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NAGACORP LTD.

金界控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock code: 3918

**VERY SUBSTANTIAL ACQUISITION,
CONNECTED TRANSACTION,
CONSIDERATION ISSUE,
ISSUE OF CONVERTIBLE SECURITIES AND
ISSUE OF SHARES UNDER A SPECIFIC MANDATE**

Financial Adviser to the Company



BNP PARIBAS

CORPORATE & INVESTMENT BANKING

**Independent Financial Adviser to the Independent Board Committee and the
Independent Shareholders**

ANGLO CHINESE 英高
CORPORATE FINANCE, LIMITED

THE ACQUISITION

The Board is pleased to announce that, on 13 June 2011, the Company entered into a Share Purchase Agreement with the Seller to acquire the Sale Shares, being the entire issued capital of TSC Inc. which is, the legal and beneficial owner of the entire issued share capital of City Walk Inc., as at the relevant Completion Date to effectively acquire NagaCity Walk Project, Tourist Garden Project and TSCLK Complex Project to expand its existing business. The Consideration for the Sale Shares is US\$369,000,000 divided as between TSC Inc. Shares in the principal amount of US\$275,000,000 and the City Walk Shares in the principal amount of US\$94,000,000. At the election of the Seller, the Consideration for the TSC Inc. Shares and

City Walk Shares will be settled through the issue of (a) the TSCLK Complex Consideration Shares and the NagaCity Walk & Tourist Garden Consideration Shares respectively by the Buyer at an issue price of HK\$1.8376 per TSCLK Complex Consideration Share and an issue price of HK\$1.8376 per NagaCity Walk & Tourist Garden Consideration Share; or (b) the TSCLK Complex Convertible Bonds and the NagaCity Walk & Tourist Garden Convertible Bonds in lieu of the issue of the TSCLK Complex Consideration Shares and the NagaCity Walk & Tourist Garden Consideration Shares at the option of the Seller; or (c) such a combination of the TSCLK Complex Consideration Shares and the TSCLK Complex Convertible Bonds and a combination of the NagaCity Walk & Tourist Garden Consideration Shares and the NagaCity Walk & Tourist Garden Convertible Bonds as the Seller may at its sole discretion decide, subject to the minimum public float requirements under the Listing Rules and in accordance with the terms and conditions of the Share Purchase Agreement, the Target Companies shall become wholly-owned subsidiaries of the Company upon Completion. The issue price of the Consideration Shares and the conversion price of the Convertible Bonds are identical.

The Target Companies are the holding companies which are principally engaged in the business of development and construction of the "TSCLK Garden City" comprising the NagaCity Walk, the Tourist Garden and the TSCLK Complex in Phnom Penh, Cambodia.

TSC Inc. has acquired or leased parcels of land in Phnom Penh adjacent to the Company's existing NagaWorld from the Cambodian government on which it proposes to develop the Projects. TSC Inc. has been established to pursue the Projects but it is also intended that the Projects be segregated into two components and developed by individual Target Companies, albeit that the Projects may be pursued on a concurrent development timetable and are expected to be completed within five years. The Projects, namely NagaCity Walk Project, Tourist Garden Project and TSCLK Complex Project, will be under construction from the third quarter of 2011. The Directors expect that the Acquisition represents a good investment opportunity for the Company to enlarge its asset base and enhance its source of income and competitiveness. The Directors believe that the Projects will enhance and complement the Company's existing NagaWorld in Phnom Penh.

The Directors, excluding the independent non-executive Directors who reserve their opinions pending receipt of advice from Anglo Chinese, are of the view that the terms of the Share Purchase Agreement are on normal commercial terms and are fair and reasonable and that the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As a relevant percentage ratio under Chapter 14 of the Listing Rules exceeded 100%, the Acquisition constitutes a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules.

In addition, the Seller, Dr. Chen is an executive Director and the Chief Executive Officer of the Company, and is also a substantial shareholder of the Company. As at the date of this announcement, Dr. Chen holds approximately 63.07% of the issued share capital of the Company through (i) direct interest of 19.95%; (ii) indirect interest of 35.33% held through Fourth Star Finance Corporation; and (iii) indirect interest of 7.79% held through Cambodia Development Corporation. Accordingly, Dr. Chen is a connected person of the Company under the Listing Rules and the Acquisition also constitutes a connected transaction of the Company under Rule 14A.13 of the Listing Rules and is subject to the reporting,

announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Dr. Chen is also considered to have material interest in the Acquisition. As such, Dr. Chen and his associates, including Cambodia Development Corporation and Fourth Star Finance Corp., will be required to abstain from voting on the resolution(s) approving the Acquisition at the EGM in respect of the ordinary resolutions to approve the Share Purchase Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds upon Completion and/or the Consideration Shares to be issued by the Company under specific mandates. The Conversion Shares and the Consideration Shares, when issued and allotted, will rank pari passu in all respects with all the Shares then in issue. Voting at the EGM will be conducted by poll.

