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**THIS SUPPLEMENTAL CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to any aspect of this Supplemental Circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in NagaCorp Ltd., you should at once hand this Supplemental Circular to the purchaser, transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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This Supplemental Circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.

**This Supplemental Circular is supplemental to, and should be read in conjunction with, the Whitewash Circular dated 9 June 2017. This Supplemental Circular shall prevail over the Whitewash Circular dated 9 June 2017 in case of any inconsistency.**

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**NAGACORP**

金界控股有限公司

**NAGACORP LTD.**

金界控股有限公司

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

Stock code: 3918

**SUPPLEMENTAL CIRCULAR IN RELATION TO  
THE REVISED NOTICE OF INTENTION  
THE PROPOSED CONCURRENT CONVERSIONS OF  
THE TSCLK COMPLEX CONVERTIBLE BONDS  
AND THE NAGACITY WALK CONVERTIBLE BONDS  
AND  
APPLICATION FOR WHITEWASH WAIVER**

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

**ANGLO CHINESE** 英  
CORPORATE FINANCE, LIMITED 高

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A supplemental letter from the Board is set out on pages 4 to 12 of this Supplemental Circular. A supplemental letter from the Independent Board Committee containing its recommendation is set out on page 13 to 14 of this Supplemental Circular. A supplemental letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 28 of this Supplemental Circular.

It is noted that the Original EGM has been convened to be held at Chatham Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Admiralty, Hong Kong at 2:30 p.m. on Friday, 21 July 2017 for the purposes of approving the proposed conversion of the TSCLK Complex Convertible Bonds in full and the corresponding whitewash waiver. Since the resolution set out in the notice of extraordinary general meeting of the Company dated 9 June 2017 has to be amended in light of the Supplemental Announcement in relation to the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full and the Whitewash Waiver, such resolution is no longer valid or applicable. Further, Rule 13.73 of the Listing Rules requires a supplemental circular to be despatched to the Shareholders not less than 10 business days before the date scheduled for the relevant extraordinary general meeting. Therefore, it is proposed that the chairman of the Original EGM will, at the Original EGM, propose a resolution to adjourn the Original EGM *sine die*.

The New EGM will be convened to be held at Regus Conference Centre, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at 2:30 p.m. on Friday, 4 August 2017 for the purposes of approving the revised Resolution in relation to the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full and the Whitewash Waiver.

If you are not able to attend the New EGM in person, please complete the New Proxy Form in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and, in any event, not less than 48 hours before the time fixed for holding of the New EGM or any adjourned meeting thereof (as the case may be). Completion and return of the New Proxy Form will not preclude you from attending and voting in person at the New EGM or any adjourned meeting thereof (as the case may be) should you so wish.

Shareholders should complete the New Proxy Form instead of the Old Proxy Form in order to appoint their proxy to vote on the revised Resolution in relation to the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full and the Whitewash Waiver.

19 July 2017

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## DEFINITIONS

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*Terms defined in the Whitewash Circular shall have the same meanings herein unless the context otherwise requires or unless modified in this Supplemental Circular. The following expressions shall have the meanings set out below in this Supplemental Circular:*

“Anglo Chinese”	Anglo Chinese Corporate Finance, Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, and the Independent Financial Adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full and the Whitewash Waiver;
“Adjournment Announcement”	the announcement of the Company dated 5 July 2017 in relation to the proposed resolution to adjourn the Original EGM <i>sine die</i> ;
“Independent Board Committee”	the independent board committee of the Company comprising the non-executive Director and all the independent non-executive Directors, established to give their recommendation to the Independent Shareholders regarding the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full and the Whitewash Waiver;
“Independent Financial Adviser”	Anglo Chinese, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full and the Whitewash Waiver;
“Independent Shareholders”	the Shareholders other than: (a) Dr Chen; (b) parties acting in concert with Dr Chen; and (c) Shareholders who are otherwise involved in, or interested in, the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full and/or the Whitewash Waiver;
“Interim Results Announcement”	the announcement of the Company dated 10 July 2017 in relation to the unaudited interim results of the Group for the six months ended 30 June 2017;

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## DEFINITIONS

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“New EGM”	an extraordinary general meeting of the Company to be held at Regus Conference Centre, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at 2:30 p.m. on Friday, 4 August 2017 for the purposes of approving the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full and the Whitewash Waiver;
“New Proxy Form”	the revised form of proxy accompanying this Supplemental Circular;
“Notice of New EGM”	the notice of the New EGM dated the same day as the date of this Supplemental Circular and setting out the Resolution;
“Old Proxy Form”	the form of proxy accompanying the Whitewash Circular dated 9 June 2017;
“Original EGM”	the extraordinary general meeting originally convened to be held at Chatham Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Admiralty, Hong Kong at 2:30 p.m. on Friday, 21 July 2017 for the purposes of approving the proposed conversion of the TSCLK Complex Convertible Bonds and the corresponding whitewash waiver;
“Resolution”	the revised ordinary resolution set out in the Notice of New EGM;
“Revised Notice of Intention”	the revised notice of intention dated 23 June 2017 from Dr Chen to the Company in relation to the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full and the waiver of his entitlement to the adjusted conversion price under the NagaCity Walk Convertible Bonds as a result of the conversion of the TSCLK Complex Convertible Bonds which would otherwise apply under the relevant bond instruments;
“Supplemental Announcement”	the announcement of the Company dated 23 June 2017 in relation to, among other things, the Revised Notice of Intention and the Whitewash Waiver;
“Supplemental Circular”	this supplemental circular containing, among other things, further information in relation to the Revised Notice of Intention and the Whitewash Waiver;
“Supplemental Latest Practicable Date”	17 July 2017, being the latest practicable date for ascertaining certain information to be included in this Supplemental Circular;

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## DEFINITIONS

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“Supplemental Relevant Period”	the period commencing on 28 September 2016, being the date falling six months prior to the date of publication of the Announcement, and ending on the Supplemental Latest Practicable Date;
“Whitewash Circular”	the Company’s circular dated 9 June 2017 in relation to the previously proposed conversion of the TSCLK Complex Convertible Bonds and the application for a whitewash waiver; and
“Whitewash Waiver”	the whitewash waiver pursuant to Note 1 or dispensations from Rule 26 of the Code in respect of any obligation of Dr Chen to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by Dr Chen which might otherwise arise as a result of the allotment and issue to Dr Chen and parties acting in concert with him of Conversion Shares pursuant to the concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds.

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

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**SUPPLEMENTAL LETTER FROM THE BOARD**

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**NAGACORP**

金界控股有限公司

**NAGACORP LTD.**

**金界控股有限公司**

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

**Stock code: 3918**

*Executive Directors:*

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

*Registered office:*

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

*Non-executive Director:*

Timothy Patrick McNally (*Chairman*)

*Principal office in Hong Kong:*

Suite 2806, 28th Floor  
Central Plaza  
18 Harbour Road  
Wanchai  
Hong Kong

*Independent Non-executive Directors:*

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

19 July 2017

*To the Shareholders*

Dear Sir or Madam,

**SUPPLEMENTAL CIRCULAR IN RELATION TO  
THE REVISED NOTICE OF INTENTION  
  
THE PROPOSED CONCURRENT CONVERSIONS OF  
THE TSCLK COMPLEX CONVERTIBLE BONDS  
AND THE NAGACITY WALK CONVERTIBLE BONDS  
  
AND  
  
APPLICATION FOR WHITEWASH WAIVER**

We refer to the Announcement, the Whitewash Circular, the Supplemental Announcement and the Adjournment Announcement.

As disclosed in the Supplemental Announcement, after trading hours of the Stock Exchange on 23 June 2017, the Company received the Revised Notice of Intention from Dr Chen in relation to the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk

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## **SUPPLEMENTAL LETTER FROM THE BOARD**

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Convertible Bonds in full and his voluntary waiver of his entitlement to the adjusted conversion price under the NagaCity Walk Convertible Bonds as a result of the conversion of the TSCLK Complex Convertible Bonds which would otherwise apply under the relevant bond instruments.

The purpose of this Supplemental Circular is to provide you with, among other things, (a) information in relation to the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds, (b) the revised letter from the Independent Board Committee, (c) the revised recommendations from the Independent Financial Adviser, (d) the revised property valuation report from Colliers, and (e) a revised notice of the New EGM setting out the revised Resolution.

This Supplemental Circular is supplemental to, and should be read in conjunction with, the Whitewash Circular. This Supplemental Circular shall prevail over the Whitewash Circular in case of any inconsistency.

### **PROPOSED CONCURRENT CONVERSIONS OF THE TSCLK COMPLEX CONVERTIBLE BONDS AND THE NAGACITY WALK CONVERTIBLE BONDS**

As disclosed in the Supplemental Announcement, after trading hours of the Stock Exchange on 23 June 2017, the Company received the Revised Notice of Intention from Dr Chen that after careful consideration of the market responses, he:

- (i) had decided to concurrently exercise the conversion rights in respect of both the TSCLK Complex Convertible Bonds in full in the outstanding aggregate principal amount of US\$275,000,000 and the NagaCity Walk Convertible Bonds in full in the outstanding aggregate principal amount of US\$94,000,000; and
- (ii) agreed to voluntarily waive his entitlement to the adjusted conversion price under the NagaCity Walk Convertible Bonds as a result of the conversion of the TSCLK Complex Convertible Bonds which would otherwise apply under the relevant bond instruments, such that the conversion price under the NagaCity Walk Convertible Bonds would also be HK\$1.5301 (same as the conversion price under the TSCLK Complex Convertible Bonds) instead of a conversion price of HK\$0.6582 which would otherwise apply under the relevant bond instruments.

### **EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY OF THE CONCURRENT CONVERSIONS OF THE TSCLK COMPLEX CONVERTIBLE BONDS AND THE NAGACITY WALK CONVERTIBLE BONDS**

As set out in the Whitewash Circular, the Conversion Price is subject to adjustments in the event of a Capital Restructuring as a result of which the Conversion Price was adjusted to HK\$1.5301 per Conversion Share. On the basis of the above adjusted conversion price and the Revised Notice of Intention, and assuming that there is no other change in the nominal value of the issued share capital or shareholding structure of the Company and there is no other Capital Restructuring, the currently

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## SUPPLEMENTAL LETTER FROM THE BOARD

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proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full will lead to issuance of 1,881,019,166 Shares to Dr Chen. Please refer to the following table of shareholding structure:

Shareholder	As at the date of the Supplemental Latest Practicable Date		Upon completion of the currently proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full <i>(Note 1)</i>	
	<i>Number of issued Shares</i>	<i>Approximate % of the issued share capital of the Company</i>	<i>Number of issued Shares</i>	<i>Approximate % of the issued share capital of the Company</i>
Dr Chen and parties acting in concert with him	958,945,297	38.98	2,839,964,463	65.42
Public Shareholders	<u>1,501,043,578</u>	<u>61.02</u>	<u>1,501,043,578</u>	<u>34.58</u>
<b>Total:</b> <i>(Note 2)</i>	<u><u>2,459,988,875</u></u>	<u><u>100.00</u></u>	<u><u>4,341,008,041</u></u>	<u><u>100.00</u></u>

*Notes:*

- (1) The total number of issued Shares will be increased by 1,881,019,166 Shares upon the currently proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full and the allotment and issue to Dr Chen and the parties acting in concert with him of 1,881,019,166 Conversion Shares.
- (2) As at the Supplemental Latest Practicable Date, save for Dr Chen, none of the Directors holds any Shares.

As set out in the Whitewash Circular, if only the TSCLK Complex Convertible Bonds are converted in full, and the NagaCity Walk Convertible Bonds are only converted in full subsequent to the conversion of the TSCLK Complex Convertible Bonds in full, Dr Chen and parties in concert with him will hold approximately 69.83% of the issued share capital of the Company, which is higher than the expected 65.42% shareholding of Dr Chen and parties acting in concert with him under the concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full currently proposed in the Revised Notice of Intention by approximately 4.41 percentage points.



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**SUPPLEMENTAL LETTER FROM THE BOARD**

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Solely for comparison and reference purposes, the expected changes in shareholding in the previously contemplated scenario of non-concurrent conversion of the NagaCity Walk Convertible Bonds in full subsequent to the conversion of the TSCLK Complex Convertible Bonds in full are set out below, as explained in the Whitewash Circular:

<b>Shareholder</b>	<b>As at the Supplemental Latest Practicable Date</b>		<b>Upon the previously proposed non-concurrent conversion of the TSCLK Complex Convertible Bonds in full <i>(Note 1)</i></b>		<b>Upon conversion of the NagaCity Walk Convertible Bonds in full and subsequent to the previously proposed non-concurrent conversion of the TSCLK Complex Convertible Bonds in full (for illustrative purposes only and assuming the NagaCity Walk Convertible Bonds would subsequently be converted in full) <i>(Note 2)</i></b>	
	<i>Approximate % of the issued Number of share capital of issued Shares</i>	<i>the Company</i>	<i>Approximate % of the issued Number of share capital of issued Shares</i>	<i>the Company</i>	<i>Approximate % of the issued Number of share capital of issued Shares</i>	<i>the Company</i>
Dr Chen and parties acting in concert with him	958,945,297	38.98	2,360,788,849	61.13	3,474,782,036	69.83
Public Shareholders	<u>1,501,043,578</u>	<u>61.02</u>	<u>1,501,043,578</u>	<u>38.87</u>	<u>1,501,043,578</u>	<u>30.17</u>
<b>Total:</b>	<u><u>2,459,988,875</u></u>	<u><u>100.00</u></u>	<u><u>3,861,832,427</u></u>	<u><u>100.00</u></u>	<u><u>4,975,825,614</u></u>	<u><u>100.00</u></u>

*Notes:*

- (1) The total number of issued Shares would be increased by 1,401,843,552 Shares upon the previously proposed non-concurrent conversion of the TSCLK Complex Convertible Bonds in full and the allotment and issue to Dr Chen and the parties acting in concert with him of 1,401,843,552 Conversion Shares.
- (2) The information was solely for illustrative purposes only in order to reflect the expected shareholding structure of the Company assuming that the NagaCity Walk Convertible Bonds would be converted in full in the previously contemplated non-concurrent conversion of the TSCLK Complex Convertible Bonds as set out in the Whitewash Circular.

