Company) had an interest or short positions in the Shares or the underlying Shares which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 in Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

Share Option Scheme and Share Award Scheme

(1) Share Option Scheme

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

Since its adoption and up to 30 June 2021, no share option has been granted by the Company under the Share Option Scheme. Accordingly, there were no outstanding share options as at 30 June 2021.

(2) Share Award Scheme

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

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

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

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

No Shares have been granted under the Share Award Scheme since its adoption and up to 30 June 2021.

Apart from the foregoing, at no time during the six months ended 30 June 2021 was the Company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

INDEPENDENT REVIEW OF INVESTMENT RISKS IN CAMBODIA

Political and Economic Risk Consultancy, Ltd.
 ("PERC")
 20/F, Central Tower
 28 Queen's Road, Central
 Hong Kong

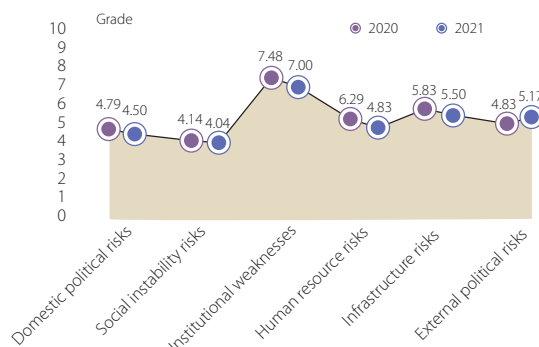
TO THE BOARD OF NAGACORP LTD.

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

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

Based on the assessments and reviews carried out between late November 2020 and the first week of January 2021 we summarised our findings below:

Perceptions of Cambodia's Business Environment Risks



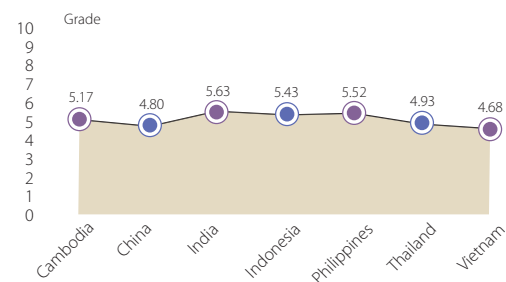
Grades range from zero to 10, with zero being the best grade possible and 10 the worst.

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

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

Each of these variables is itself made up of a number of sub-variables relating to specific aspects of the category being assessed. The weighted sum of the grades for sub-variables equals the score of a broader variable, while the weighted sum of the grades of the broad

How Perceptions of Cambodian Socio-Political Risks Compare



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

variables defines overall investment risks in Cambodia. We have treated each variable as having equal importance or weight.

Summary

Cambodia's political and social stability has been tested by fire over the past year. The economy was hurt badly by the COVID-19 pandemic. Real GDP growth contracted, the number of jobless jumped, and household incomes fell. Almost all sectors of the economy suffered, with the important exception of agriculture. However, instead of raising social instability and causing the government to lose popularity, the people of Cambodia have come together to work with the government to contain the spread of the virus. Labor unrest

INDEPENDENT REVIEW OF INVESTMENT RISKS IN CAMBODIA

has been less than in previous years, and support for the government has broadened and increased.

Consequently, while Cambodia's economic problems have mounted, socio-political risks have fallen over the past year. The position of the government has never been stronger because Cambodians are more unified in their support of the policies of Prime Minister Hun Sen and his government.

Prior to the pandemic, the main reasons the government enjoyed public support were because it led the country out of the painful chaos of Khmer Rouge regime and because its policies resulted in over two decades of rapid economic growth in which general living standards improved substantially. There were concerns that this public support could weaken if economic growth were to slow substantially, especially since a growing portion of the population was born after the fall of the Khmer Rouge and has no first-hand experiences with the extreme social turmoil their parents suffered through. However, economic growth slowed in 2020 by more than anyone had anticipated, yet the government broadened its support by implementing policies that protected Cambodians against the virus better than any other government in Asia was able to do for its population – and it did so with more limited financial resources and medical infrastructure. Cambodians today have a new reason to support the government. The policies it has taken have shown its determination to protect average Cambodians during a major health emergency rather than to protect special interest groups. This has increased public trust in the government.