INDEPENDENT BOARD COMMITTEE

The Company has established the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Share Purchase Agreement are fair and reasonable and whether the Acquisition is in the interests of the Company and the Shareholders as a whole. Anglo Chinese has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

EGM AND CIRCULAR

The EGM will be convened as soon as practicable at which an ordinary resolution will be proposed for the Independent Shareholders to consider, and, if thought fit, to approve the Acquisition.

A circular containing, among other things, (i) further details of the Acquisition; (ii) financial information of the Target Companies and the accountants' report of TSC Inc.; (iii) a property valuation report of the Projects; and (iv) a notice of the EGM will be despatched to the Shareholders on or about 5 July 2011 under the requirements of the Listing Rules.

As completion of the Acquisition (comprising NagaCity Walk & Tourist Garden Completion and TSCLK Complex Completion) is subject to the fulfillment of a number of conditions precedent which are detailed in this announcement, the Acquisition may or may not become unconditional or be completed. Shareholders and potential investors of the Company are advised to exercise cautions when dealing in the shares of the Company.

The Board is pleased to announce that the Company has entered into the Share Purchase Agreement with the Seller whereby the Company has conditionally agreed to purchase the Sale Shares in the Target Companies and the Seller has conditionally agreed to sell the entire issued share capital in each Target Company on 13 June 2011. The principal terms of the Share Purchase Agreement are summarised as follows:

PRINCIPAL TERMS OF THE SHARE PURCHASE AGREEMENT

Date: 13 June 2011

Parties:

Purchaser: The Company

Seller: Dr. Chen

The Target Companies are wholly-owned by Dr. Chen, an executive Director of the Company and the Chief Executive Officer of the Company, and a substantial shareholder of the Company. As at the date hereof, Dr. Chen, including through Fourth Star Finance Corporation and Cambodia Development Corporation, also holds approximately 63.07% interest in the Company.

Assets to be acquired:

Pursuant to the Share Purchase Agreement, the Company agreed to purchase and the Seller agreed to sell the Sale Shares, representing the entire issued share capital of each of the Target Companies.

For further information on the Target Companies, please refer to paragraph headed "Information on the Target Companies".

Consideration:

The Consideration for the Sale Shares is US\$369,000,000 divided as between TSC Inc. Shares in the principal amount of US\$275,000,000 and the City Walk Shares in the principal amount of US\$94,000,000. At the election of the Seller, the Consideration for the TSC Inc. Shares and City Walk Shares will be settled through the issue of (a) the TSCLK Complex Consideration Shares and the NagaCity Walk & Tourist Garden Consideration Shares respectively by the Buyer at an issue price of HK\$1.8376 per TSCLK Complex Consideration Share and an issue price of HK\$1.8376 per NagaCity Walk & Tourist Garden Consideration Share; or (b) the TSCLK Complex Convertible Bonds and the NagaCity Walk & Tourist Garden Convertible Bonds in lieu of the issue of the TSCLK Complex Consideration Shares and the NagaCity Walk & Tourist Garden Consideration Shares at the option of the Seller; or (c) such a combination of the TSCLK Complex Consideration Shares and the TSCLK Complex Convertible Bonds and a combination of the NagaCity Walk & Tourist Garden Consideration Shares and the NagaCity Walk & Tourist Garden Convertible Bonds as the Seller may at its sole discretion decide, subject to the minimum public float requirements under the Listing Rules and in accordance with the terms and conditions of the Share Purchase Agreement, TSC Inc. The issue price of the Consideration Shares and the

conversion price of the Convertible Bonds are identical. City Walk Inc. and TSC Inc. shall become wholly-owned subsidiaries of the Company upon the respective Completions.

The Consideration was determined based on arm's length negotiation between the parties thereto taking into account, among other things, (i) valuation of the Projects upon its respective completion based on the valuation report prepared by an independent property valuer, Colliers International (Hong Kong) Limited (“**Colliers**”); and (ii) the estimated costs of development of all Projects to be incurred as reviewed by Colliers. To further elaborate, the valuation method adopted by Colliers is the sales comparison approach based on current comparative market values. The valuation is based on the assumption of the sale of the project upon completion with the benefit of immediate vacant possession. Reference was made to comparable sales transactions available in the relevant markets in Phnom Penh. The “estimated costs of development” is prepared by the Company’s appointed architect for the subject Projects. Reference has been made to the unit construction cost per square metre in the region.

The original purchase/investment cost of the 100% interest in the Target Companies paid by Dr. Chen would be US\$369,000,000 on final Completion which represents, among others, the aggregate issued and paid up capital of the Target Companies. Such original purchase/investment costs are based on the estimated costs of development by the Company’s appointed architect and the proposed development scheme with cost estimation provided has been reviewed by Colliers. In the event of costs overrun, the Consideration will still be capped at US\$369,000,000 and there will not be any pricing adjustments for actual increment of costs incurred by the Seller. Should the actual costs be lower than incurred by the Seller expected, no pricing adjustments will be made as well. Pursuant to the Share Purchase Agreement, one of the conditions precedent is the delivery to the Buyer of the audited accounts of the relevant Target Company, audited by the Buyer’s accountants, made up to a date that is within 60 days of Completion, showing, inter alia, a net asset value of the company equal to or in excess of the consideration amount of each relevant Sale Shares.