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## **SUPPLEMENTAL LETTER FROM THE BOARD**

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### **INFORMATION ON DR CHEN'S INTENTIONS REGARDING THE GROUP AND HIS VISION FOR THE GROUP**

Dr Chen's intentions regarding the Group and his vision for the Group following the grant and approval of the Whitewash Waiver and the concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full remain the same as set out in the section headed "Information on Dr Chen and His Vision for the Group" in the letter from the Board in the Whitewash Circular, except that the references therein to the conversion of the TSCLK Complex Convertible Bonds should be read to mean the concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds.

### **REASONS FOR DR CHEN PROPOSING TO CONCURRENTLY CONVERT THE TSCLK COMPLEX CONVERTIBLE BONDS AND NAGACITY WALK CONVERTIBLE BONDS IN FULL**

The reasons for Dr Chen proposing to concurrently convert the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds remain the same as set out in the section headed "Reasons for Dr Chen Proposing to Convert the TSCLK Complex Convertible Bonds in Full" in the letter from the Board in the Whitewash Circular, except that the references therein to the conversion of the TSCLK Complex Convertible Bonds should be read to mean the concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds. Upon completion of the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full, Dr Chen will attain a shareholding of at least 50% plus one Share which will allow him to effectively control the direction of the Company and to enable the Group to achieve its growth ambitions in line with his vision and strategy.

**Assuming the Whitewash Waiver is granted by the Executive and the Conversion Shares are issued to Dr Chen and the parties acting in concert with him upon the concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full, Dr Chen and the parties acting in concert with him will be interested in more than 50% of the total voting rights in the Company. Assuming that there is no other change in the shareholding structure of the Company, Dr Chen may in future acquire further voting rights in the Company without triggering any further obligation under Rule 26.1 of the Code to make a mandatory general offer.**

### **CONDITIONS TO THE CONCURRENT CONVERSIONS OF THE TSCLK COMPLEX CONVERTIBLE BONDS AND NAGACITY WALK CONVERTIBLE BONDS**

The concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds are subject to the fulfilment of the following conditions:

- (a) the granting of the Whitewash Waiver by the Executive; and
- (b) the approval by the Independent Shareholders of the proposed Resolution regarding the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full and the Whitewash Waiver by way of poll at the New EGM.

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## **SUPPLEMENTAL LETTER FROM THE BOARD**

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The above conditions to the concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds are not waivable. If any of the conditions is not fulfilled, the conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds will not take place and the Revised Notice of Intention and the previous notice of intention from Dr Chen dated 28 March 2017 will be deemed to be withdrawn.

Dr Chen has indicated to the Company that upon the fulfilment of the above conditions, he will immediately deliver to the Company the relevant unconditional notices of conversion and the other requisite documents in accordance with the terms of the instrument dated 17 May 2016 constituting the NagaCity Walk Convertible Bonds and the instrument dated 30 December 2016 constituting the TSCLK Complex Convertible Bonds in order for the Company to proceed to issue the Conversion Shares. Completion of the issuance of the Conversion Shares is expected to take place within 10 business days after receipt by the Company of the relevant unconditional notices of conversion and the other requisite documents.

### **APPLICATION FOR THE WHITEWASH WAIVER**

In order to reflect the Revised Notice of Intention from Dr Chen on the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds, a revised application has been made to the Executive for the Whitewash Waiver, the granting of which will be conditional upon, among other things, the approval of the Independent Shareholders of the Resolution regarding the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full and the Whitewash Waiver by way of poll at the New EGM.

The Executive has indicated that it will grant the Whitewash Waiver, subject to, among other things, the approval of the Independent Shareholders of the proposed Resolution regarding the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and NagaCity Walk Convertible Bonds in full and the Whitewash Waiver at the New EGM by way of poll.

In light of the requirements under Rule 26.1 of the Code, the Company proposes that the Resolution regarding the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full and the Whitewash Waiver be considered and if thought fit, approved by the Independent Shareholders by way of poll at the New EGM.

As at the Supplemental Latest Practicable Date, the Company did not believe that the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full would give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the Supplemental Latest Practicable Date, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible. The Company notes that the Executive may not grant the Whitewash Waiver if the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full do not comply with other applicable rules and regulations.

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## SUPPLEMENTAL LETTER FROM THE BOARD

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### OTHER INFORMATION

Save as disclosed in the section headed “Effects on the Shareholding Structure of the Company of the Concurrent Conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds” in this supplemental letter from the Board above and save for the transactions contemplated under the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds, as at the Supplemental Latest Practicable Date, neither Dr Chen nor any party acting in concert with him:

- (a) owned, controlled or had direction over any Shares, options, warrants, securities that are convertible into Shares;
- (b) had entered into any outstanding derivative in respect of securities in the Company;
- (c) had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Code) in the Company;
- (d) had any arrangement referred to in Note 8 to Rule 22 of the Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Code) of the Company, which might be material to the concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds or the Whitewash Waiver, with any other person;
- (e) had any agreement or arrangement to which it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full or the Whitewash Waiver;
- (f) had received any irrevocable commitment from any Shareholder to vote in favour of the Whitewash Waiver at the New EGM;
- (g) had acquired or entered into any agreement or arrangement to acquire any voting rights in the Company during the period commencing on the date falling six months prior to the date of the Announcement and ending on the date of the Announcement;
- (h) had not entered into any arrangement, agreement and understanding and had no intention to transfer, charge or pledge the securities to be acquired pursuant to the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full; or
- (i) had not dealt for value in any Shares or any options, warrants, derivatives or securities convertible into Shares during the Supplemental Relevant Period.

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## SUPPLEMENTAL LETTER FROM THE BOARD

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### INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising the non-executive Director and all the independent non-executive Directors of the Company shall provide its revised recommendations to the Independent Shareholders in respect of the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and NagaCity Walk Convertible Bonds in full and the Whitewash Waiver.

Anglo Chinese, the Independent Financial Adviser advising the Independent Board Committee and the Independent Shareholders, shall also provide its revised recommendations in respect of the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full and the Whitewash Waiver.

The supplemental letter from the Independent Board Committee and the supplemental letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders are set out in this Supplemental Circular on page 13 to 14 and pages 15 to 28, respectively.

### NOTICE OF NEW EGM AND NEW PROXY FORM

It is noted that the Original EGM has been convened to be held at Chatham Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Admiralty, Hong Kong at 2:30 p.m. on Friday, 21 July 2017 for the purposes of approving the proposed conversion of the TSCLK Complex Convertible Bonds in full and the corresponding whitewash waiver. Since the resolution set out in the notice of extraordinary general meeting of the Company dated 9 June 2017 has to be amended in light of the Supplemental Announcement in relation to the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full and the Whitewash Waiver, such resolution is no longer valid or applicable. Further, Rule 13.73 of the Listing Rules requires a supplemental circular to be despatched to the Shareholders not less than 10 business days before the date scheduled for the relevant extraordinary general meeting. Therefore, it is proposed that the chairman of the Original EGM will, at the Original EGM, propose a resolution to adjourn the Original EGM *sine die*.

The New EGM will be convened to be held at Regus Conference Centre, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong at 2:30 p.m. on Friday, 4 August 2017 for the purposes of approving the revised Resolution in relation to the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full and the Whitewash Waiver.

Dr Chen and parties acting in concert with him and Shareholders who are otherwise involved in, or interested in, the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full and/or the Whitewash Waiver shall abstain from voting in respect of the Resolution at the New EGM.

If you are not able to attend the New EGM in person, please complete the New Proxy Form in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services

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## SUPPLEMENTAL LETTER FROM THE BOARD

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Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and, in any event, not less than 48 hours before the time fixed for holding of the New EGM or any adjourned meeting thereof (as the case may be). Completion and return of the New Proxy Form will not preclude you from attending and voting in person at the New EGM or any adjourned meeting thereof (as the case may be) should you so wish.

Shareholders should complete the New Proxy Form instead of the Old Proxy Form in order to appoint their proxy to vote on the revised Resolution in relation to the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full and the Whitewash Waiver.

Both the Notice of New EGM and the New Proxy Form are published on the respective websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<http://www.nagacorp.com>).

### RECOMMENDATIONS

As set out in the supplemental letter from the Independent Board Committee on page 13 to 14 of this Supplemental Circular, the Independent Board Committee, having taken into account the advice from the Independent Financial Adviser, considers that the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the proposed Resolution at the New EGM to approve the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full and the Whitewash Waiver.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Supplemental Circular.

Yours faithfully,  
For and on behalf of the Board of  
**NAGACORP LTD.**  
**Timothy Patrick McNally**  
*Chairman*



**NAGACORP**

金界控股有限公司

**NAGACORP LTD.**

金界控股有限公司

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

**Stock code: 3918**

19 July 2017

*To the Independent Shareholders*

Dear Sir or Madam,

**PROPOSED CONCURRENT CONVERSIONS OF  
THE TSCLK COMPLEX CONVERTIBLE BONDS AND  
THE NAGACITY WALK CONVERTIBLE BONDS  
AND  
APPLICATION FOR WHITEWASH WAIVER**

We refer to the Supplemental Circular of the Company dated 19 July 2017 of which this letter forms part. Capitalised terms used herein have the same meanings as those defined in this Supplemental Circular unless otherwise stated.

We have been appointed as members of the Independent Board Committee to consider the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full and the Whitewash Waiver (details of which are set out in the letter from the Board in the Whitewash Circular and the supplemental letter from the Board in this Supplemental Circular). Anglo Chinese has been appointed as the Independent Financial Adviser to advise us in this regard. Details of the advice of Independent Financial Adviser, together with the principal factors and reasons taken into consideration in arriving at such advice, are set out on pages 31 to 49 of the Whitewash Circular and pages 15 to 28 of this Supplemental Circular.

Having considered the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full and the Whitewash Waiver, the interests of the Independent Shareholders, the principal factors and reasons considered by and the advice of the Independent Financial Adviser, we consider the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and its Shareholders as a whole.

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## **SUPPLEMENTAL LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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Accordingly, we recommend the Independent Shareholders to vote in favour of the proposed Resolution at the New EGM to approve the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full and the Whitewash Waiver.

Yours faithfully,

Independent Board Committee

**Timothy Patrick  
McNally**

**Michael Lai Kai Jin**

**Tan Sri Datuk**

**Lim Mun Kee**

**Seri Panglima Abdul**

**Kadir Bin Haji Sheikh**

**Fadzir**



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## SUPPLEMENTAL LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of the letter of advice from Anglo Chinese Corporate Finance, Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purpose of incorporation into this document.*

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### ANGLO CHINESE

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CORPORATE FINANCE, LIMITED

www.anglochinesegroup.com

40<sup>th</sup> Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong

19th July, 2017

To the Independent Board Committee and  
the Independent Shareholders

Dear Sirs,

**THE REVISED NOTICE OF INTENTION  
THE PROPOSED CONCURRENT CONVERSIONS OF THE TSCLK  
COMPLEX CONVERTIBLE BONDS AND THE NAGACITY WALK  
CONVERTIBLE BONDS  
AND  
APPLICATION FOR WHITEWASH WAIVER**

#### INTRODUCTION

We refer to (i) our appointment by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds, and the revised application for the Whitewash Waiver, details of which are set out in the letters from the Board contained in the Whitewash Circular dated 9th June, 2017 and this Supplemental Circular dated 19th July, 2017 issued by the Company; and (ii) our letter of advice to the Independent Board Committee and the Independent Shareholders as set out in the Whitewash Circular (the “**First IFA Letter**”). Capitalised terms used in this letter shall have the same meaning as those defined in the Whitewash Circular (including our First IFA Letter) and this Supplemental Circular unless the context requires otherwise.

On 28th March, 2017 (before trading hours), the Company received a notice from Dr. Chen of his intention to exercise the conversion rights in respect of the TSCLK Complex Convertible Bonds in full in the outstanding aggregate principal amount of US\$275,000,000. The TSCLK Complex Convertible Bonds will be convertible into Conversion Shares at a price of HK\$1.5301 per Conversion Share, and in full conversion would result in 1,401,843,552 new Shares being issued representing 36.30% of the enlarged issued share capital of the Company following the proposed conversion of the

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## SUPPLEMENTAL LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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TSCLK Complex Convertible Bonds in full (the “**Proposed Original Conversion**”). Subsequently, on 23rd June, 2017 (after trading hours), the Company received the Revised Notice of Intention that after careful consideration of the market responses, Dr. Chen decided to exercise concurrently the conversion rights in respect of both the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full in the outstanding aggregate principal amounts of US\$275,000,000 and US\$94,000,000, respectively (the “**Proposed Revised Concurrent Conversions**”).