The only major category of socio-political risks that has increased over the past year is external risks. The virus itself has its origins outside the country, but the recovery of

Cambodia's small, open economy is largely dependent not on its own government's policies but on the policies of foreign governments like China, Japan, Korea, the US, and the EU. Cambodia's recovery depends on how fast these governments get the virus under control, enable their citizens to feel comfortable in traveling abroad again as tourists, generate more internal demand for the types of products Cambodia exports, and start implementing supply chain changes that could divert more direct investments to Cambodia.

Economic conditions are already improving in most of these major countries, but the pandemic has just begun a new wave. Although vaccines have been developed, it will take most of 2021 to inoculate their populations, as well as for airlines and other industries to put the safeguards in place that will allow for a full-scale resumption of international travel.

Many of the economic statistics for the first nine months of 2021 for Cambodia as well as other countries will look impressive not because the recovery is sharp but because the numbers for 2021 will be compared against periods of 2020 when lockdowns were in force and many types of business, including tourism and foreign trade, were seriously disrupted. It will probably take at least until 2022 for many industries to recover all the ground lost last year and get back to 2018 and 2019 levels of business in absolute terms.

However, Cambodia has shown it has the political and social stability, as well as the institutional strength, to see it through a length period of recovery. Risks associated with the current government's stability and its ability to orchestrate a smooth leadership transition when that time actual comes are lower now than they were one year ago.

Positive Developments

- Cambodian society has demonstrated flexibility and stability. It is easy to maintain such traits during good economic times, but it takes a period of real adversity to show just how deeply ingrained these traits have become. That is what has happened to Cambodia this year and why there should be greater confidence that social stability will be maintained going forward.
- The pandemic will accelerate capital market reform in Cambodia. Banks will be forced to slow their lending and improve their credit assessment capabilities. Development of the local stock market is likely to accelerate, as firms look for new ways to raise capital. Well-run companies in cash-rich positions will have many more opportunities and reduced competition from companies that in the past boom times relied mainly on borrowing or pre-sales to finance investments.
- The pandemic has temporarily eliminated the problem of an excessively tight labor market and high labor turnover rates. This is especially true in the hotel, travel and service industries catering to foreigners, and should make it easier for strong companies that survive the crisis period to take advantage of the recovery to expand and improve their competitive position.
- Cambodia's relationship with China has continued to strengthen throughout the pandemic, through more direct investment in manufacturing and infrastructure, a new free-trade pact, and a further increased grants, soft-term loans and other development assistance offered by Beijing. The closeness of Cambodia's relations with China is demonstrating its durability.
- Cambodia is positioned to rebound faster from the pandemic than are many other countries in the region like Thailand, India, and Indonesia where social conditions are less stable, especially if major tourist groups like Mainland Chinese see Cambodia's social stability and good personal security as attractions that many alternative destinations do not offer foreign visitors.

The Challenges

- The recovery in international tourism is likely to be slower than many optimists are hoping. COVID-19 not only needs to be brought under control, but also systems need to be introduced that eliminate the need for quarantines and other inconveniences that interfere with the ease of international travel.
- The economic slowdown and negative impact this has had on jobs and incomes have pushed up household debt risks and left Cambodia's microfinance sector in a vulnerable position. Because of this overhang of debt, it could interfere with the recovery of consumer spending when economic conditions start to improve.

- Reduced cash flow is increasingly affecting firms and is likely to remain a major constraint throughout most of 2021. Banks have slowed their lending, while many foreign buyers have tightened their terms. Firms like property developers that depend on pre-sales to finance their ongoing investments have seen those sales dry up.
- The operational efficiency and effectiveness of the civil service is low. The deficiencies of institutional quality, accountability and standards go deeper than that. Civil servants at all levels have little incentive to excel and little to fear personally from poor personal performance.