Convertible Bonds

The principle terms of the Convertible Bonds are as follows:

Issuer:	The Company
Bondholders:	The Seller
Principal Amount:	The Convertible Bonds are to be issued in two tranches, as follows: (1) TSCLK Complex Convertible Bonds: in the principal amount of up to US\$275,000,000; and (2) NagaCity Walk & Tourist Garden Convertible Bonds: in the principal amount of up to US\$94,000,000.
Units:	The Convertible Bonds to be issued in certificated form in units of US\$1,000,000.

Status: The Convertible Bonds constitute direct, unconditional, unsecured obligations of the Buyer and will rank pari passu with all future unsecured and unsubordinated obligations of the Buyer.

Interest: Variable rate and payable on the Convertible Bonds on an “as converted” basis i.e. interest on the Convertible Bonds will be equal to the dividend that would otherwise have been paid on the Conversion Shares into which the Convertible Bonds are convertible had the relevant conversion right been exercised prior to the record date applicable to the dividend declaration. Interest on the Convertible Bonds shall be paid at the same time as the Buyer pays the relevant dividend to its shareholders.

Conversion Rights: Convertible at any time, and from time to time, at the option of the Bondholder are subject to compliance with the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the Listing Rules (including the Model Code for Securities Transactions by Directors of Listed Companies) and any other statutory and regulatory instruments. The Bondholder agrees and undertakes with the Buyer, as one of the terms and conditions of the Convertible Bonds, that it will not be entitled to exercise its conversion rights attached to the Convertible Bonds for as long as the result of exercise of such conversion rights would result in a failure by the Buyer to comply with the minimum public holding of the shares in the Buyer under the prevailing Listing Rules. Save as disclosed above, there are no other conversion restriction.

Conversion Price: HK\$1.8376 per Conversion Share, subject to adjustment in the event of a Capital Restructuring. Such adjustment is a usual feature in convertible bond instrument of similar type. The adjustment will not render the Conversion Price falling below the nominal value of ordinary share in the Company at the material time.

The Conversion Price of HK\$1.8376 per Conversion Share was determined with reference to the three-month volume weighted average closing price up to and including the Last Trading Day.

The Conversion Price of HK\$1.8376 represented a discount of approximately 12.50% to HK\$2.10, being the closing price of the Company as at the date of this announcement, and a discount of approximately 10.80% to HK\$2.06, being the five-day volume weighted average closing price up to and including the Last Trading Day.

Conversion Shares: 1,566,282,107 Conversion Shares would be in issue on full conversion of the Convertible Bond based a maximum principal amount of US\$369,000,000.

Being the price (translated from the US\$ principal amount of the Convertible Bond(s) at the fixed rate of exchange of HK\$7.80 = US\$1.00) at which the outstanding principal amount of the Convertible Bond(s) may be converted into ordinary shares in the share capital of the Buyer.

The Conversion Shares represent approximately 75.23% of the existing issued share capital of the Company and approximately 42.93% of the then issued share capital of the Company as enlarged by the conversion of the entire Convertible Bonds.

Redemption: The Bondholder is not entitled to request the Company to redeem the Convertible Bonds for cash.

Perpetuity: The Convertible Bonds are to be issued on a perpetual basis with no maturity date.

Transferability: The Convertible Bonds may be assigned or transferred in the individual units thereof in accordance with the provisions of the Convertible Bonds, subject to satisfaction or compliance with the conditions, approvals, requirements and any other provisions of or under (1) the Stock Exchange or their rules and regulations; (2) the approval for listing in respect of the Conversion Shares; and (3) all applicable laws and regulations.

Ranking of Conversion Shares: The Conversion Shares issued on conversion of the Convertible Bonds will rank pari passu in all respects with all other shares in the share capital of the Buyer then in issue and will entitle the Bondholders thereof to receive all future distributions which are declared, made or paid after the date of allotment of such Conversion Shares.

Voting: Bondholder(s) will not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of being Bondholder(s).

Consideration Shares

Consideration Shares, if any, will be issued at HK\$1.8376, identical with the conversion price of the Convertible Bonds. 1,566,282,107 Consideration Shares will be issued on Completion if the entire Consideration of US\$369,000,000 is to be satisfied by Consideration Shares.

Application for listing

No application will be made by the Company to the Listing Committee for the listing of the Convertible Bonds.