In view of the implications of the Proposed Revised Concurrent Conversions, a revised application has been made to the Executive for the Whitewash Waiver (the “**Revised Whitewash Waiver**”). The grant of the Revised Whitewash Waiver is subject to, among other things, the approval by the Independent Shareholders by way of poll at the New EGM under Note 1 on dispensations from Rule 26 of the Code. The Executive has indicated that it will grant the Revised Whitewash Waiver, subject to, among other things, the approval of the Proposed Revised Concurrent Conversions and the Revised Whitewash Waiver by the Independent Shareholders by way of poll at the New EGM. Dr. Chen and parties acting in concert with him and the Shareholders who are involved in, or interested in, the Proposed Revised Concurrent Conversions and, or the Revised Whitewash Waiver will abstain from voting on the proposed Resolution at the New EGM.

Assuming no further Shares are issued or repurchased from the Supplemental Latest Practicable Date up to and until the issue of the Conversion Shares pursuant to the Proposed Revised Concurrent Conversions, the shareholding of Dr. Chen and parties acting in concert with him will increase from approximately 38.98% to approximately 65.42% of the issued share capital of the Company as a result of the issue of the Conversion Shares pursuant to the Proposed Revised Concurrent Conversions. Accordingly, Dr. Chen and parties acting in concert with him will be obliged to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by them pursuant to Rule 26.1 of the Code unless the Revised Whitewash Waiver is granted by the Executive.

The Independent Board Committee, comprising the non-executive Director and all the independent non-executive Directors, namely Mr. Timothy Patrick McNally, Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir, Mr. Lim Mun Kee, and Mr. Michael Lai Kai Jin, has been established to advise the Independent Shareholders as to whether the Proposed Revised Concurrent Conversions and the Revised Whitewash Waiver is fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to make recommendation to the Independent Shareholders as to their voting on the proposed Resolution approving the Proposed Revised Concurrent Conversions and the Revised Whitewash Waiver at the New EGM. Pursuant to Rule 2.1 of the Code, the Board has approved the appointment of Anglo Chinese Corporate Finance, Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

In formulating our recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Company. We have also assumed that the information and representations contained or referred to in the Whitewash Circular and this Supplemental Circular were true and accurate at the time they were made and continued to be so at the Supplemental Latest Practicable Date. We have reviewed the recently published information on the Company including the

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## SUPPLEMENTAL LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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annual reports for the three years ended 31st December, 2016, the interim results announcement for the six months ended 30th June, 2017, published announcements and, or circular in relation to the acquisition by the Company of a 100% equity interest in each of the TSC Inc. and City Walk Inc. pursuant to the Share Purchase Agreement entered into between the Company and Dr. Chen (the “**Acquisition**”) and the Convertible Bonds, the Bond Instruments and the arithmetic calculation of the computation of adjustments to the Conversion Prices. We have also discussed with the management of the Company, amongst other things, the Company’s updated prospect and the background to and reasons for the Proposed Revised Concurrent Conversions and the Revised Whitewash Waiver. We have sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed by them. We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Whitewash Circular and this Supplemental Circular and to provide a reasonable basis for our opinion and advice. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company. We have not, however, conducted an independent investigation into the business and affairs of the Group or the associates of either of them, nor have we carried out any independent verification of the information supplied.

Apart from normal professional fees for our services to the Company in connection with this appointment, no arrangement exists whereby we will receive any benefits from the Group or any of its associates.

### **PRINCIPAL FACTORS AND CONSIDERATIONS**

The following are the principal factors which we have taken into account in assessing the fairness and reasonableness of the Proposed Revised Concurrent Conversions and the Revised Whitewash Waiver and in giving our advice to the Independent Board Committee and the Independent Shareholders.

#### **Background of the Group, and the updated prospects and outlook**

Subsequent to the publication of the Whitewash Circular, the principal business of the Company remains unchanged, which is the operation of a hotel and entertainment complex, NagaWorld, in the capital city of Cambodia, Phnom Penh. NagaWorld enjoys a 70-year casino license that will run until 2065, with an exclusive right to operate a casino in Phnom Penh, Cambodia and the area within a radius of 200 kilometres of Phnom Penh (except the Cambodia-Vietnam border area, Bokor, Kirirom Mountains and Sihanoukville) up to the end of 2035. Regarding to our analysis of financial information of the Group for the three financial years ended 31st December, 2016, please refer to the section headed “Principal Factors and Considerations — Background of the Group” in our First IFA Letter for details.

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**SUPPLEMENTAL LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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Set out below is a summary of the unaudited financial information of the Group from its announcement of the interim results for each of the six months ended 30th June, 2016 and 30th June, 2017:

	<b>Six months ended 30th June,</b>	
	<b>2016</b>	<b>2017</b>
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Casino operations	277,102	386,804
Hotel room income, sales of food and beverage and others	11,377	14,794
<b>Total Revenue</b>	<b>288,479</b>	<b>401,598</b>
Cost of sales	(81,733)	(161,719)
<b>Gross profit</b>	<b>206,746</b>	<b>239,879</b>
Other income	2,325	3,335
Administrative expenses	(24,496)	(27,001)
Other operating expenses	(55,636)	(61,521)
<b>Profit before taxation</b>	<b>128,939</b>	<b>154,692</b>
Income tax	(3,752)	(4,060)
<b>Profit attributable to owners of the Company</b>	<b>125,187</b>	<b>150,632</b>
<b>Earnings per share</b>		
<b>Basic (US cents)</b>	<b>5.50</b>	<b>6.12</b>
<b>Diluted (US cents)</b>	<b>5.25</b>	<b>3.47</b>

*Source: Announcement of the Company of the interim results for the six months ended 30th June, 2016 and 2017*

As extracted from the interim results announcement of the Company for the six months ended 30th June, 2017, the Group's revenue for the six months ended 30th June, 2017 was approximately US\$401.6 million, representing an increase of approximately US\$113.1 million when compared to that of US\$288.5 million for the six months ended 30th June, 2016. Such increase was mainly due business volume growth across all segments of business especially from the VIP Market segment which contributed around 87.4% of the increase, or US\$98.9 million. Gross profit margin of the Group decreased from 71.7% to 59.7% from 2016 to 2017; however, the Group's gross profit improved from approximately US\$206.7 million for the six months ended 30th June, 2016 to US\$239.9 million for the six months ended 30th June, 2017, as the drop in gross profit margin was compensated by overall increased revenue. The Group recorded profit attributable to owners of the Company of approximately US\$150.6 million for the six months ended 30th June, 2017 as compared to profit attributable to owners of the Company of approximately US\$125.2 million for the six months ended 30th June, 2016.

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**SUPPLEMENTAL LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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Set out below is a summary of the consolidated statements of financial position of the Group as at 31st December, 2016 and 30th June, 2017, respectively:

	<b>As at 31st December, 2016 US\$'000 (audited)</b>	<b>As at 30th June, 2017 US\$'000 (unaudited)</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	810,149	969,165
Interest in leasehold lands held for own use under operating lease	27,266	27,108
Intangible assets	66,201	64,428
Prepayments for acquisition, construction and fitting-out of property, plant and equipment	93,458	66,510
Promissory notes	8,647	9,114
<b>Total non-current assets</b>	<b><u>1,005,721</u></b>	<b><u>1,136,325</u></b>
<b>CURRENT ASSETS</b>		
Consumables	1,467	777
Trade and other receivables	72,559	112,981
Cash and cash equivalents	210,912	167,106
<b>Total current assets</b>	<b><u>284,938</u></b>	<b><u>280,864</u></b>
<b>Total assets</b>	<b><u><u>1,290,659</u></u></b>	<b><u><u>1,417,189</u></u></b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	36,969	48,182
Current tax liability	2,709	1,484
<b>Total current liabilities</b>	<b><u>39,678</u></b>	<b><u>49,666</u></b>
<b>Total liabilities</b>	<b><u><u>39,678</u></u></b>	<b><u><u>49,666</u></u></b>
<b>Net assets</b>	<b><u><u>1,250,981</u></u></b>	<b><u><u>1,367,523</u></u></b>

Sources: *Announcement of the Company of the interim results for the six months ended 30th June, 2017 and the 2016 annual report of the Company*

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## SUPPLEMENTAL LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Group's financial position as at 31st December, 2016 and 30th June, 2017 remained relatively stable with current ratio decreasing from approximately 7.18 to 5.66, mainly as a result in the increase in the trade and other payables. As at 30th June, 2017, the Group had cash on hand of approximately US\$167.1 million (31 December, 2016: US\$210.9 million), and total assets and net assets amounted to approximately US\$1,417.2 million (31st December, 2016: US\$1,290.7 million) and US\$1,367.5 million (31st December, 2016: US\$1,251.0 million), respectively. As at 31st December, 2016 and 30th June, 2017, the Group did not have any bank borrowings. The property, plant and equipment accounted for over 80% of the total non-current assets as at 31st December, 2016 and 30th June, 2017, which was mainly attributable by the acquisition of the TSCLK Complex and NagaCity Walk, as well as the capital work in progress in relation to the construction within NagaWorld.

According to the Tourism Statistics Report for May, 2017 published by the Ministry of Tourism of the Kingdom of Cambodia, the compounded annual growth rate of visitation to Cambodia between 2012 and 2016 was approximately 8.7%, while visits to Cambodia in May, 2017 have been increased by approximately 15.0% when comparing to same period in 2016, in which the Chinese tourists contributed the largest component of the visitors. As discussed with the management of the Group, subsequent to the publication of the Whitewash Circular, it maintained the view that Cambodia would continue to attract visitors from Asia and other countries which benefited from its appeal as a tourism destination and the abundance of business opportunities that existed in an emerging economy with political stability and social order, and accordingly, NagaWorld could be benefited as it is one of the main tourist destinations located in the city centre of Phnom Penh and the entertainment centre for the Mekong region. As the Group continues to grow in both assets and business, the management of the Group believes it is gaining increasing prominence and confidence among the gaming and entertainment community in the region, which allows the Group to penetrate into new markets, fuelling business growth and expansion.

### THE CONVERTIBLE BONDS

#### Background of the Convertible Bonds

References are made to the 2011 Transaction Circular in relation to the acquisition of the NagaCity Walk Project and the TSCLK Complex Project and the Whitewash Circular, and the announcements of the Company dated 13th June, 2011, 28th December, 2011, 29th December, 2015, 17th May, 2016, 30th December, 2016, 28th March, 2017, 18th April, 2017, 12th May, 2017, 9th June, 2017, 23rd June, 2017, 5th July, 2017 and 14th July, 2017, respectively.

For details of the background of the Convertible Bonds, please refer to the section headed "The TSCLK Complex Convertible Bonds — Background of the TSCLK Complex Convertible Bonds" in our First IFA Letter.

As at the Supplemental Latest Practicable Date, Dr. Chen and parties acting in concert with him were interested in 958,945,297 Shares, representing approximately 38.98% of the entire issued share capital of the Company. Dr. Chen and parties acting in concert with him also held the NagaCity Walk Convertible Bonds and the TSCLK Complex Convertible Bonds, which were two sets of independent

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## **SUPPLEMENTAL LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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convertible bonds, in aggregate outstanding principal amount of US\$369,000,000. Upon the Proposed Revised Concurrent Conversions and assuming there is no further adjustment in the event of any future Capital Restructuring(s), it would lead to Dr. Chen holding approximately 65.42% of the enlarged issued share capital of the Company.

### **Revised Notice of Intention from Dr. Chen**

On 23rd June, 2017 (after trading hours), the Company received the Revised Notice of Intention from Dr. Chen that after careful consideration of the market responses, he decided to exercise concurrently the conversion rights in respect of both the TSCLK Complex Convertible Bonds in full and the NagaCity Walk Convertible Bonds in full in the outstanding aggregate principal amount of US\$369,000,000 into the Conversion Shares at HK\$1.5301 per Conversion Share.

Dr. Chen also agreed to waive voluntarily his entitlement to the adjusted conversion price under the NagaCity Walk Convertible Bonds as a result of the Proposed Original Conversion which would otherwise apply under the relevant bond instruments, such that the conversion price under the NagaCity Walk Convertible Bonds would also be HK\$1.5301 (same as the conversion price under the TSCLK Complex Convertible Bonds) instead of a conversion price of HK\$0.6582 which would otherwise apply under the relevant Bond Instruments.

### **Conversion conditions of the Proposed Revised Concurrent Conversions**

The Proposed Revised Concurrent Conversions are subject to the fulfilment of the following conditions:

- (a) the granting of the Revised Whitewash Waiver by the Executive; and
- (b) the approval by the Independent Shareholders of the proposed Resolution regarding the Proposed Revised Concurrent Conversions and the Revised Whitewash Waiver by way of poll at the New EGM.

The above conversion conditions to the Proposed Revised Concurrent Conversions are not waivable. If any of the conversion conditions is not fulfilled, the Proposed Revised Concurrent Conversions will not take place, and the Revised Notice of Intention and the previous notice of intention from Dr. Chen dated 28th March, 2017 will be deemed to be withdrawn. As at the Supplemental Latest Practicable Date, none of the above conversion conditions has been fulfilled.

### **Reasons for and benefits of the Proposed Revised Concurrent Conversions**

The Independent Shareholders are referred to the reasons for and benefits of the Proposed Original Conversion as discussed and opined upon in our First IFA Letter. As discussed in the letter from the Board in this Supplemental Circular, Dr. Chen's intentions regarding the Group and his vision for the Group following the grant and approval of the Revised Whitewash Waiver and the Proposed

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## SUPPLEMENTAL LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Revised Concurrent Conversions remains unchanged as set out in the section headed “Information on Dr. Chen and his vision for the Group” in the letter from the Board in the Whitewash Circular, except that the references therein to the Proposed Original Conversion should be read to mean the Proposed Revised Concurrent Conversions.