Robert Broadfoot

Managing Director

PERC

Hong Kong, 11 January 2021

About the Reviewer

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

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

Compliance with Corporate Governance Code

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

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

Compliance with Model Code

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

Purchase, Sale or Redemption of the Company's Listed Securities

The 2021 Senior Notes issued by the Company in 2018 matured on 21 May 2021. The Company fully repaid the 2021 Senior Notes at their outstanding principal amount together with the interest accrued to the maturity date upon maturity of the 2021 Senior Notes on 21 May 2021.

Save as disclosed above, the Company did not redeem any of its listed securities nor did the Company or any of its subsidiaries purchase or sell any of such securities during the Period.

Audit Committee

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

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

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

Nomination Committee

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

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

During the Period, the Nomination Committee nominated Dr Chen, Mr. Chen Yiy Fon and Mr. Michael Lai Kai Jin, the retired Directors, for re-election by Shareholders at the Company's 2021 annual general meeting (the "2021 AGM"), and reviewed, among other things, the structure, size and composition of the Board with reference to the measurable objectives set out under the Board Diversity Policy. It has also assessed the independence of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules.

Remuneration Committee

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

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

During the Period, the Remuneration Committee considered and proposed, among other things, the adoption of the Share Award Scheme, the proposed initial grant of a total of 18,360,000 and a total of up to 9,000,000 award shares respectively to the Connected Participants and the Non-Connected Participants (both as defined in the circular of the Company dated 5 February 2021) pursuant to the Share Award Scheme and the Directors' fees to Shareholders for approval at the 2021 AGM.

Risk Management and Internal Control

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

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

Internal Controls on Anti-Money Laundering

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

- Tier 1 – An AML Management Committee, led by the Compliance Officer and supported by senior managers from various key operational departments, is tasked with ensuring that the Company adopts policies and procedures as governed by the AML Procedure Manual in its day to day operational activities.
- Tier 2 – Internal audit of AML procedures to ensure that the Company is in compliance with AML policies, with the results of such audits reported to the Audit Committee and the AML Oversight Committee.

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

Tier 4 – External audit of the Company's AML procedures. The Company engages an AML specialist firm which carries out a biannual audit of the Company's AML procedures, which includes work conducted by the AML Management Committee. The report of this external AML audit for the year 2021 will be enclosed in our annual report for the financial year ending 31 December 2021.

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

Independent Review of Investment Risks in Cambodia

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

Disclosure under Rule 13.21 of the Listing Rules

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

On 30 September 2020, a supplemental indenture to the 2024 Notes Indenture was entered into among the Company, the guarantors under the 2024 Senior Notes, Ariston Sdn. Bhd. (“Ariston”) and GLAS Trust Company LLC as trustee of the 2024 Senior Notes, pursuant to which Ariston was added as a subsidiary guarantor under the 2024 Senior Notes.

On 15 June 2021, the Company issued the Additional 2024 Senior Notes. The Additional 2024 Senior Notes were issued on the same terms and conditions (other than the issue date and the offer price) and were consolidated and formed the same series as the 2024 Senior Notes. Since the principal terms of the Additional 2024 Senior Notes are

the same as the terms of the original 2024 Senior Notes, the change of control provisions under the 2024 Notes Indenture remains unchanged and apply to the Additional 2024 Senior Notes. These Additional 2024 Senior Notes will not be convertible into Shares. Please refer to the announcements of the Company dated 7 June 2021 and 15 June 2021 for details about the Additional 2024 Senior Notes.

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

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

Tan Sri Dr Chen Lip Keong, Chief Executive Officer and Executive Director

- agreed to receive 70% of his basic salary for the month of March 2021, 60% for the month of April 2021 and 50% for the months of May and June 2021 during the period of voluntary temporary suspension of business operations to prevent the spread of COVID-19

Philip Lee Wai Tuck, Executive Deputy Chairman and Executive Director

- agreed to receive approximately 71% of his basic salary for the month of March 2021, 60% for the month of April 2021 and 50% for the months of May and June 2021 during the period of voluntary temporary suspension of business operations to prevent the spread of COVID-19