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares and/or the Consideration Shares. The Conversion Shares and the Consideration Shares, when allotted and issued under a specific mandate to be sought from the Independent Shareholders at the EGM, will rank pari passu in all respects with the Shares in issue on their date of allotment and issue. There will be no restriction on the subsequent sale of the Conversion Shares and the Consideration Shares.

Conditions precedent:

Completion of the Share Purchase Agreement in respect of each Target Company is conditional upon:

- (a) all Completion obligations and deliverables such as the issuance of the TSC Inc. Shares and City Walk Shares, relating to the relevant Completion have been satisfied and delivered or any unfulfilled obligation or deliverable be appropriately waived;
- (b) the construction completion in relation to the relevant Projects has been achieved;
- (c) the independent shareholders of the Buyer passing an ordinary resolution to increase (if requested) the authorised share capital of the Buyer by an amount necessary to allot and issue all of the Conversion Shares and/or the Consideration Shares and an ordinary resolution to approve the Share Purchase Agreement and the transactions contemplated herein, at an extraordinary general meeting of the Buyer to be held as soon as reasonably practicable after the date thereof;
- (d) the relevant Property Interests having been duly transferred to the relevant Target Company in full compliance with Cambodian laws on or before the relevant Completion;
- (e) all representations and warranties made by the Seller where required to be repeated in accordance with the Share Purchase Agreement at the relevant Completion shall be true and accurate in all material respects at the time of the relevant Completion;
- (f) all other necessary agreements, consents, authorisations and other approvals of any kind which may be required from third parties for the consummation of the transactions contemplated by the Share Purchase Agreement having been obtained;
- (g) all necessary consents, authorisations or other approvals of any kind which may be required by the relevant Target Company from any governmental or other competent regulatory authority for the consummation of the transactions contemplated by the Share Purchase Agreement having been obtained and any regulatory requirements to which the relevant Target Company is subject having been satisfied including the good title of the land;
- (h) all requirements imposed by Stock Exchange under the Listing Rules or otherwise in connection with or relating to the sale and purchase of the Sale Shares under the Share Purchase Agreement or ancillary matters relating thereto having been fully complied with (including the granting approval for the listing of, and permission to deal in, the relevant Consideration Shares and Conversion Shares by the Listing Committee of the Stock Exchange); and

- (i) delivery to the Buyer of audited accounts of the relevant Target Company, audited by the Buyer's accountants, made up to a date that is within 60 days of Completion, showing inter alia a net asset value of the company equal to or in excess of the consideration amount of each relevant Sale Shares.

Completion

Completion in respect to the sale and purchase of the Sale Shares in TSC Inc. shall take place on or before the fifth anniversary of the date of the Share Purchase Agreement and the sale and purchase of the Sale Shares in City Walk Inc. shall take place on or before the fifth anniversary of the date of the Share Purchase Agreement or, in each case, any other date to be agreed between the parties from time to time, being a date on or after the date on which the conditions to the relevant Completion have become satisfied or appropriately waived.

The Company shall use reasonable endeavours to procure the fulfilment of conditions (c) and (h), and the Seller shall use best endeavours to procure the fulfilment of conditions of (a), (b), (d), (e), (f), (g) and (i), as soon as practicable. The Company may, at its absolute discretion, waive conditions (e). The Seller is not entitled to waive any condition. If any of the conditions is not satisfied (or, where appropriate, waived) on or before the Long Stop Date, the Share Purchase Agreement shall lapse, whereupon all rights and obligations of the parties shall cease to have effect except in respect of any accrued rights and obligations of the parties.

INFORMATION ON THE ISSUANCE OF CONVERTIBLE BONDS AND/OR CONSIDERATION SHARES

Completion of the Acquisition and completion of the issuance of Convertible Bonds and/or Consideration Shares, at the option of the Seller, will take place simultaneously, albeit in two phases following, first, the construction completions of, both the NagaCity Walk Project and the Tourist Garden Project; and second, the construction completion of the TSCLK Complex Project. In circumstances where the allotment and issue of any of Consideration Shares would, when added to the number of shares in the issued share capital of the Buyer then held by the Seller and his associates, mean that the Buyer failed to have the minimum public float, as prescribed from time to time by the Listing Rules, then the relevant number of Consideration Shares shall be scaled back to the number of shares in the hands of the Seller as would preserve the public float, with the balance of the Consideration being settled through the issue of a Convertible Bond or Convertible Bonds.

Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Consideration Shares and the Conversion Shares which fall to be issued upon exercising of the conversion right attaching to the Convertible Bonds. The Conversion Shares and the Consideration Shares shall be allotted and issued under a specific mandate of the Company. There will be no restriction on the subsequent sale of the Conversion Shares and the Consideration Shares.

INFORMATION ON THE TARGET COMPANIES

TSC Inc. is a limited company incorporated under the laws of the BVI established on 3 November 2010 to pursue and develop the Projects. As at the date of this announcement, TSC Inc. has an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each, and one share was issued and allotted and is fully paid or credited as fully paid. TSC Inc. has established a wholly-owned subsidiary, City Walk Inc. on 7 June 2011, into which

the NagaCity Walk Project and the Tourist Garden Project will be injected so far as to facilitate an earlier transfer of the same to the Buyer. City Walk Inc. is a limited company incorporated under the laws of the BVI.