Subsequent to the publication of the Whitewash Circular up till the Supplemental Latest Practicable Date, there was no further new Capital Restructuring event which would trigger an adjustment to the Conversion Prices according to the terms of Bond Instruments. Please refer to section headed “Other Considerations — Historical corporate events” in our First IFA Letter for the chronological summary of Capital Restructuring events which have given rise to the adjustments to the Conversion Prices during the period from 13th June, 2011 and up to the Supplemental Latest Practicable Date. According to the terms of the Bond Instruments, the conversion price under the Convertible Bonds was then adjusted to HK\$1.5301 per Conversion Share for the Proposed Revised Concurrent Conversions. We note that such adjusted Conversion Price was the same as the Conversion Price under the TSCLK Complex Convertible Bonds as mentioned in the Whitewash Circular.

The TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds are two separate issue of convertible bonds which are governed by two sets of Bond Instruments independently. As discussed in our First IFA letter, assuming the TSCLK Complex Convertible Bonds will be converted in full firstly, it would constitute a Capital Restructuring event under the terms of the NagaCity Walk Convertible Bonds. Accordingly, based on the issued share capital of the Company as at the Supplemental Latest Practicable Date and assuming the TSCLK Complex Convertible Bonds will be converted in full firstly, the Conversion Price under the NagaCity Walk Convertible Bonds would be adjusted to HK\$0.6582 per Share, and 1,113,993,187 further Conversion Shares would be issued to Dr. Chen and parties acting in concert with him upon the conversion of the NagaCity Walk Convertible Bonds in full afterwards. However, under the Proposed Revised Concurrent Conversions, the NagaCity Walk Convertible Bonds will be converted into the Conversion Shares at the Conversion Price of HK\$1.5301, instead of HK0.6582 as detailed in our First IFA Letter.

As discussed in the letter from the Board of the Whitewash Circular, Dr. Chen intended to eliminate substantial portion of the outstanding Convertible Bonds and to increase his voting rights. Therefore, partial or full conversion of the TSCLK Complex Convertible Bonds and, or NagaCity Walk Convertible Bonds differs in terms of timing and duration of conversion only, but does not substantially change the final shareholding percentage of Dr. Chen in the Company as there is no material difference in the shareholding percentage of control which Dr. Chen will have over the Company or the impact of dilution on minority Shareholders’ shareholding in the Company. In fact, the full conversions of both the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds concurrently would eliminate the impact of future potential additional dilution to the shareholdings of the minority Shareholders in the Company if further Capital Restructuring events occur in the future which will result in an adjustment to the number of Conversion Shares to be issued when comparing to the Proposed Original Conversion alone. After the completion of the Proposed Revised Concurrent Conversions, the Company’s capital structure will be simplified as its permanent capital will comprise the ordinary share capital only.



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**SUPPLEMENTAL LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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Taking into account that the issue of the Convertible Bonds by the Company and that the allotment and the issue of the Conversion Shares upon exercise of the conversion rights were approved by the then Shareholders at the extraordinary general meeting of the Company duly convened and held on 30th January, 2012 as mentioned above, we are of the view that it should be appropriate for the Shareholders to support the Proposed Revised Concurrent Conversions and the Revised Whitewash Waiver. We also consider it in the interests of the Independent Shareholders that both the TSLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds are convertible in Shares prior to any future Capital Restructuring events which would result in further dilution of the Independent Shareholders' interests in the Company.

**Dilution effect on the shareholding interests of the Company**

According to the letter from the Board of this Supplemental Circular, the following table sets forth the shareholding structure of the Company (i) as at the Supplemental Latest Practicable Date; and (ii) immediately after the issue of the Conversion Shares upon conversion of the Convertible Bonds in full, in each case assuming there being no other change in the nominal value of the issued share capital of the Company or any other Capital Restructuring(s) and, or the shareholding structure of the Company following the Supplemental Latest Practicable Date:

<b>Shareholder(s)</b>	<b>As at the Supplemental Latest Practicable Date</b>		<b>Upon completion of the Proposed Revised Concurrent Conversions (Note 1)</b>	
	<i>Approximate % of the issued share capital Number of issued Shares</i>	<i>of the Company</i>	<i>Approximate % of the issued share capital Number of issued Shares</i>	<i>of the Company</i>
Dr. Chen and parties acting in concert with him	958,945,297	38.98	2,839,964,463	65.42
Public Shareholders	<u>1,501,043,578</u>	<u>61.02</u>	<u>1,501,043,578</u>	<u>34.58</u>
<b>Total</b>	<u><u>2,459,988,875</u></u>	<u><u>100.00</u></u>	<u><u>4,341,008,041</u></u>	<u><u>100.00</u></u>

*Notes:*

- (1) The total number of issued Shares will be increased by 1,881,019,166 Shares upon the Proposed Revised Concurrent Conversions and the allotment and issue to Dr. Chen and the parties acting in concert with him of 1,881,019,166 Conversion Shares.
- (2) As at the Supplemental Latest Practicable Date, save for Dr. Chen, none of the Directors holds any Shares.

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**SUPPLEMENTAL LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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As illustrated in the table above, the existing public Shareholders should note their shareholdings in the Company will be diluted upon the completion of the Proposed Revised Concurrent Conversions and the Revised Whitewash Waiver. Accordingly, the shareholding of the existing public Shareholders will be diluted from approximately 61.02% of the issued share capital of the Company as at the Supplemental Latest Practicable Date to approximately 34.58% of the issued share capital as enlarged by the issue of the Conversion Shares pursuant to the Proposed Revised Concurrent Conversions.

For comparison and reference purposes, the expected changes in shareholding in the previously contemplated scenario of non-concurrent conversion of the NagaCity Walk Convertible Bonds in full subsequent to the Proposed Original Conversion are set out below, as explained in the Whitewash Circular:

<b>Shareholder(s)</b>	<b>As at the Supplemental Latest Practicable Date</b>		<b>Upon the previously proposed non-concurrent conversion of the Proposed Original Conversion</b>		<b>Upon conversion of the NagaCity Walk Convertible Bonds in full and subsequent to the previously proposed non-concurrent conversion of the Proposed Original Conversion (for illustrative purposes only and assuming the NagaCity Walk Convertible Bonds would subsequently be converted in full)</b>	
			<i>(Note 1)</i>		<i>(Note 2)</i>	
	<i>Approximate % of the issued share capital of the issued Shares</i>	<i>Company</i>	<i>Approximate % of the issued share capital of the issued Shares</i>	<i>Company</i>	<i>Approximate % of the issued share capital of the issued Shares</i>	<i>Company</i>
Dr. Chen and parties acting in concert with him	958,945,297	38.98	2,360,788,849	61.13	3,474,782,036	69.83
Public Shareholders	<u>1,501,043,578</u>	<u>61.02</u>	<u>1,501,043,578</u>	<u>38.87</u>	<u>1,501,043,578</u>	<u>30.17</u>
<b>Total</b>	<u><u>2,459,988,875</u></u>	<u><u>100.00</u></u>	<u><u>3,861,832,427</u></u>	<u><u>100.00</u></u>	<u><u>4,975,825,614</u></u>	<u><u>100.00</u></u>

Notes:

- (1) The total number of issued Shares would be increased by 1,401,843,552 Shares upon the previously proposed non-concurrent conversion of the Proposed Original Conversion and the allotment and issue to Dr. Chen and the parties acting in concert with him of 1,401,843,552 Conversion Shares.
- (2) The information was solely for illustrative purposes only in order to reflect the expected shareholding structure of the Company assuming that the NagaCity Walk Convertible Bonds would be converted in full in the previously contemplated non-concurrent conversion of the TSCLK Complex Convertible Bonds as set out in the Whitewash Circular.

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## SUPPLEMENTAL LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As illustrated in the above shareholding table which was set out in the Whitewash Circular, if (i) only the TSCLK Complex Convertible Bonds are converted in full firstly, and (ii) the NagaCity Walk Convertible Bonds are only converted in full subsequent to the conversion of the TSCLK Complex Convertible Bonds in full, Dr. Chen and parties in concert with him would hold approximately 69.83% of the enlarged issued share capital of the Company, which would be higher than the expected 65.42% shareholding of Dr. Chen and parties acting in concert with him under the Proposed Revised Concurrent Conversions according to the Revised Notice of Intention by approximately 4.41 percentage points. Such shareholding difference between the previously contemplated scenario of non-concurrent conversion of the NagaCity Walk Convertible Bonds in full subsequent to the Proposed Original Conversion and the Proposed Revised Concurrent Conversions is as a result of adjustment to the Conversion Price arising upon the occurrence of the Capital Restructuring event (i.e. the Proposed Original Conversion) according to the terms of Bond Instruments.

We also note that the terms of the Convertible Bonds and, among other things, the dilutive effect on the shareholdings of the other Shareholders in respect of the Conversion Shares upon the conversion of the Convertible Bonds they held were set out in the 2011 Transaction Circular, and the issue of the Convertible Bonds were approved by the then Shareholders at the extraordinary general meeting of the Company duly convened and held on 30th January, 2012. As stated in the 2011 Transaction Circular, upon full conversion of the Convertible Bonds, the shareholding interest of public shareholders would be diluted from approximately 39.69% to 22.65%. The dilutive effects illustrated in the 2011 Transaction Circular were different from the table illustrated above as a result of adjustments to the Conversion Price arising upon the occurrence of the Capital Restructuring events according to the terms of Bonds Instruments. Please refer to the section headed “Other considerations — Historical corporate events” of our First IFA Letter for details of the Capital Restructuring events during the period from 13th June, 2011 and up to the Supplemental Latest Practicable Date. Having considered that the potential dilutive impact on the public Shareholders had been approved at the extraordinary general meeting of the Company held on 30th January, 2012, we are of the view that the dilutive impact on the existing public Shareholders upon the completion of the Proposed Revised Concurrent Conversions and the Revised Whitewash Waiver is fair and reasonable.

The original Conversion Price of the Convertible Bonds was HK\$1.8376 which was determined with reference to the three-month volume weighted average closing price of the Shares up to and including 13th June, 2011, which was approved by the Independent Shareholders at the extraordinary general meeting of the Company held on 30th January, 2012 in accordance with the requirements under the Listing Rules. This price has then been adjusted to reflect the Capital Restructuring events to arrive at the current conversion price of HK\$1.5301 and reflects the existing contractual obligations of the Company under the Convertible Bonds and therefore is not a matter upon which we are required to provide an opinion. Dr. Chen has separately given the Revised Notice of Intention regarding the Proposed Revised Concurrent Conversions, and has agreed to waive voluntarily his entitlement to an adjustment to the Conversion Price of NagaCity Walk Convertible Bonds as a result of the Proposed Original Conversion which would otherwise have applied under the relevant Bond Instruments, such that the Conversion Price under the NagaCity Walk Convertible Bonds would also be HK\$1.5301 instead of a conversion price of HK\$0.6582 which otherwise would have applied. Such waiver benefits the Independent Shareholders.

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## SUPPLEMENTAL LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### POSSIBLE FINANCIAL EFFECTS ON THE GROUP

Subsequent to the publication of the Whitewash Circular, set out below is the updated possible financial effects on the Group regarding the Proposed Revised Concurrent Conversions.

#### Earnings

Both the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds are on a perpetual basis with no maturity date and irredeemable, and the conversion option will be settled by exchanging the Company's new Shares at the option of the holder of the Convertible Bonds (i.e. Dr. Chen) as a whole are therefore classified as equity instruments of the Company, and its fair value is included in the equity portion upon initial recognition. Accordingly, no gain or loss will be recognised upon the Proposed Revised Concurrent Conversions.

Furthermore, according to the terms of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds, the interest rate is at variable rate and payable on "as converted" basis, which means that the interests payable by the Company will be equal to the dividend that would otherwise have been paid on the Conversion Shares into which the TSCLK Complex Convertible Bonds and NagaCity Walk Convertible Bonds are convertible had the relevant conversion right been exercised prior to the record date applicable to the dividend declaration. Interest on the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds will be paid at the time as the Company pays the relevant dividend to the Shareholders. Therefore, the interest expenses remain zero and the interest payable by the Company will be treated as dividend. Accordingly, the Proposed Revised Concurrent Conversions are not expected to have any material impact on the earnings of the Group.

#### Net assets

As mentioned above, the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds are classified as equity instruments of the Company, the fair value is included in the equity portion upon initial recognition. Upon the exercise of the conversion rights, the balance in the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds will be transferred to share capital and share premium, and therefore, there will be no change in the net asset positions of the Company upon the completion of the Proposed Revised Concurrent Conversions.

For illustrative purpose only, based on the revised property valuation report set out in Appendix II to this Supplemental Circular, the net tangible assets value of the Group would be approximately US\$3.91 billion after including the market values of TSCLK Complex and NagaCity Walk as at 30th June, 2017, representing an uplift of approximately 402.0%. On a proforma basis, the Acquisition would have increased the net tangible assets per Share from US\$0.32 to US\$0.90.

#### Working capital

As both the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds are irredeemable, the Company will not be required to utilise its own cash resources to redeem the Convertible Bonds. Accordingly, there will be no impact on the Company's cash and cash balances upon completion of the Proposed Revised Concurrent Conversions.