Save as disclosed above, as at 30 June 2021 there had not been any other changes to the Directors’ information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CONDENSED CONSOLIDATED STATEMENT OF INCOME

for the six months ended 30 June 2021 (unaudited)
(Expressed in United States dollars)

	Notes	Six months ended 30 June	
		2021	2020
		\$'000	\$'000
		(Unaudited)	(Unaudited)
Revenue	4	130,429	377,505
Cost of sales		(55,764)	(203,631)
Gross profit		74,665	173,874
Other income		3,454	2,416
Administrative expenses		(27,134)	(21,632)
Other operating expenses		(94,845)	(115,389)
(Loss)/Profit from operations		(43,860)	39,269
Finance costs	5	(21,743)	(5,036)
(Loss)/Profit before taxation	6	(65,603)	34,233
Income tax	7	(11,626)	(13,607)
(Loss)/Profit attributable to owners of the Company		(77,229)	20,626
(Loss)/Earnings per share (US cents)			
Basic	9	(1.78)	0.48
Diluted	9	(1.78)	0.48

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2021 (unaudited)
(Expressed in United States dollars)

	Six months ended 30 June	
	2021	2020
	\$'000	\$'000
	(Unaudited)	(Unaudited)
(Loss)/Profit for the period	(77,229)	20,626
Other comprehensive income for the period:		
Item that may be reclassified subsequently to profit or loss:		
– exchange differences from translation of foreign operations	(687)	(2,394)
Total comprehensive income attributable to owners of the Company for the period	(77,916)	18,232

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2021 (unaudited)
(Expressed in United States dollars)

	Notes	30 June 2021 \$'000 (Unaudited)	31 December 2020 \$'000 (Audited)
Non-current assets			
Property, plant and equipment	11	1,864,717	1,673,717
Right-of-use assets		87,370	90,194
Intangible assets	12	66,556	67,914
Prepayments for acquisition, construction and fitting-out of property, plant and equipment		134,313	134,511
Promissory notes	13	9,536	9,196
		2,162,492	1,975,532
Current assets			
Consumables		2,285	1,984
Trade and other receivables	14	105,015	119,810
Restricted bank balance and fixed deposits		22,213	14,263
Cash and cash equivalents		253,163	437,741
		382,676	573,798
Current liabilities			
Trade and other payables	15	146,752	148,431
Senior notes	16	–	298,547
Dividend payable		81,677	–
Contract liabilities		8,577	8,581
Lease liabilities		9,807	7,809
Current tax liability		10,347	3,413
		257,160	466,781
Net current assets		125,516	107,017
Total assets less current liabilities		2,288,008	2,082,549

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2021 (unaudited)
(Expressed in United States dollars)

	Notes	30 June 2021 \$'000 (Unaudited)	31 December 2020 \$'000 (Audited)
Non-current liabilities			
Other payables	15	5,128	4,907
Senior notes	16	541,365	337,102
Contract liabilities		24,250	28,000
Lease liabilities		54,872	56,074
		625,615	426,083
NET ASSETS		1,662,393	1,656,466
CAPITAL AND RESERVES			
Share capital		54,263	54,263
Reserves		1,608,130	1,602,203
TOTAL EQUITY		1,662,393	1,656,466

Approved and authorised for issue by the Board on 30 August 2021.

Timothy Patrick McNally
Chairman

Philip Lee Wai Tuck
Executive Deputy Chairman

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2021 (unaudited)
(Expressed in United States dollars)