The Target Companies are the holding companies which are principally engaged in the business of development and construction of the “TSCLK Garden City” comprising the NagaCity Walk, the Tourist Garden and the TSCLK Complex in Phnom Penh, Cambodia.

The table below sets out details of the projects undertaken by the Target Companies:

Name	Description of its proposed project/ principal business	Interest held by the Target Companies	Date of acquisition/ incorporation
City Walk Inc.	the proposed development and construction of the NagaCity Walk, a proposed two-level pedestrian walkway with retail and refreshment facilities, with total gross floor area of 15,778 sq m located at the south sidewalk against the fence of the Buddhist Institute and Nagaworld, and of Tourist Park, a proposed landscaped park occupying a land area of 9,934 sq m located at the open ground sited along Bassac River, opposite to Hun Sen Park, Phnom Penh, Cambodia.	100% held by TSC Inc.	7 June 2011
TSC Inc.	the proposed development and construction of the TSCLK Complex, a proposed integrated complex comprising podium complex with retail, conference and hotel facilities and a car park, with total gross floor area of 97,620 sq m located at Lot 1, Village 1, Sangkat Tonle Basaac, Khan Chamkamon, Phnom Penh, Cambodia. The development is expected to be completed in about 2016.	100% held by Dr. Chen	3 November 2010

TSC Inc has received approvals from the Royal Government of Cambodia for the development of the Projects. Master-plans and architectural plans have as at the date of this announcement been completed. The development of the Projects is expected to commence in the third quarter of 2011 and expected to be completed in 3 to 5 years. The total costs incurred to date by TSC Inc and City Walk Inc is US\$31.2 million, comprising land premiums, master-planning fees and other professional fees.

FINANCIAL INFORMATION OF THE TARGET COMPANIES

Target Companies are to comprise TSC Inc. and City Walk Inc., a wholly owned subsidiary established by TSC Inc. to facilitate Completion by two stages.

TSC Inc. was incorporated on 3 November 2010. For the financial period ended 31 December 2010, TSC Inc. has not conducted any business transactions, and its startup costs were borne by its shareholder. As at 31 December 2010, the unaudited net assets value of TSC Inc. is US\$1.00, being its issued share capital. City Walk Inc. was incorporated on 7 June 2011 and has not conducted any business transactions, and its startup costs were borne by the Seller.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is a listed company principally engaged in the business of owning and operating the only integrated hotel casino complex, Nagaworld, in Phnom Penh, Cambodia. The Company, via a wholly owned subsidiary, is licensed to operate casinos in Cambodia for a period of 70 years, expiring in 2065. During the said 70 year period, it has exclusive rights up to 2035 to operate casinos within a 200 kilometres' radius of Phnom Penh, the capital city of Cambodia. As at the date of this announcement, the Company has contemplated to expand Nagaworld to add further gaming space, hotel, retail, entertainment and other related facilities for its guests. In this regard, the Company intends to purchase the entire issued share capital of the Target Companies by way of issuance of Consideration Shares and/or Convertible Bonds to acquire the development projects of NagaCity Walk, Tourist Garden and TSCLK Complex which are planned to be completed by the end of 2016 and ultimately merged with Nagaworld.

TSC Inc. has acquired legal right to own or lease or manage parcels of land from the Cambodian government on which it proposes to develop the Projects. TSC Inc. has been established to pursue the Projects but it is ultimately intended that the Projects be segregated into two components and developed by individual Target Companies, albeit that the Projects may be pursued on a concurrent development timetable. The Projects, namely NagaCity Walk Project, Tourist Garden Project and TSCLK Complex Project, will be under construction from the third quarter of 2011. The Directors expect that the Acquisition represents a good investment opportunity for the Company to enlarge its asset base and enhance its source of income. The Directors believe that the Projects will enhance and complement the Company's existing NagaWorld in Phnom Penh. As and when the Projects are completed, the Company will appoint its architect or surveyor to certify such completion.

Further, the Directors are of the view that the Acquisition is in line with the business strategy of the Company to expand its existing businesses. The Directors are optimistic about the development potential of the Target Companies and believe that the Acquisition will enhance the Company's competitiveness, further strengthen the Company's reputation within the industry and improve its overall financial performance.

The Company has not undertaken to develop the Projects on its own for the following reasons:

- (a) The Company will not need to bear the development funding, cost escalation and completion risks which are risks borne by the Seller. The estimated costs of development of the Projects amounting to US\$369,000,000 has been computed on the basis of current costs. Furthermore, only when the Seller completes the Projects are the Consideration Shares and / or Convertible Bonds issued by the Company to the Seller.