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## SUPPLEMENTAL LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **Gearing ratio**

According to the 2017 interim results announcement of the Group, the Group had no outstanding external borrowings, in which the Group was ungeared. Both the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds are classified as equity instruments of the Company, the fair values are included in the equity portions upon initial recognition, accordingly the Proposed Revised Concurrent Conversions will have no impact on the gearing ratio of the Group.

In view of the above scenario, we consider that there will not be any adverse impact on the earnings, net asset position, working capital and gearing ratio of the Group immediately upon completion of the Proposed Revised Concurrent Conversions. It should be noted that the abovementioned analyses are for illustrative purpose only and do not purport to represent how the financial position of the Group will be upon completion of the Proposed Revised Concurrent Conversions.

### **REVISED WHITEWASH WAIVER**

Subsequent to the publication of the Whitewash Circular, set out below is the updated information regarding the Revised Whitewash Waiver.

As at the Supplemental Latest Practicable Date, the total number of issued Shares was 2,459,988,875, of which, Dr. Chen and parties acting in concert with him in aggregate were interested in 958,945,297 Shares, representing approximately 38.98% of the entire issued share capital of the Company. The shareholding of Dr. Chen and parties acting in concert with him will increase to approximately 65.42% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares pursuant to the Proposed Revised Concurrent Conversions. Upon the Proposed Revised Concurrent Conversions, 1,881,019,166 Conversion Shares will be issued and allotted to Dr. Chen accordingly.

Shareholders and potential investors should note that the Executive may or may not grant the Revised Whitewash Waiver. If the Revised Whitewash Waiver is not granted by the Executive or if granted, is not approved by the Independent Shareholders at the New EGM, the Proposed Revised Concurrent Conversions will not proceed. Shareholders should note that the conditions to the Proposed Revised Concurrent Conversions are not waivable. If any of such conditions is not fulfilled, the Proposed Revised Concurrent Conversions will not take place and the Revised Notice of Intention and the previous notice of intention dated 28th March, 2017 from Dr. Chen to exercise the conversion rights in respect of the Convertible Bonds will be deemed to be withdrawn. Shareholders and potential investors are therefore reminded to exercise caution when dealings in the Shares.

Completion of the Proposed Revised Concurrent Conversions is conditional upon, among other things, the granting of the Revised Whitewash Waiver by the Executive and the approval of the Independent Shareholders of the proposed Resolution by way of poll at the New EGM. The Executive has indicated that it intends, subject to, among other matters, the approval of the Independent

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## SUPPLEMENTAL LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Shareholders at the New EGM, to grant the Revised Whitewash Waiver. In such circumstances, if the Revised Whitewash Waiver is approved by the Independent Shareholders, then the obligations by Dr. Chen to make a mandatory general offer under Rule 26 of the Code will be waived.

In light of (i) the reasons for the Proposed Revised Concurrent Conversions; and (ii) the issue of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds, including the conversion rights attached thereto, had been duly approved by the then Shareholders at the extraordinary general meeting of the Company held on 30th January, 2012, we are of the opinion that the approval of the Revised Whitewash Waiver, which is a condition to the completion of the Proposed Revised Concurrent Conversions, is in the interests of the Company and the Shareholders as a whole, and is fair and reasonable for the purpose of proceeding the Proposed Revised Concurrent Conversions.

### **CONFIRMATION ON OUR CONCLUSION AND RECOMMENDATION ON PROPOSED REVISED CONCURRENT CONVERSIONS AND THE REVISED WHITEWASH WAIVER**

References are made to the Whitewash Circular and this Supplemental Circular. We have reviewed and considered the abovementioned reasons for and benefits of the Proposed Revised Concurrent Conversions, and have confirmed that our conclusion and recommendation in respect of the Proposed Original Conversion, which should be read to mean the Proposed Revised Concurrent Conversions, and the Revised Whitewash Waiver, as contained in our First IFA Letter remain unchanged. In addition, save as disclosed above, no other material update to the information contained in our First IFA Letter would be required. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the proposed Resolution at the New EGM in respect of the Proposed Revised Concurrent Conversions and the Revised Whitewash Waiver.

Yours faithfully,  
For and on behalf of  
**Anglo Chinese Corporate Finance, Limited**

**Dennis Cassidy**  
*Director — Head of corporate finance*

*Note:*

Mr. Dennis Cassidy is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Anglo Chinese to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. He has over 35 years of experience in corporate finance.

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## APPENDIX I SUPPLEMENTAL FINANCIAL INFORMATION OF THE GROUP

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### 1. FINANCIAL SUMMARY

The following is a summary of (a) the audited financial results of the Group for each of the three financial years ended 31 December 2014, 2015 and 2016, as extracted from the published financial statements of the Group for each of those financial years, and (b) the unaudited financial results of the Group for the six months ended 30 June 2017, as extracted from the Interim Results Announcement. BDO Limited, the independent auditor of the Company, did not issue any qualified opinion on the financial statements of the Group for each of the three years ended 31 December 2014, 2015 and 2016. For each of the three financial years ended 31 December 2014, 2015 and 2016, the Company had (i) no items which are exceptional because of size, nature or incidence; and (ii) no net profit and loss attributable to non-controlling interests.

#### Extracted financial information

	For the six months ended				
	For the year ended 31 December			30 June	
	2016	2015	2014	2017	2016
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	531,558	503,655	404,298	401,598	288,479
Profit before taxation	208,221	189,018	141,961	154,692	128,939
Income tax	24,062	16,395	5,875	4,060	3,752
Profit attributable to owners of the Company	184,159	172,623	136,086	150,632	125,187
Dividend per share (US cents)	3.59	4.56	4.18	2.08	2.77
Basic earnings per share (US cents)	7.89	7.58	5.96	6.12	5.50
Diluted earnings per share (US cents)	7.04	7.58	5.96	3.47	5.25

### 2. FINANCIAL STATEMENTS

Please refer to Appendix I to the Whitewash Circular for the full text of the audited financial statements of the Group for the financial year ended 31 December 2016, as extracted from the 2016 annual report of the Group.

The following is the full text of the unaudited financial statements of the Group for the six months ended 30 June 2017 together with the accompanying notes, as extracted from the Interim Results Announcement.

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**APPENDIX I SUPPLEMENTAL FINANCIAL INFORMATION OF THE GROUP**

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**Unaudited Condensed Consolidated Statement of Income**

		<b>Six months ended 30 June</b>	
		<b>2017</b>	<b>2016</b>
	Notes	<i>US\$'000</i>	<i>US\$'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Revenue</b>	2	401,598	288,479
Cost of sales		<u>(161,719)</u>	<u>(81,733)</u>
<b>Gross profit</b>		239,879	206,746
Other income		3,335	2,325
Administrative expenses		(27,001)	(24,496)
Other operating expenses		<u>(61,521)</u>	<u>(55,636)</u>
<b>Profit before taxation</b>	3	154,692	128,939
Income tax	4	<u>(4,060)</u>	<u>(3,752)</u>
<b>Profit attributable to owners of the Company</b>		<u>150,632</u>	<u>125,187</u>
			<i>(Re-presented)</i>
<b>Earnings per share (US cents)</b>			
Basic	6	<u>6.12</u>	<u>5.50</u>
Diluted	6	<u>3.47</u>	<u>5.25</u>

**Unaudited Condensed Consolidated Statement of Comprehensive Income**

		<b>Six months ended 30 June</b>	
		<b>2017</b>	<b>2016</b>
		<i>US\$'000</i>	<i>US\$'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Profit for the period</b>		150,632	125,187
<b>Other comprehensive income for the period:</b>			
Items that may be reclassified subsequently to profit or loss:			
- exchange differences from translation of foreign operations		<u>1,293</u>	<u>864</u>
<b>Total comprehensive income attributable to owners of the Company for the period</b>		<u>151,925</u>	<u>126,051</u>



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**APPENDIX I SUPPLEMENTAL FINANCIAL INFORMATION OF THE GROUP**

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**Unaudited Condensed Consolidated Statement of Financial Position**

		<b>30 June</b>	<b>31 December</b>
		<b>2017</b>	<b>2016</b>
	Notes	<i>US\$'000</i>	<i>US\$'000</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
<b>Non-current assets</b>			
Property, plant and equipment	8	969,165	810,149
Interest in leasehold lands held for own use under operating lease		27,108	27,266
Intangible assets	9	64,428	66,201
Prepayments for acquisition, construction and fitting-out of property, plant and equipment		66,510	93,458
Promissory notes	10	<u>9,114</u>	<u>8,647</u>
		<u>1,136,325</u>	<u>1,005,721</u>
<b>Current assets</b>			
Consumables		777	1,467
Trade and other receivables	11	112,981	72,559
Cash and cash equivalents		<u>167,106</u>	<u>210,912</u>
		<u>280,864</u>	<u>284,938</u>
<b>Current liabilities</b>			
Trade and other payables	12	48,182	36,969
Current tax liability		<u>1,484</u>	<u>2,709</u>
		<u>49,666</u>	<u>39,678</u>
<b>Net current assets</b>		<u>231,198</u>	<u>245,260</u>
<b>NET ASSETS</b>		<u>1,367,523</u>	<u>1,250,981</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		30,750	30,750
Reserves		<u>1,336,773</u>	<u>1,220,231</u>
<b>TOTAL EQUITY</b>		<u>1,367,523</u>	<u>1,250,981</u>

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## APPENDIX I SUPPLEMENTAL FINANCIAL INFORMATION OF THE GROUP

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### Notes:

#### 1. Basis of preparation and principal accounting policies

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

The unaudited condensed consolidated interim financial information has been prepared on the historical basis.

The unaudited condensed consolidated interim financial information contains selected explanatory notes which include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group after the financial year ended 31 December 2016. The unaudited condensed consolidated interim financial information does not include all of the information required for a full set of annual financial statements prepared in accordance with all applicable International Financial Reporting Standards (“IFRS”) adopted by the IASB, and should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2016 (the “2016 annual financial statements”).

The unaudited condensed consolidated interim financial information has been prepared in accordance with the same accounting policies and methods of computation adopted by the Group in its 2016 annual financial statements.

Adoption of new or revised standards and interpretations effective on 1 January 2017:

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

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

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

The IASB has also issued the following amendments, new or revised standards and interpretations, potentially relevant to the Group’s operations, which are not yet effective for the Period and have not been early adopted in these condensed consolidated financial statements.

IFRSs (Amendments)	Annual Improvements 2014-2016 Cycles <sup>1</sup>
Amendments to IFRS 2	Classification and Measurement of Share-Based Payment <sup>1</sup>
IFRS 9	Financial Instruments <sup>1</sup>
IFRS 15	Revenue from Contract with Customers <sup>1</sup>
Amendments to IFRS 15	Clarification to IFRS 15 Revenue from Contract with Customers <sup>1</sup>
IFRS 16	Leases <sup>2</sup>

## APPENDIX I SUPPLEMENTAL FINANCIAL INFORMATION OF THE GROUP

IFRIC 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
IFRIC 23	Uncertainty Over Income Tax Treatments <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sales or Contribution to Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2019

3 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

The directors of the Company (the “Directors”) are in the process of making an assessment of the expected impact of these amendments, new or revised standards and interpretations in the period of initial application. Presently, the Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group’s accounting policies and financial statements.

### 2. Revenue

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

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Casino operations — gaming tables	285,009	173,602
Casino operations — electronic gaming machines*	101,795	103,500
Hotel room income, sales of food and beverage and others	<u>14,794</u>	<u>11,377</u>
	<u>401,598</u>	<u>288,479</u>

\* During the Period, revenue from electronic gaming machines (“EGM”) included US\$60.0 million (six months ended 30 June 2016: US\$60.0 million) in respect of the assignment of part of the Group’s licensing rights to certain investors for investing in and operating 570 EGM for a period of 10 years.

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## APPENDIX I SUPPLEMENTAL FINANCIAL INFORMATION OF THE GROUP

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### 3. Profit before taxation

Profit before taxation is arrived at after charging:

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Amortisation of casino licence premium	1,773	1,773
Depreciation and amortisation	24,527	21,909
Staff costs		
- Salaries, wages and other benefits	34,560	32,515
- Contributions to defined contribution retirement scheme	<u>21</u>	<u>26</u>

### 4. Income tax

Income tax in the profit or loss represents:

The monthly gaming obligation payment of (1) US\$462,362 (six months ended 30 June 2016: US\$410,987) and monthly non-gaming obligation payment of (2) US\$214,338 (six months ended 30 June 2016: US\$214,338) payable to The Ministry of Economy and Finance of Cambodia (the “MOEF”) by NagaWorld Limited Gaming Branch and NagaWorld Limited Hotel and Entertainment Branch, branches registered in Cambodia. The Group is not subject to Hong Kong, Malaysian, Cayman Islands or Russian income taxes for the Period (six months ended 30 June 2016: Nil).

In the previous year, having discussed with the MOEF, the Group paid an additional obligation payment of US\$16,558,000 to the MOEF. As at the date of this announcement, there is no additional obligation, if any, for the Period.

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Current tax expense		
- Current period	<u>4,060</u>	<u>3,752</u>

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

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Interim dividend declared after the end of reporting period		
2017: US cents 2.08 per Share	51,168	—
2016: US cents 2.77 per Share	<u>—</u>	<u>62,938</u>
	<u>51,168</u>	<u>62,938</u>

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## APPENDIX I SUPPLEMENTAL FINANCIAL INFORMATION OF THE GROUP

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The final dividend of US\$20,051,000 for the year ended 31 December 2016 was proposed in February 2017 and paid in May 2017.