	Share capital	Share premium	Capital redemption reserve	Merger reserve	Capital contribution reserve	Other reserve	Exchange reserve	Retained profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2020	54,263	751,356	151	(12,812)	55,568	-	(1,041)	940,886	1,788,371
Changes in equity for the six months ended									
30 June 2020:									
Profit for the period	-	-	-	-	-	-	-	20,626	20,626
Other comprehensive income – exchange difference from translation of foreign operations	-	-	-	-	-	-	(2,394)	-	(2,394)
Total comprehensive income for the period	-	-	-	-	-	-	(2,394)	20,626	18,232
2019 final dividend declared and paid	-	-	-	-	-	-	-	(220,938)	(220,938)
Balance at 30 June 2020 (unaudited)	54,263	751,356	151	(12,812)	55,568	-	(3,435)	740,574	1,585,665
Profit for the period	-	-	-	-	-	-	-	81,677	81,677
Other comprehensive income – exchange difference from translation of foreign operations	-	-	-	-	-	-	1,500	-	1,500
Total comprehensive income for the period	-	-	-	-	-	-	1,500	81,677	83,177
2020 interim dividend declared and paid	-	-	-	-	-	-	-	(12,376)	(12,376)
Balance at 31 December 2020 (audited)	54,263	751,356	151	(12,812)	55,568	-	(1,935)	809,875	1,656,466
Balance at 1 January 2021	54,263	751,356	151	(12,812)	55,568	-	(1,935)	809,875	1,656,466
Changes in equity for the six months ended									
30 June 2021:									
Loss for the Period	-	-	-	-	-	-	-	(77,229)	(77,229)
Other comprehensive income – exchange difference from translation of foreign operations	-	-	-	-	-	-	(687)	-	(687)
Total comprehensive income for the Period	-	-	-	-	-	-	(687)	(77,229)	(77,916)
Recognition of equity-settled share-based payment	-	-	-	-	-	165,520	-	-	165,520
2020 final dividend declared	-	-	-	-	-	-	-	(81,677)	(81,677)
Balance at 30 June 2021 (unaudited)	54,263	751,356	151	(12,812)	55,568	165,520	(2,622)	650,969	1,662,393

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2021 (unaudited)
(Expressed in United States dollars)

	Six months ended 30 June	
	2021	2020
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Cash generated from operations	22,516	247,251
Tax paid	(4,692)	(24,448)
Net cash generated from operating activities	17,824	222,803
Investing activities		
Interest received	61	428
(Increase)/decrease in restricted bank balance and fixed deposits	(7,950)	53,003
Payment for purchase of property, plant and equipment and for construction cost of property	(73,515)	(26,462)
Payment for purchase of right-of-use assets	–	(1,855)
Proceeds from disposal of property, plant and equipment	–	3,540
Net cash (used in)/generated from investing activities	(81,404)	28,654
Financing activities		
Interest paid	(27,976)	(14,062)
Payment for lease liabilities	(2,515)	(4,187)
Repayment of senior notes	(300,000)	–
Dividend paid	–	(220,938)
Net proceeds from issue of senior notes	209,493	–
Net cash used in financing activities	(120,998)	(239,187)
Net (decrease)/increase in cash and cash equivalents	(184,578)	12,270
Cash and cash equivalents at beginning of period	437,741	273,377
Cash and cash equivalents at end of period	253,163	285,647

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (unaudited)
(Expressed in United States dollars)

1. Corporate information

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

The unaudited condensed consolidated financial statements for the six months ended 30 June 2021 (the “Period”) comprise the Company and its subsidiaries.

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

2. Basis of preparation

The unaudited condensed consolidated financial statements for the Period have been prepared in accordance with International Accounting Standard (the “IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “IASB”) and the applicable disclosure requirement of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange” and the “Listing Rules”, respectively).

The unaudited condensed consolidated financial statements have been prepared on historical cost basis.

3. Principal accounting policies

The unaudited condensed consolidated financial statements contain selected explanatory notes which include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group after the financial year ended 31 December 2020. The unaudited condensed consolidated financial statements do not include all of the information required for a full set of annual financial statements prepared in accordance with all applicable International Financial Reporting Standards (the “IFRS”) adopted by the IASB, and should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2020 (the “2020 annual financial statements”).