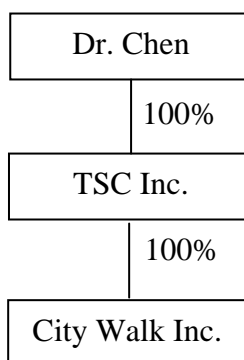
- (b) There is minimal gestation period for the Projects as the Company will upon the issue of Consideration Shares and / or Convertible Bonds to the Seller, take ownership of the completed Projects via TSCI Inc and City Walk Inc. Shortly thereafter, the Projects will be put to work to generate revenues for the Company.
- (c) To conserve cash resources for further working capital and to preserve the Company's high dividend payout ratio policy. The Company presently has no borrowings. Under the proposed Acquisition, the Seller will fund the entire development costs of the Projects and the Company will be able to continue to enjoy having zero gearing.
- (d) As the Consideration Shares and / or Convertible Bonds will be issued to the Seller upon Completion, the dilution of the other Shareholders occurs only on Completion. At Completion, the Projects will also be put to work to generate revenues for the Company.

Having considered the abovementioned reasons and benefits of the Acquisition together with the current financial position of the Company, the Directors, excluding the independent non-executive Directors who reserve their opinions pending receipt of advice from Anglo Chinese, are of the view that the terms of the Share Purchase Agreement are normal commercial terms and are fair and reasonable and that the Acquisition is in the interests of the Company and the Shareholders as a whole.

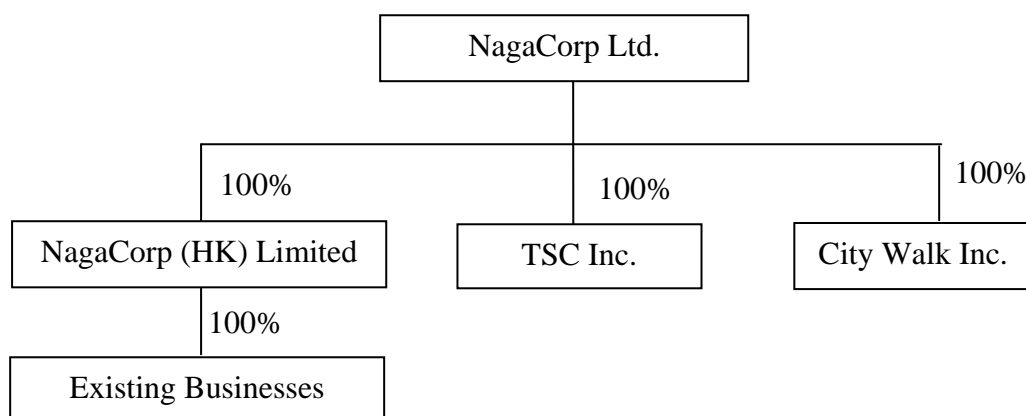
EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following diagram illustrates the shareholding structure of the Target Companies as at the date of this announcement and immediately upon Completion:

Before Completion:



After Completion:



The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after final Completion, assuming there is no other change in the issued share capital and shareholding structure of the Company from the date of this announcement:

Name of Shareholders	As at the date of this announcement		Upon Conversion of the Convertible Bonds or issue of Consideration Shares up to the minimum public float requirement (with the balance of the Consideration held as unconverted Convertible Bonds)		Upon full conversion of the Convertible Bonds (assuming the entire Consideration is satisfied by Convertible Bonds) (for illustrative purpose) (Note 2)	
	No. of Shares	Approximate % of issued share capital of the Company	No. of Shares	Approximate % of issued share capital of the Company	No. of Shares	Approximate % of issued share capital of the Company
Tan Sri Dr. Chen Lip Keong (Note 1)	1,313,095,298	63.07	2,306,945,298 (Converted from Convertible Bonds or Consideration Shares issued)	75.00	2,879,377,405 (Note 3)	78.92
Public	768,983,577	36.93	768,983,577	25.00	768,983,577	21.08
Total:	2,082,078,875	100.00	3,075,928,875	100.00	3,648,360,982	100.00

Note:

(1) Dr. Chen holds approximately 63.07% of the issued share capital of the Company through (i) direct interest of 19.95%; (ii) indirect interest of 35.33% held through Fourth Star Finance Corporation; and (iii) indirect interest of 7.79% held through Cambodia Development Corporation.

(2) Please note that such situation is solely for illustration purpose only and would not occur as the Convertible Bonds have a restrictive clause in that at no material time will the Convertible Bonds be allowed to be converted so that the percentage of issued share capital of the Company held by the public would fall below the required 25% threshold. In terms of shareholding structure, this is also equivalent to the scenario whereby the Consideration is fully settled by the issuance of Consideration Shares.

(3) The corresponding aggregate number of Consideration Shares and Conversion Shares would be 1,566,282,107.