As further detailed in note 13, distributions on the Convertible Bonds will be equal to the dividends that would have been paid on the Conversion Shares. Proposed distributions on the Convertible Bonds is US\$39,211,000 (six months ended 30 June 2016: US\$12,174,000) accordingly.

### 6. Earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to owners of the Company of US\$150,632,000 (six months ended 30 June 2016: US\$125,187,000) and the weighted average number of shares of 2,459,988,875 (six months ended 30 June 2016: 2,277,402,189 (re-presented)) in issue during the Period.

The calculation of diluted earnings per share for the Period is based on the consolidated profit attributable to owners of the Company of US\$150,632,000 and weighted average number of shares of 4,341,008,041 adjusted for the dilutive potential shares as a result of issuance of the Convertible Bonds during the year ended 31 December 2016 (*note 13*).

	Number of Shares	
	Six months ended 30 June	
	2017	2016
		(Re-presented)
Weighted average number of shares in issue during the period used in the basic earnings per share calculation	2,459,988,875	2,277,402,189
Effect of dilution — weighted average number of shares:		
- Convertible Bonds	<u>1,881,019,166</u>	<u>108,561,847</u>
Weighted average number of shares for the purposes of diluted earnings per share	<u>4,341,008,041</u>	<u>2,385,964,036</u>

Basic and diluted earnings per share for the six months ended 30 June 2016 are re-presented to reflect the bonus element of the placing of Shares in September 2016.

### 7. Segment information

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

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

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## APPENDIX I SUPPLEMENTAL FINANCIAL INFORMATION OF THE GROUP

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### *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 the revenue generated by those segments and expenses incurred by those segments or which would otherwise arise from the depreciation and amortisation of assets attributed to those segments.

Segment revenue and results are the measure reported to 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.

	<b>Casino operations</b>	<b>Hotel and entertainment operations</b>	<b>Total</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
<b>Segment revenue:</b>			
<b>Six months ended 30 June 2017 (Unaudited):</b>			
Revenue from external customers	386,804	14,794	401,598
Inter-segment revenue	<u>(1,600)</u>	<u>15,006</u>	<u>13,406</u>
Reportable segment revenue	<u><u>385,204</u></u>	<u><u>29,800</u></u>	<u><u>415,004</u></u>
<b>Six months ended 30 June 2016 (Unaudited): (Restated)</b>			
Revenue from external customers	277,102	11,377	288,479
Inter-segment revenue	<u>(1,752)</u>	<u>20,701</u>	<u>18,949</u>
Reportable segment revenue	<u><u>275,350</u></u>	<u><u>32,078</u></u>	<u><u>307,428</u></u>
<b>Segment profit:</b>			
<b>Six months ended 30 June (Unaudited)</b>			
2017	177,272	12,613	189,885
2016 (Restated)	<u><u>139,102</u></u>	<u><u>20,318</u></u>	<u><u>159,420</u></u>

## APPENDIX I SUPPLEMENTAL FINANCIAL INFORMATION OF THE GROUP

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

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
		<i>(Restated)</i>
<b>Revenue</b>		
Reportable segment revenue	415,004	307,428
Elimination of inter-segment revenue	<u>(13,406)</u>	<u>(18,949)</u>
<b>Consolidated revenue</b>	<u><u>401,598</u></u>	<u><u>288,479</u></u>
<b>Profit</b>		
Reportable segment profit	189,885	159,420
Other revenue	—	7
Depreciation and amortisation	(26,300)	(23,682)
Unallocated head office and corporate expenses	<u>(8,893)</u>	<u>(6,806)</u>
<b>Consolidated profit before taxation</b>	<u><u>154,692</u></u>	<u><u>128,939</u></u>

### 8. Property, plant and equipment

During the Period, the Group acquired property, plant and equipment totalling US\$183,391,000 (six months ended 30 June 2016: US\$148,756,000).

### 9. Intangible assets

The intangible assets include the casino licence premium, and the exclusivity premium of the casino licence for the exclusivity period to the end of 2035; in total consideration of US\$108,000,000, less accumulated amortisation of US\$43,572,000 (31 December 2016: US\$41,799,000).

### 10. Promissory notes

The promissory notes (the “Promissory Notes”) in total amount of RUB469,100,000 (approximately US\$9,114,000) (31 December 2016: US\$8,647,000) bought from a bank in Russia 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. The Promissory Notes were pledged to the same bank for issuance of a bank guarantee amounting to RUB400,000,000 in favour of Primorsky Krai Development Corporation for the Group’s gaming and resort development project in Russia.

## APPENDIX I SUPPLEMENTAL FINANCIAL INFORMATION OF THE GROUP

### 11. Trade and other receivables

	<b>30 June 2017</b>	<b>31 December 2016</b>
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Trade receivables, net of allowance for impairment loss	58,908	27,975
Deposits, prepayments and other receivables	<u>54,073</u>	<u>44,584</u>
	<u><u>112,981</u></u>	<u><u>72,559</u></u>

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

	<b>30 June 2017</b>	<b>31 December 2016</b>
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Current to within 1 month	47,991	22,213
1 to 3 months	1,743	2,182
3 to 6 months	6,137	1,494
6 to 12 months	2,636	1,144
More than 1 year	<u>401</u>	<u>942</u>
	<u><u>58,908</u></u>	<u><u>27,975</u></u>

The credit policy for gaming receivables is five to thirty days (31 December 2016: five to thirty days) from end of tour. The credit policy on non-gaming receivables is thirty days from end of month (31 December 2016: thirty days from end of month).

### 12. Trade and other payables

	<b>30 June 2017</b>	<b>31 December 2016</b>
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Trade payables	3,502	2,624
Unredeemed casino chips	18,464	12,305
Deferred revenue	1,211	1,170
Deposits	667	339
Construction creditors	6,777	5,826
Accruals and other creditors	<u>17,561</u>	<u>14,705</u>
	<u><u>48,182</u></u>	<u><u>36,969</u></u>



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## APPENDIX I SUPPLEMENTAL FINANCIAL INFORMATION OF THE GROUP

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

	<b>30 June 2017</b>	<b>31 December 2016</b>
	<i>US\$'000</i>	<i>US\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Due within 1 month or on demand	3,502	2,463
Due after 1 month but within 3 months	—	31
Due after 3 months but within 6 months	—	47
Due after 6 months but within 1 year	—	65
Due after 1 year	—	18
	<u>3,502</u>	<u>2,624</u>

### 13. Convertible bonds

On 17 May 2016 and 30 December 2016, the Company issued the NagaCity Walk Convertible Bonds and the TSCLK Complex Convertible Bonds (which together comprise the Convertible Bonds) with a principal amount of US\$94,000,000 and US\$275,000,000 on a perpetual basis with no maturity date in relation to the acquisition of TanSriChen (Citywalk) Inc. and TanSriChen Inc. respectively. The Convertible Bonds are unsecured and denominated in United States dollars (“US\$”). The Convertible Bonds can be converted into Shares at the option of the Bondholder in accordance with terms of the Convertible Bonds. Based on the conversion price of HK\$1.5301 (equivalent to US\$0.1962) of the Convertible Bonds, 1,881,019,166 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds. Distributions on the Convertible Bonds will be equal to the dividends that would otherwise have been paid on the Conversion Shares. Distributions shall be paid to the Bondholder on the date on which the relevant dividend is paid to the Shareholders.

On initial recognition, the fair value of the Convertible Bonds amounting to US\$378,888,000 was included in equity.

The final distribution of US\$15,424,000 for the year ended 31 December 2016 was proposed in February 2017 and paid in June 2017.

Proposed distributions on the Convertible Bonds after the end of the reporting period amounted to US\$39,211,000 (six months ended 30 June 2016: US\$12,174,000).

### Proposed whitewash waiver

Reference is made to the Company’s announcements dated 13 June 2011, 28 December 2011, 29 December 2015, 17 May 2016, 30 December 2016, 28 March 2017, 18 April 2017 and 12 May 2017 respectively, the circular of the Company dated 30 December 2011 in relation to the Company’s acquisition of the TSCLK Complex Project and the NagaCity Walk Project and the circular of the Company dated 9 June 2017 in relation to the proposed conversion of the TSCLK Complex Convertible Bonds by Tan Sri Dr Chen Lip Keong (“Dr Chen”, the chief executive officer, an executive director and controlling shareholder of the Company, and the Bondholder) and the application for whitewash waiver pursuant to Note 1 on dispensations from Rule 26 of the Code in respect of any obligation of Dr Chen to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by Dr Chen which might otherwise arise as a result of the allotment and issue to Dr Chen and parties acting in concert with him of Conversion Shares pursuant to the conversion of the TSCLK Complex Convertible Bonds (the “Whitewash Circular”). All capitalized terms used but not defined in note 13 shall have the same meaning ascribed to such term in the Whitewash Circular.

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## **APPENDIX I SUPPLEMENTAL FINANCIAL INFORMATION OF THE GROUP**

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It was subsequently disclosed by the Company on 23 June 2017 (the “Supplemental Whitewash Announcement”) that Dr Chen had decided (subject to certain conditions) to convert the TSCLK Complex Convertible Bonds and NagaCity Walk Convertible Bonds concurrently (the “Proposed Concurrent Conversions”). It was further disclosed in the Supplemental Whitewash Announcement that, after careful consideration of the market responses, Dr Chen (i) had decided to concurrently exercise the conversion rights in respect of both the TSCLK Complex Convertible Bonds in full in the outstanding aggregate principal amount of US\$275,000,000 and the NagaCity Walk Convertible Bonds in full in the outstanding aggregate principal amount of US\$94,000,000; and (ii) agreed to voluntarily waive his entitlement to the adjusted conversion price under the NagaCity Walk Convertible Bonds as a result of the conversion of the TSCLK Complex Convertible Bonds which would otherwise apply under the relevant bond instruments, such that the conversion price under the NagaCity Walk Convertible Bonds would also be HK\$1.5301 (same as the conversion price under the TSCLK Complex Convertible Bonds) instead of a conversion price of HK\$0.6582 which would otherwise apply under the relevant bond instruments.

As disclosed in the Company’s announcement dated 5 July 2017 concerning an adjournment of the extraordinary general meeting which was originally scheduled to be held on 21 July 2017, it is expected that the Company will issue the supplemental whitewash circular containing, among other things: (a) information about the Proposed Concurrent Conversions; (b) the revised letter from the Independent Board Committee; (c) the revised recommendations from the Independent Financial Adviser, together with a revised notice of the extraordinary general meeting setting out the revised resolution and a revised form of proxy, by no later than 14 July 2017. The Company will make further announcement if and when appropriate and comply with relevant requirements under the Code and/or the Listing Rules.

### **3. INDEBTEDNESS STATEMENT**

As at the close of business on 31 May 2017, being the latest practicable date for the purpose of preparing this indebtedness statement, the Group has an amount due to a director of approximately US\$2,054,000.

As at the close of business on 31 May 2017, being the latest practicable date for the purpose of preparing this indebtedness statement, the Group has no contingent liability other than as disclosed in the section headed “2. Financial Statements” of Appendix I to the Whitewash Circular.

Save as disclosed in this section headed “Indebtedness Statement” and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, as at 31 May 2017, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, outstanding bank borrowings or indebtedness, including bank overdrafts or loans, mortgages, charges, other indebtedness in the nature of borrowing, finance lease or hire purchase commitments, guarantees or any other material contingent liabilities.

### **4. MATERIAL CHANGE**

The Directors confirm that, having taken into account the Interim Results Announcement, there is no material change in the financial or trading position or outlook of the Group since 31 December 2016, being the date to which the latest published audited consolidated financial statements of the Group were made up and up to the Supplemental Latest Practicable Date.

*The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of the incorporation in this Supplemental Circular, received from Colliers International (Hong Kong) Limited, an independent valuer, in connection with its valuation as at 30 June 2017 of the property interests of NagaCorp Ltd..*



Colliers International (Hong Kong) Ltd  
**Valuation & Advisory Services**

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19 July 2017

The Board of Directors  
NagaCorp Ltd.  
Samdech Techo Hun Sen Park  
Phnom Penh  
The Kingdom of Cambodia

Dear Sirs,

**RE: Valuation of NagaCorp Ltd. portfolio of properties:**

- (1) NagaWorld - located to the south of Samdech Hun Sen's Park and east of the Ministry of Culture and Religion Land, Phnom Penh, The Kingdom of Cambodia ("Naga I")
- (2) TSCLK Integrated Complex - located across from Naga I at Lot 1, Village 1, Sangkat Tonle Basaac, Khan Chamkamon, Phnom Penh, the Kingdom of Cambodia ("Naga II")
- (3) NagaCity Walk - located underneath the south sidewalk of NagaWorld and connected to the TSCLK Integrated Complex, Phnom Penh, the Kingdom of Cambodia ("NagaCity Walk")
- (4) NagaWorld FBO Hangar facility - located at Phnom Penh International Airport, Phnom Penh, the Kingdom of Cambodia ("FBO Hangar")
- (5) The Primorsky Entertainment Resort City (PERC) gaming and entertainment resort currently under development - located in IEZ Primorye, Artem, circa 50 km from Vladivostok, The Russian Federation ("Vladivostok")
- (6) Office Unit No. 2806 on 28th Floor, Central Plaza, No. 18 Harbour Road, Wanchai, Hong Kong (Hong Kong)

**INSTRUCTIONS**

In accordance with your instructions to provide opinions of the market values of the above properties (hereinafter referred to as “the Properties”) held by NagaCorp Ltd. (the “Company” and together with its subsidiaries the “Group”) in the Kingdom of Cambodia, Hong Kong and the Russian Federation, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for providing you with our opinions pursuant to the requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong of the value as at 30 June 2017 (the “date of valuation” or “Valuation Date”).