Except as disclosed below, the unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies and the method of computation adopted by the Group in the 2020 annual financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (unaudited)
(Expressed in United States dollars)

3. Principal accounting policies (continued)

Adoption of new or revised standards and interpretations effective on 1 January 2021:

Amendments to IAS 39, IFRS 4, IFRS 7,
IFRS 9 and IFRS 16
Amendments to IFRS 16

Interest Rate Benchmark Reform – Phase 2
COVID-19-Related Rent Concessions

Except for amendments to IFRS 16, none of the new or revised standards and interpretations have a material effect on the reported results or financial position of the Group for both current and prior reporting period. The Group has not early applied any new standards or interpretations that is not yet effective for the current accounting period. The impact of the adoption of amendments to IFRS 16 is summarised below:

Amendments to IFRS 16

IFRS 16 was amended to provide a practical expedient to lessees in accounting for rent concessions arising as a result of the COVID-19 pandemic, by including an additional practical expedient in IFRS 16 that permits entities to elect not to account for rent concessions as modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 pandemic and only if all of the following criteria are satisfied:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) the reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with this practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of lease modification. Lessees shall apply other requirements of IFRS 16 in accounting for the rent concession.

Accounting for rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (unaudited)
(Expressed in United States dollars)

4. Revenue

Revenue represents net house takings arising from casino operations and income from other operations and is recognised from contracts with customers.

	Six months ended 30 June	
	2021	2020
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Casino operations – gaming tables	110,379	339,319
Casino operations – EGM	18,944	32,689
Hotel room income, sales of food and beverage and others	1,106	5,497
	130,429	377,505

5. Finance costs

	Six months ended 30 June	
	2021	2020
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Interest expenses and amortisation of transaction costs relating to senior notes (note 16)	28,769	15,930
Interest on lease liabilities	3,294	2,795
Other interest expenses	221	203
	32,284	18,928
Less: Interest expenses capitalised into capital work in progress	(10,541)	(13,892)
	21,743	5,036

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (unaudited)
(Expressed in United States dollars)

6. (Loss)/Profit before taxation

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

	Six months ended 30 June	
	2021	2020
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Amortisation of casino licence premium [#]	1,358	1,358
Depreciation and amortisation [#]		
– Own assets	50,842	45,248
– Right-of-use assets	2,844	2,778
Impairment loss of trade receivables	1,000	600
Staff costs		
– Salaries, wages and other benefits	39,765	66,169
– Contributions to defined contribution retirement scheme	33	23

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

7. Income tax

The amount on the profit or loss includes:

(1) the casino tax of \$6,637,000 for the six months ended 30 June 2021 in accordance with the Casino Law effective from 1 January 2021 (six months ended 30 June 2020: gaming obligation payment of \$1,975,000), (2) monthly non-gaming obligation payment of \$214,338 (six months ended 30 June 2020: \$214,338 for the period from January 2020 to March 2020) payable to The Ministry of Economy and Finance of Cambodia by NagaWorld Limited Gaming Branch and NagaWorld Limited Hotel and Entertainment Branch, the Group's branches registered in Cambodia and (3) income taxes arising from other jurisdictions.

	Six months ended 30 June	
	2021	2020
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Current tax expenses		
– Current period	11,626	13,607

During the six months ended 30 June 2020, the Group recognised an additional obligation payment of \$10,989,000 which was included in the amount above.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (unaudited)
(Expressed in United States dollars)

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

	Six months ended 30 June	
	2021	2020
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Interim dividend declared after the end of reporting period:		
2021: US cents Nil per share	-	-
2020: US cents 0.29 per share	-	12,376
	-	12,376

The final dividend of \$81,677,000 for the year ended 31 December 2020 was declared in May 2021 and paid in July 2021.

9. (Loss)/Earnings per share

The calculation of basic (loss)/earnings per share is based on the consolidated loss attributable to owners of the Company of \$77,229,000 (six months ended 30 June 2020: profit of \$20,626,000) and the weighted average number of shares of 4,341,008,041 (six months ended 30 June 2020: 4,341,008,041) in issue during the Period.

There were no dilutive potential shares during the Period (six months ended 30 June 2020: Nil).

10. Segment information

The Group manages its businesses by segments, which comprise a mixture of business activities (casino, hotel and entertainment). The Group has identified the following two main reportable segments in a manner consistent with the way in which information is reported internally to the Group's senior executive management (the "SEM") for the purpose of resource allocation and performance assessment.