The Target Companies will become subsidiaries of the Company upon the respective Completions. The issuance of the Consideration Shares on Completion or Conversion Shares after Completion upon exercise by the Bondholder of the conversion rights attaching to the Convertible Bonds, will not result in a change of control of the Company.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios under Chapter 14 of the Listing Rules exceeded 100%, the Acquisition constitutes a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules.

In addition, the Seller, Dr. Chen is an executive Director of the Company and the Chief Executive Officer of the Company, and a substantial shareholder of the Company. As at the date of this announcement, Dr. Chen holds approximately 63.07 % of the issued share capital

of the Company through (i) direct interest of 19.95%; (ii) indirect interest of 35.33% held through Fourth Star Finance Corporation; and (iii) indirect interest of 7.79% held through Cambodia Development Corporation. Accordingly, Dr. Chen is a connected person of the Company under the Listing Rules and the Acquisition also constitutes a connected transaction of the Company under Rule 14A.13 of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Dr. Chen is also considered to have material interest in the Acquisition. As such, Dr. Chen and his associates, including Fourth Star Finance Corporation and Cambodia Development Corporation, will be required to abstain from voting on the resolution(s) approving the Acquisition at the EGM in respect of the ordinary resolutions to approve the Share Purchase Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds upon Completion and/or the Consideration Shares to be issued by the Company under specific mandates. The Conversion Shares and the Consideration Shares, when issued and allotted, will rank pari passu in all respects with all the Shares then in issue. Voting at the EGM will be conducted by poll.

INDEPENDENT BOARD COMMITTEE

The Company has established Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Share Purchase Agreement are fair and reasonable and whether the Acquisition is in the interests of the Company and the Shareholders as a whole. Anglo Chinese has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

EGM AND CIRCULAR

The EGM will be convened as soon as practicable at which an ordinary resolution will be proposed for the Independent Shareholders to consider, and, if thought fit, to approve the Acquisition.

A circular containing, among other things, (i) further details of the Acquisition; (ii) financial information of the Target Companies and the accountants' report of TSC Inc.; (iii) a property valuation report of the Projects; and (iv) a notice of the EGM will be despatched to the Shareholders on or about 5 July 2011 under the requirements of the Listing Rules.

As completion of the Acquisition (comprising NagaCity Walk & Tourist Garden Completion and TSCLK Complex Completion) is subject to the fulfillment of a number of conditions precedent which are detailed in this announcement, the Acquisition may or may not become unconditional or be completed. Shareholders and potential investors of the Company are advised to exercise cautions when dealing in the Shares of the Company.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Acquisition”	the acquisition of 100% equity interest in the Target Companies by the Company pursuant to the Share Purchase Agreement;
“Anglo Chinese”	Anglo Chinese Corporate Finance Limited, a corporation licensed to carry out business in type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Law of Hong Kong);
“Associates”	Fourth Star Finance Corporation and Cambodia Development Corporation;
“Board”	the board of Directors;
“Bondholder(s)”	the Seller or any assignee or transferee of the Convertible Bonds (or any of them) from time to time;
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong and Cambodia are generally open for banking business;
“Buyer”	the Company;
“BVI”	British Virgin Islands;
“Cambodia”	The Kingdom of Cambodia;
“Capital Restructuring”	any change from time to time in the nominal value of the issued share capital of the Buyer whether as a result of a subdivision, consolidation, re-classification, re-construction or otherwise;
“City Walk Inc”	Tan Sri Chen (CityWalk) Inc., a private company established established under the laws of the BVI as a subsidiary of TSC Inc., for the sole purpose of holding the NagaCity Walk Project and the Tourist Garden Project;
“City Walk Shares”	shares representing the entire issued share capital of City Walk Inc at the NagaCity Walk & Tourist Garden Completion Date;
“Company”	NagaCorp Ltd., a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange;