**PURPOSE OF VALUATIONS**

For incorporation into a public circular pursuant to the requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong.

**BASIS OF VALUATION**

Our valuations are made on the basis of Market Value which is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

**THE VALUERS**

The valuations have been carried out by:-

Govinda Singh FCCA FCMA MRICS is a member of the Royal Institution of Chartered Surveyors, a registered valuer and a chartered certified accountant. He is suitably qualified to carry out the valuation and has over 10 years’ of experience in the valuation of properties of this magnitude and nature. He has over 17 years of global experience in the hotels, gaming, tourism, and hospitality and leisure industry including across Asia.

David Faulkner FRICS FHKIS RPS (GP) MAE is a Fellow of the Royal Institution of Chartered Surveyors, a Fellow of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor under the Surveyors Registration Ordinance (Cap. 417) in the Hong Kong Special Administrative Region (“Hong Kong”). He is suitably qualified to carry out the valuation and has over 36 years’ of experience in the valuation of properties of this magnitude and nature, and over 30 years of experience in Hong Kong and various Asian countries.

Neither the valuers nor Colliers International (Hong Kong) Limited are aware of any pecuniary interest or conflict that could reasonably be regarded as being capable of affecting the ability to give an unbiased and objective, opinion of the value of the Properties.

**VALUATION STANDARDS**

In valuing the Properties, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and Rule 11 of The Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong. Our valuation has been carried out in accordance with the Hong Kong Institute of Surveyors Valuation Standards on Properties (2012 Edition) published by the Hong Kong Institute of Surveyors and the International Valuation Standards of the International Valuation Standards Council (ISVC). Colliers International (Hong Kong) Limited is accredited under ISO 9001:2008.

**VALUATION RATIONALE**

We have considered three valuation methods in valuing the Properties. These are:

- (i) Market Approach;
- (ii) Income Approach - Direct Capitalisation Method; and
- (iii) Cost Approach.

**Market Approach** - We have considered the Market Approach by making reference to comparable sales or asking prices as available in the market for Properties (1), (2) and (3) above. Comparison is based on prices realised on actual transactions, asking price of ‘comparable’ properties or offerings. Comparable properties with ‘similar’ operations, sizes, character and locations are analysed, and carefully weighed against all respective advantages and disadvantages of each property in order to arrive at a fair comparison of value.

**Direct Capitalisation Method** - We have supported our valuations using the Direct Capitalisation method. This is done by applying a simple multiple or capitalisation rate to the level of rent or net income that a property can be expected to generate. We have assumed that the Company will continue to manage and operate the Properties in a competent and efficient manner. The multiple and capitalisation rates are derived from market rates of return for such investments taking into account the established performance of the property, its location and the risk profile of each individual asset.

**Cost Approach** - In valuing the property interests of Properties (4), (5) and (6) listed above, we have adopted the Cost Approach, which is defined as “providing an indication of value using the economic principal that a buyer will pay no more for an asset than the cost to obtain an asset of quality, whether by purchase or construction”. This can be further described as current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

**TITLE INVESTIGATIONS**

We have seen the original copies of various title documents including copies of the leases, licences and official plans relating to the property interests and have made relevant enquiries.

In regards to the subsisting mortgages and title investigation, we have been advised by the Company to assume that all titles and licences are in order. We are not aware of any title defects, easements, or right of way affecting the Properties, and our valuations assume that none exists, except where stated.

All legal documents disclosed in this letter and valuation certificates are for reference only. No responsibility is assumed for any legal matters concerning the legal title to the property interests set out in this letter or in the valuation certificates.

### **INFORMATION**

We have relied to a considerable extent on the information provided by the Company on such matters as tenancy schedules, statutory notices, easements, tenure, floor areas, building plans and all other relevant matters. Dimensions, measurements and areas included in the valuation are based on information contained in the documents provided to us and are, therefore, only approximations.

We have also been advised by the Company that no material factors or information have been omitted or withheld from the information supplied and we consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuations are reasonable and we have no reason to doubt the truth and accuracy of the information and materials for the valuations provided to us by the Company, which we assume to be accurate and fit to use for such purposes.

### **SITE INSPECTION**

Inspection of Properties (1), (2), (3) and (4) located in Cambodia was carried out on 20 June 2017 by Govinda Singh.

He has inspected the exteriors and, where possible, the interiors of Properties (1), (2), (3) and (4). However, we have not carried out investigations to determine the suitability of the ground conditions and services for any development thereon. Our valuations have been prepared on the assumption that these aspects are satisfactory. No structural survey has been made, but, in the course of our inspection, we did not note any serious defects. No environmental investigations were carried out and we are unable to report whether the Properties are free of rot, infestation or any other environmental issue. No tests were carried out on any of the services.

We have not carried out detailed on-site measurements to verify the correctness of the floor areas in respect of the Properties but have assumed that the areas shown on the documents and plans provided to us are correct.

No inspection has been made of the Vladivostok property and we have had to rely on the information presented to us by the Company as to the state of the land and development as at the date of valuation. We also had regard to land values in the region in forming our opinion of value for this property.

**VALUATION ASSUMPTIONS**

Our valuation has been made on the assumption that the property interests can be sold in the open market in their existing state, with the benefit of vacant possession, without the benefit of deferred term contract, leaseback, joint venture, management agreement or any similar arrangements which could affect the value of the property interest.

No allowance has been made in our valuation for any charges, mortgages or amounts owing neither on the property interest valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interest is free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

All information on the Properties provided by the Company is assumed to be accurate and correct.

We have seen and verified with lawyers, in addition to obtaining confirmation from the relevant land registry, all proper ownership titles. We have also seen all relevant planning and other approvals for all the Properties, which have been properly obtained, and all payable land premiums, land-use rights fees and other relevant fees have been fully settled and the Properties can be freely transferred, sublet, mortgaged or otherwise disposed of.

We have discussed all titles and other approvals obtained with management of the Company, and they have provided assurances that good and alienable title to the land use rights of the Property can be proved to be free from any unduly onerous or unusual covenants, restrictions or outgoings. In addition, we have received assurances from management of the Company that all relevant approvals and licence obtained are legal and valid.

We have obtained further written confirmation from the legal firm, HML Law Group & Consultants, that they have independently verified all titles, permits and approvals for the Properties in Cambodia, and have found these to be in good order. We have relied on this assertion in arriving at our opinion of value for the Properties.

For the Property in Vladivostok, we have obtained an official copy of the registered lease with the Land Registry, which is in good order.

All Properties have the required permits and licenses in place to operate.

We have been provided with the tenancy schedule of the Property (3). However, we have not examined the standard tenancy agreement, the licence agreement, the gaming licence or lease documents for each specific tenancy. Our assessment is based on the assumption that all leases are executed and in accordance with the provisions stated in the tenancy schedules provided to us. We assume that all tenancies are valid, binding and enforceable.

We have not carried out any valuation on a redevelopment basis, nor the study of possible alternative options.

No acquisition costs or disposal costs have been taken into account in the valuations.

We have assumed there are no environmental issues or problems affecting the properties.

Additional specific valuation assumptions used, for each of the Properties, are shown on the attached valuation certificates.

### **CURRENCY**

Unless otherwise stated, all monetary figures stated in this report are in United States dollars (US\$).

Our valuation certificates are attached.

### **DISCLOSURE**

This report is furnished for the purposes stated, and for no other use, without the express permission of Colliers international (Hong Kong) Limited. The report is subject our standard caveats and assumptions attached hereto.

### **VALUATIONS**

Our valuation of the subject assets are set out on the valuation certificates attached hereto, which together with this covering letter form our valuation report.

Yours sincerely,

For and on behalf of

**Colliers International (Hong Kong) Limited**

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Govinda Singh  
*FCCA FCMA MRICS*  
Director  
Valuation & Advisory Services — Asia

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David Faulkner  
*FRICS FHKIS RPS (GP) MAE*  
Managing Director  
Valuation & Advisory Services — Asia



## SUMMARY OF VALUES

## Property Interests owned by NagaCorp Ltd. in the Kingdom of Cambodia

No	Property	Market Value upon completion as at 30 June 2017
1.	NagaWorld Building located to the south of Samdech Hun Sen's Park and east of the Ministry of Culture and Religion Land, Phnom Penh, The Kingdom of Cambodia ("Naga I")	US\$1,900,000,000
2.	TSCLK Integrated Complex located at Lot 1, Village 1, Sangkat Tonle Basaac, Khan Chamkamon, Phnom Penh, the Kingdom of Cambodia ("Naga II")	US\$3,000,000,000
3.	NagaCity Walk located underneath the south sidewalk of NagaWorld and connecting to the TSCLK Integrated Complex, Phnom Penh, the Kingdom of Cambodia ("NagaCity Walk")	US\$128,000,000
4.	NagaWorld FBO Hangar facility located at Phnom Penh International Airport, Phnom Penh, the Kingdom of Cambodia ("FBO Hangar")	US\$44,000,000
	Sub-total:	<u>US\$5,072,000,000</u>

## Property Interests owned by NagaCorp Ltd. in the Russian Federation

No	Property	Market Value as at 30 June 2017
5.	Primorsky Entertainment Resort City (PERC), located at IEZ Primorye, Artem, circa 50 km from Vladivostok, The Russian Federation ("Vladivostok")	US\$350,000,000
	<b>Sub-Total:</b>	<u>US \$350,000,000</u>

## Property Interests leased by NagaCorp Ltd. in Hong Kong

No	Property	Market Value as at 30 June 2017
6.	Office Unit No. 2806 on 28th Floor, Central Plaza, No. 18 Harbour Road, Wanchai, Hong Kong (Hong Kong)	No commercial value
	Sub-Total:	<u>Nil</u>
	Total:	<u>US\$5,422,000,000</u>

## VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of Occupancy	Market Value as at 30 June 2017
1. NagaWorld Building located to the south of Samdech Hun Sen's Park and the east of the Ministry of Cult and Religion Land, Phnom Penh, The Kingdom of Cambodia ("the Property")	<p>The Property comprises two blocks of buildings which includes a hotel and a casino within an entertainment complex completed in 2007.</p> <p>The Property is built on a land parcel that has a total area of approximately 14,160 sq m.</p> <p>The casino block is an 8-storey building with a total gross floor area of approximately 20,918 sq m.</p> <p>The hotel block is a 14-storey building with a total gross floor area of approximately 67,945 sq m which offers 713 guest rooms, conference and convention facilities, food and beverage, recreation facilities, spa, etc.</p> <p>The casino currently offers 154 VIP tables, 87 mass tables and 1,648 Electronic Gaming Machines (EGM).</p> <p>The Hotel / Casino portion is held for a term of 99 years commencing from 1st August 1996 for gaming, hotel and entertainment business purposes.</p>	Upon our inspection, and the information provided, the Property was occupied by the Company as an entertainment complex.	US\$1,900,000,000

*Notes:*

1. According to the lease agreement dated 27 February 1996 ("Lease Agreement") between Municipality of Phnom Penh ("Municipality") and International Land Company Limited ("ILC"), the land located between the south of Samdech Second Prime Minister's Park and the east of Cult Ministry land ("Hotel-Casino land parcel") with site area of about 14,160 sq.m has been granted to ILC for a lease term of 70 years commencing from 1 August 1996 and ILC is entitled to run the business of hotel and tourism services.
2. According to the supplementary agreement dated 16 August 2000, the Hotel-Casino land parcel has been transferred from ILC to Neptune Orient SDN Bhd ("NOSB") and NOSB has inherited the rights of ILC under the Lease Agreement dated 27 February 1996.
3. According to the Sale and Purchase of Leasehold Interest dated 30 August 2002 between NOSB and Naga Resorts & Casinos Limited ("NRCL"), the Hotel-Casino land parcel together with the improvements on the said land parcel was transferred to NRCL for a lease term of 70 years commencing from 1 August 1996.
4. According to the supplementary agreement dated 12 March 2008, the lease term for the Hotel-Casino land parcel was extended to 99 years from 1 August 1996.
5. The Company is capable to fully enjoy the rights and obligations encumbered under the Lease Agreement for a period up to 99 years while the renewal lease terms will be at the maximum of 50 years which is subject to agreement between parties.

6. The Company has been duly registered in Cambodia as a branch of a foreign company which can fully enjoy the rights and obligations conferred under the Lease Agreement. The Company can also hold ownership of the Hotel-Casino land parcel as long as the term of Lease Agreement.
7. The following assumptions and notes are further made in the course of our valuation:
  - i. the Property is able to be disposed of freely to local or overseas purchasers;
  - ii. the Property is to be delivered with immediate vacant possession;
  - iii. Naga Resorts & Casinos Limited is entitled to exclusively own the right of a casino license (“Casino Licence”). The Casino Licence grants the Company monopoly status for gaming activities until 2035 within a 200km radius of Phnom Penh;
  - iv. the Property is owner operated by Naga; and
  - v. the inspection was carried out by Govinda Singh on 20 June 2017. The Property was well maintained and in good condition at the time of visit.
8. The key parameters of our valuation are set out below.