- Casino operations: this segment comprises all gaming activities at both Naga 1 and Naga 2.
- Hotel and entertainment operations: this segment comprises the operations of leisure, hotel and entertainment activities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (unaudited)
(Expressed in United States dollars)

10. Segment information (continued)

Segment revenue and results

The SEM monitors the revenue and results attributable to each reportable segment as follows:

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

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

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

Segment revenue:

Six months ended 30 June 2021 (unaudited):

Timing of revenue recognition:

– At point in time	116,341	594	116,935
– Transferred over time	12,982	512	13,494

Revenue from external customers	129,323	1,106	130,429
Inter-segment revenue	(131)	1,298	1,167

Reportable segment revenue	129,192	2,404	131,596
----------------------------	---------	-------	---------

Six months ended 30 June 2020 (unaudited):

Timing of revenue recognition:

– At point in time	351,403	2,589	353,992
– Transferred over time	20,605	2,908	23,513

Revenue from external customers	372,008	5,497	377,505
Inter-segment revenue	(334)	2,885	2,551

Reportable segment revenue	371,674	8,382	380,056
----------------------------	---------	-------	---------

Segment profit/(loss):

Six months ended 30 June (Unaudited)

2021	31,871	(7,553)	24,318
2020	125,265	(4,217)	121,048

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (unaudited)
(Expressed in United States dollars)

10. Segment information (continued)

Segment revenue and results (continued)

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

	Six months ended 30 June	
	2021	2020
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Revenue		
Reportable segment revenue	131,596	380,056
Elimination of inter-segment revenue	(1,167)	(2,551)
Consolidated revenue	130,429	377,505
Profit		
Reportable segment profit	24,318	121,048
Other revenue	7	330
Depreciation and amortisation	(55,044)	(49,384)
Finance costs	(21,743)	(5,036)
Unallocated head office and corporate expenses	(13,141)	(32,725)
Consolidated (loss)/profit before taxation	(65,603)	34,233

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (unaudited)
(Expressed in United States dollars)

11. Property, plant and equipment

During the Period, the Group acquired property, plant and equipment totalling \$241,842,000 (six months ended 30 June 2020: \$44,842,000).

Pursuant to the subscription agreement dated 14 April 2019 entered into between the Company and ChenLipKeong Fund Limited (the "Subscriber"), a company wholly-owned by Dr Chen, for the purpose of funding the development cost of the Naga 3 Project under the Guaranteed Maximum Sum Design and Build Agreement, progress billings with aggregate amount of \$165,520,000 were settled by the Subscriber and the corresponding amount was credited to other reserve. Details of the subscription agreement are set out in the Company's circular dated 22 July 2019.

12. Intangible assets

The intangible assets comprise the casino licence premium and the extended exclusivity premium of the casino licence for the exclusivity period to the end of 2045 with cost of \$123,002,000 and accumulated amortisation of \$56,446,000 (31 December 2020: \$55,088,000).

13. Promissory notes

On 6 September 2013, the Company entered into an investment agreement (the "Investment Agreement") with certain Russian governmental authorities pursuant to which the Company agreed to invest at least RUB11.6 billion (approximately \$350.0 million based on then current exchange rates), in a gaming and resort development project in Vladivostok, Russia.

In December 2014, in accordance with the terms of the Investment Agreement including the requirement to obtain a bank guarantee, the Company's subsidiary remitted approximately \$8.9 million from its Hong Kong bank account to a Russian bank account of the Company's Russian subsidiary Primorsky Entertainment Resorts City LLC ("PERC"). This amount was deposited in the same Russian bank as fixed deposits against which promissory notes were subsequently issued. In February 2015, PERC purchased these promissory notes in RUB to provide collateral for the issuance of a bank guarantee from the same bank required under the Investment Agreement.