“Completion”	the performance with regard to each of the NagaCity Walk & Tourist Garden Completion and the TSCLK Complex Completion, as the case may be, by the parties of their respective obligations;
“Completion Date”	the NagaCity Walk & Tourist Garden Completion Date and the TSCLK Complex Completion Date or either one of them;
“Consideration”	the consideration payable in respect of the Acquisition pursuant to the Share Purchase Agreement;
“Consideration Shares”	up to 1,566,282,107 ordinary shares of US\$0.0125 each in the issued share capital of the Buyer (or their equivalent in the event of a Capital Restructuring) comprising the TSCLK Complex Conversion Shares and the NagaCity Walk & Tourist Garden Conversion Shares subject to the minimum public float requirements under the Listing Rules, with the balance of the Consideration being settled through the issue of the Convertible Bonds(s);
“Conversion Shares”	the shares in the issued share capital of the Buyer to be issued by the Buyer upon exercise by the Bondholder of the conversion rights attaching to the Convertible Bond(s);
“Convertible Bonds(s)”	unsecured convertible bond(s) in the aggregate principal amount of US\$369,000,000 to be issued by the Buyer to the Seller in separate tranches on the relevant Completion;
“Director(s)”	the director(s) of the Company;
“EGM”	an extraordinary general meeting of the Company to be held for the purposes of approving the Acquisition;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	independent board committee of the Company comprising all independent non-executive Directors, established to give recommendation to the Independent Shareholders regarding the Acquisition;
“Independent Shareholders”	the Shareholders except for Dr. Chen and his associates;
“Last Trading Day”	13 June 2011, being the last trading day prior to the signing of the Share Purchase Agreement;
“Listing Committee”	the listing sub-committee of the Board of the Stock Exchange;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	12 June 2016 (or such later date as the Seller and the Company may agree);
“NagaCity Walk”	a proposed two-level pedestrian walkway with retail and refreshment facilities, with total gross floor area of 15,778 sq m adjacent to the Buyer’s existing property ‘NagaWorld’ in Phnom Penh, Cambodia;
“NagaCity Walk Project”	the proposed development and construction of the NagaCity Walk by TSC Inc., with the intention that it be transferred to City Walk Inc before the Naga City Walk & Tourist Garden Completion;
“NagaCity Walk & Tourist Garden Completion”	completion of the sale and purchase of the City Walk Shares;
“NagaCity Walk & Tourist Garden Completion Date”	the fifth anniversary of the date of Share Purchase Agreement or any other date (including an earlier date) to be agreed between the Seller and the Buyer from time to time, being a date on or after the date on which the conditions to the NagaCity Walk & Tourist Garden Completion have become satisfied or appropriately waived;
“NagaCity Walk & Tourist Garden Consideration Shares”	up to 398,998,694 ordinary shares of US\$0.0125 each in the issued share capital of the Buyer (or their equivalent in the event of a Capital Restructuring);
“NagaCity Walk & Tourist Garden Convertible Bonds”	Convertible Bonds in the principal amount of up to US\$94,000,000;
“Projects”	the proposed development and construction of the “TSCLK Garden City” comprising the TSCLK Complex Project, the NagaCity Walk Project and the Tourist Garden Project;
“Property”	each of TSCLK Complex, Tourist Garden and NagaCity Walk and together the “Properties”
“Property Interests”	the interests in each of the Properties;
“Sale Shares”	TSC Inc. Shares and the City Walk Shares;
“Seller” or “Dr. Chen”	Tan Sri Dr. Chen Lip Keong;
“Shareholder(s)”	the shareholder(s) of the Company;

“Share Purchase Agreement”	the conditional share purchase agreement entered into on 13 June 2011 between the Seller and the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Companies”	TSC Inc. and City Walk Inc., and “Target Company” means any one of them;
“Tourist Garden”	a proposed landscaped park occupying a land area of 9,934 sq m adjacent to the Buyer’s existing property ‘NagaWorld’ in Phnom Penh, Cambodia;
“Tourist Garden Project”	the proposed construction and landscaping of the Tourist Garden by TSC Inc., with the intention that it be transferred to City Walk Inc before the NagaCity Walk & Tourist Garden Completion;
“TSCLK Complex”	a proposed integrated complex comprising podium complex with retail and gaming facilities, conference and hotel facilities and a car park, with total gross floor area of 97,620 sq m adjacent to the Buyer’s existing property ‘NagaWorld’ in Phnom Penh, Cambodia;
“TSCLK Complex Completion”	completion of the sale and purchase of the TSC Inc. Shares;
“TSCLK Complex Completion Date”	the fifth anniversary of the date of Share Purchase Agreement or any other date (including an earlier date) to be agreed between the Seller and the Buyer from time to time, being a date on or after the date on which the conditions to the TSCLK Complex Completion have become satisfied or appropriately waived;
“TSCLK Complex Consideration Shares”	up to 1,167,283,413 ordinary shares of US\$0.0125 each in the issued share capital of the Buyer (or their equivalent in the event of a Capital Restructuring);
“TSCLK Complex Convertible Bonds”	Convertible Bonds in the principal amount of up to US\$275,000,000;
TSC Inc.	TanSriChen Inc., the developer of the Projects;
TSC Inc. Shares	shares representing the entire issued share capital of TSC Inc. as at the TSCLK Complex Completion Date;
TSCLK Complex Project	the proposed development and construction of the TSCLK Complex by TSC Inc.;
“US\$”	United States dollars, the lawful currency of the United States of America; and

“%” per cent.

** denotes Chinese translation of the name of the Company is provided for identification purposes only.*

For the purpose of this announcement, the conversion of US\$ into HK\$ is made at the rate of HK\$7.8 to US\$ 1 for illustration only.

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

Hong Kong, 13 June 2011

As at the date of this notice, the board of directors of the Company comprises three executive directors, namely Tan Sri Dr. Chen Lip Keong, Mr. Philip Lee Wai Tuck and Mr. Chen Yepern; and one non-executive director, namely Mr. Timothy Patrick McNally; and three independent non-executive directors, namely Mr. Michael Lai Kai Jin, Mr. Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir and Mr. Lim Mun Kee.