The promissory notes in total amount of RUB469,100,000 (approximately \$9,536,000) (31 December 2020: \$9,196,000) bear an interest of 6.6% per annum and the maturity date of which is 2,909 days from the date of issue, i.e. 30 January 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (unaudited)
(Expressed in United States dollars)

14. Trade and other receivables

	30 June 2021	31 December 2020
	\$'000 (Unaudited)	\$'000 (Audited)
Trade receivables	55,485	72,874
Deposits, prepayments and other receivables	49,530	46,936
	105,015	119,810

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

	30 June 2021	31 December 2020
	\$'000 (Unaudited)	\$'000 (Audited)
Current to within 1 month	44,500	26,572
1 to 3 months	–	24,572
3 to 6 months	5,697	13,304
6 to 12 months	3,183	7,064
More than 1 year	2,105	1,362
	55,485	72,874

The credit policy for gaming receivables is five to thirty days (31 December 2020: five to thirty days) from end of tour. The credit policy on non-gaming receivables is thirty days from end of month (31 December 2020: thirty days from end of month).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (unaudited)
(Expressed in United States dollars)

15. Trade and other payables

	30 June 2021	31 December 2020
	\$'000 (Unaudited)	\$'000 (Audited)
Trade payables (Note)	16,989	20,035
Unredeemed casino chips	2,421	4,968
Deposits	52,027	47,373
Construction creditors	1,489	9,421
Interest payable	21,211	16,651
Accruals and other creditors	57,743	54,890
	151,880	153,338
Less: current portion	(146,752)	(148,431)
	5,128	4,907
Non-current portion	5,128	4,907

Note:

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

	30 June 2021	31 December 2020
	\$'000 (Unaudited)	\$'000 (Audited)
Due within 1 month or on demand	-	4,699
Due after 1 month but within 3 months	-	15,336
Due after 3 months but within 6 months	8,588	-
Due after 6 months but within 1 year	8,401	-
Due after 1 year	-	-
Total	16,989	20,035

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (unaudited)
(Expressed in United States dollars)

16. Senior notes

On 6 July 2020, the Company issued the 2024 Senior Notes. On 15 June 2021, the Company issued the Additional 2024 Senior Notes which were consolidated and formed the same series as the 2024 Senior Notes. The 2024 Senior Notes and the Additional 2024 Senior Notes bear interest at a rate of 7.95% per annum, payable semi-annually in arrears on 6 January and 6 July of each year, commencing on 6 January 2021. These 2024 Senior Notes and the Additional 2024 Senior Notes are listed on the Singapore Exchange Securities Trading Limited and cannot be converted into shares of the Company.

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

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

On 21 May 2021, the Company made full repayment of the 2021 Senior Notes issued by the Company on 21 May 2018.

In connection with the issue of the 2024 Senior Notes, ChenLipKeong Capital Limited, a related company wholly-owned by Dr Chen, has subscribed the 2024 Senior Notes with principal amount of \$45,000,000. The interest expenses payable to the related company for the Period amounted to \$1,789,000 (six months ended 30 June 2020: Nil).

17. Capital commitments

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

	30 June 2021	31 December 2020
	\$'000 (Unaudited)	\$'000 (Audited)
Hotel and casino complex, – contracted but not incurred	3,288,566	3,512,820

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021 (unaudited)
(Expressed in United States dollars)

18. Related party transactions

In addition to the information disclosed in notes 11 and 16 to the condensed consolidated financial statements, transactions entered into between the Group and its related parties are as follows:

Balance with related companies

As at 30 June 2021, amounts due from related companies of \$290,000 (31 December 2020: \$291,000) are included in trade and other receivables as disclosed in note 14 to the condensed consolidated financial statements. The balance is unsecured, interest-free and repayable on demand. The maximum amount during the Period was \$291,000 (six months ended 30 June 2020: \$291,000).

As at 30 June 2021, amount due to a director, Dr Chen of \$1,400,000 (31 December 2020: \$1,536,000) are included in trade and other payables as disclosed in note 15 to the condensed consolidated financial statements. The balance is unsecured, interest-free and repayable on demand.

19. Contingent liabilities

Other than the additional obligation payment as described in note 7, there were no other contingent liabilities as at 30 June 2021.