The Property is mature in its market place and is located in the capital city of Cambodia, Phnom Penh. It benefits from its location in a core part of the city with relatively easy access to the international airport. It enjoys a monopoly on gaming within a 200 km radius of Phnom Penh which expires in 2035 i.e. circa 18 years remaining; with its current gaming licence expiring in 2065. Unlike properties in other jurisdictions such as Macau SAR, the Property has no restrictions on the number of tables and machines and gaming space it can offer. There are no other primary competitors in the Mekong region, with Singapore positioned as a more high-end destination.

The Property has a good mix of mass gaming versus VIP revenue, with the main source markets for the latter being Malaysia, Singapore, and Greater China. Mass gaming contributes a significantly highest gross profit margin than VIP gaming, and management continues to focus on driving this segment, whilst implementing initiatives to further improve VIP profitability.

The Property has a well-established historical performance with strong cash flows and high margins, aided by a low cost labour and tax environment in addition to its monopoly status. Between 2014 and 2016, gaming revenue at the property increased by a CAGR of 9.5%, underpinned by a 21% increase between 2014 and 2015, and an additional 6% in 2016.

As visitation and airlift to Phnom Penh continues to increase, the Property is likely to continue to benefit, however growth in performance may be limited by its current physical size, facilities and amenities.

### **Direct Capitalisation**

There is a dearth of transactions in the gaming sector in Asia. As such, we have mostly relied on anticipated capitalisation rates and valuation expectation by the market for such properties listed on The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”), for comparison purposes. This has then been adjusted to reflect the risk profile of the Property’s operating environment.

As a supporting approach to the valuation, we have also taken into account the direct capitalisation method based on a multiple of net income. This is made in reference to that expected to be achieved by the property’s peers, and then adjusted to reflect the discrepancies, product offering and operating environment. According to market analysts reports the expected

enterprise value/EBITDA for Hong Kong listed Macau gaming properties is on average 18.8x. We have applied a multiple of 8.5x, a discount of 55%, to the expected net income for the Property. This represents a capitalisation rate (cap rate) of 11.8%, a significant premium on the 5.4% expected for Macau properties, and reflects the desired country and equity risk premium required for investments in Cambodia.

#### Potential Tax Liability

For compliance with Rule 11.3 of the Codes on Takeovers and Mergers and Shares Buy-backs, we have discussed any potential tax liability that may result from a sale of the Property. There is no capital gains tax in Cambodia, with any net capital gains treated as income and subject to income tax at 20%. The Company is exempt from income tax on gaming activities.

As advised by the Company, there is no intention to dispose of the Property. Therefore the likelihood of any potential tax liability is remote.

### VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of Occupancy	Market Value 'as is' as at 30 June 2017												
2. TSCLK Integrated Complex, Lot 1, Village 1, Sangkat Tonle Basaac, Khan Chamkamon, Phnom Penh, the Kingdom of Cambodia ("the Property")	<p>The Property is located close to the junction of Boulevard Samdach Preah Sihanouk and Preah Sisovath. It is bounded by the Cambodia Korea Cultural Center to the north, the Belgium Honorary Consulate to the west, and the new Electoral Commission building. It is opposite to, and connects to the existing Naga I property via an underground walkway (NagaCity Walk).</p> <p>According to the development scheme provided by the Company, the proposed development is an integrated building consisting of a hotel, casino, retail, car parking, and entertainment facilities. It has a site area of about 7,766 sq m. The site is generally levelled and roughly 'L' shaped.</p> <p>The total gross floor area of the Property is approximately 108,764 sq m with the following usage:</p> <table border="1"> <thead> <tr> <th>Usage</th> <th>Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Hotel (902 rooms)</td> <td>54,593</td> </tr> <tr> <td>Casino</td> <td>28,666</td> </tr> <tr> <td>Theatre</td> <td>5,748</td> </tr> <tr> <td>Car park (392 spaces)</td> <td>19,757</td> </tr> <tr> <td>Total</td> <td>108,764</td> </tr> </tbody> </table> <p>The casino will offer 100 VIP tables, 200 mass tables and 2,000 Electronic Gaming Machines (EGM). The land is leased for a period of 99 years from December 2011.</p>	Usage	Gross Floor Area (sq.m.)	Hotel (902 rooms)	54,593	Casino	28,666	Theatre	5,748	Car park (392 spaces)	19,757	Total	108,764	<p>Upon our inspection and the information provided, the Property was being developed by the Company as an entertainment complex.</p>	<p>US\$3,000,000,000</p> <p><b>Market Value 'upon completion' as at 30 June 2017</b></p> <p>US\$3,000,000,000</p>
Usage	Gross Floor Area (sq.m.)														
Hotel (902 rooms)	54,593														
Casino	28,666														
Theatre	5,748														
Car park (392 spaces)	19,757														
Total	108,764														

By Sor Chor No 23, the Company obtained planning approval on 28 October 2011, with the Construction Permit granted under Sor Chor No 90 on 17 August 2015. The Property is in its final stages of construction completion, with a targeted completion in September, and soft opening date of October, 2017. Total development cost is expected to be US\$285,000,000. We have been advised by the Company that construction costs outstanding at the date of valuation amounted to US\$14,000,000.

Given the stage of completion, and total development costs already committed, we are of the opinion that the market value 'as is' is the same that of 'as upon completion'.

*Notes:*

1. In accordance with the information provided by Company, the registered owner of the Property is "TanSriChen Inc." ("TSCI").
2. We are instructed by the Company to assess the market value of the Property upon completion of the proposed development above and we are advised the completion date for the proposed development would be within a year from the date of valuation.
3. In the course of our valuation, we have been provided with the following information:
  - i. Based on the relevant Sor Chor Nor n. 419 and 500, the Royal Government of Cambodia has granted TSCI the legal and effective ownership of the land subject to the issuance of land title and the fulfillment of certain procedural conditions. The Company does not foresee any legal impediment with regard to issuance of the land title in the name of TSCI as the owner once TSCI performs all requirements before filing request for registration.
  - ii. The Company has been duly registered in Cambodia as a branch of a foreign company which can fully enjoy the rights and obligations conferred under the Lease Agreement dated 27 February 1996 between Municipality and ILC ("Lease Agreement"). The Company can also hold ownership of the Hotel-Casino land parcel as long as the term of Lease Agreement.
  - iii. The Company is capable to fully enjoy the rights and obligations encumbered under the Lease Agreement for a period up to 99 years from December 2011, while the renewal lease terms can be negotiated not less than two years from the expiry of the current term.
  - iv. The Company is able to fully enjoy the rights over the Hotel-Casino land parcel and legally operate it as long as the Lease Agreement.
  - v. Naga Resorts & Casinos Limited is entitled to exclusively own the right of the Casino License.
4. The following assumptions are made in addition in the course of our valuation:
  - i. the Property is able to be disposed of freely to local or overseas purchasers upon the completion of the proposed development;
  - ii. the Property is to be delivered with immediate vacant possession upon the completion of the proposed development; and
  - iii. the Property was inspected on 20 June 2017 and it was noted that construction was well underway to meet the anticipated opening date.

5. The key parameters of our valuation are set out below.

The Property is located in the capital city of Cambodia, Phnom Penh and benefits from its location in a core part of the city with relatively easy access to the international airport. It enjoys a monopoly on gaming within a 200 km radius of Phnom Penh which expires in 2035 i.e. circa 18 years remaining; with its current gaming licence expiring in 2065. Unlike properties in other jurisdictions such as Macau SAR, the Property has no restrictions on the number of tables and machines and gaming space it can offer. There are no other competitors in the Mekong region, with Singapore seen as a more high-end destination. Furthermore, the Property will have a unique offering different from that in other Asian jurisdictions, given its low cost environment and attraction as a more affordable entertainment destination, for example, compared to that in Macau and Singapore.

The Property is set to complement the existing and well established Naga I property, and is expected to capture existing frustrated and latent demand currently being experienced at the existing property. It will offer a significantly higher number of tables and games compared to the existing Naga I, and will be positioned at attracting the higher margin mass gaming market, which will be combined with a strong VIP gaming offering, and significant non-gaming amenities. We expect the property to build on the success of Naga I, with strong cash flows and high margins, aided by a low cost labour and tax environment in addition to its monopoly status, and maturing in the fourth full year of its operations.

As visitation and airlift to Phnom Penh continues to increase, the Property is likely to continue to benefit, however growth in performance may be limited by its current physical size of facilities and amenities.

#### **Direct Capitalisation**

There is a dearth of transactions in the gaming sector in Asia. As such, we have mostly relied on anticipated capitalisation rates and valuation expectation by the market for such properties listed on the Hong Kong Stock Exchange for comparison purposes. This has then been adjusted to reflect the risk profile of the Property's operating environment.

As a supporting approach to the valuation, we have also taken into account the direct capitalisation method based on a multiple of net income. This is made in reference to that expected to be achieved by the property's peers, and then adjusted to reflect the discrepancies, product offering and operating environment. According to market analysts reports the expected enterprise value/EBITDA for Hong Kong listed Macau properties is on average 18.8x. We have applied a multiple of 8.0x, a discount of 57%, to the expected net income for the Property in its stabilised year. This represents a cap rate of 12.5%, a significant premium on the 5.4% expected for Macau properties, and reflects the desired country and equity risk premium required for investments in Cambodia.

#### **Potential Tax Liability**

For compliance with Rule 11.3 of the Codes on Takeovers and Mergers and Shares Buy-backs, we have discussed any potential tax liability that may result from a sale of the Property. There is no capital gains tax in Cambodia, with any net capital gains treated as income and subject to income tax at 20%. The Company is exempt from income tax on gaming activities.

As advised by the Company, there is no intention to dispose of the Property. Therefore the likelihood of any potential tax liability is remote.

## VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of Occupancy	Market Value as at 30 June 2017												
3. NagaCity Walk located underneath the south sidewalk of Naga I and connecting to Naga II, Phnom Penh, the Kingdom of Cambodia (“the Property”)	<p>NagaCity Walk is located underneath the south sidewalk of NagaWorld and directly connects to the Naga II development.</p> <p>It is a retail walkway with the ground floor and lower ground levels connecting to the existing NagaWorld building, the proposed TSCLK Integrated Complex and the Tourist Park development at its western and eastern ends respectively. It has a site area of about 8,184.5 sq m. The site is generally levelled and roughly rectangular-shaped.</p> <p>NagaCity Walk development has a total gross floor area of approximately 9,823 sq m for retail use. The area breakdown is as follows:</p> <table border="1"> <thead> <tr> <th>Level</th> <th>Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Ground Floor</td> <td>1,413</td> </tr> <tr> <td>Lower Ground Floor</td> <td>7,487</td> </tr> <tr> <td>Mezzanine</td> <td>790</td> </tr> <tr> <td>Roof</td> <td>133</td> </tr> <tr> <td>Total</td> <td><u>9,823</u></td> </tr> </tbody> </table> <p>The Property was completed in 2016. According to the information provided, the NagaCity Walk will be held under a long lease term as being of leasehold tenure for a term up to 50 years.</p> <p>It is currently let to one tenant who then sub-lets individual units.</p>	Level	Gross Floor Area (sq.m.)	Ground Floor	1,413	Lower Ground Floor	7,487	Mezzanine	790	Roof	133	Total	<u>9,823</u>	Upon our inspection and the information provided, the Property was occupied by a tenant as a high-end duty free retail mall.	US\$128,000,000
Level	Gross Floor Area (sq.m.)														
Ground Floor	1,413														
Lower Ground Floor	7,487														
Mezzanine	790														
Roof	133														
Total	<u>9,823</u>														

*Notes:*

1. According to the Company, the registered owner of the Property is “TAN SRI CHEN INC. (T S C I)” (“TSCI Cambodia”).
2. In the course of our valuation, we have been provided with the following information:
  - i. By Kor Sor Phor Vi No 120, which was approved in May 2012 by the Governor of Phnom Penh, and June 2012 by the Ministry of Economy and Finance, a lease of 50 years was granted to TSCI Cambodia by MPP starting from the date of the agreement.
3. The following assumptions are made in the course of our valuation:
  - i. the Property is able to be disposed of freely to local or overseas purchasers upon the completion of the proposed development;

- ii. the Property is to be delivered with immediate vacant possession; and
  - iii. the Property was inspected by Govinda Singh on 20 June 2017 and appears to be in good condition being a modern purpose built facility.
4. In undertaking the valuation of the retail unit for lease of the Property, we have adopted the following major assumptions based on the Property's actual net income, analyzed market data found and the professional judgement of the valuer. The salient details are as follows:

The property is wholly let to one tenant for a period of 10 years and 6 months as of the earlier of the completion of the facilities (August 2016) and the opening of Naga II (Q3 2017). The tenant has a good parent guarantee in place.

The Property is located at the lower ground level connecting Naga I and Naga II and benefits from significant onsite footfall both from the casino and wider area. Opened in August 2016, it is still going through its growth period, with this set to be extended upon the opening and ramp-up of Naga II. The Property offers a wide variety of high-end and luxury duty free shops with relatively few comparable shopping malls in the area. It is the only extensive on-site duty free shopping facility and benefits from its location connecting the two Naga integrated resorts.

#### **Direct Capitalisation**

As a supporting approach to the valuation, we have also taken into account the direct capitalisation method based on a multiple of net income. This is made in reference to that expected to be achieved by the property's peers, and then adjusted to reflect the discrepancies, product offering and operating environment. There is a dearth of transactions in the Cambodia market, however we are aware of recent sales of strata titles being sold at an adjacent mixed-use development. Reports indicate that these have been transacting at yields of 6% or 16.7x. This is in line with shopping malls in other key capital cities such as Bangkok. We have applied a multiple of 11.5x, a discount of 31%, to the expected rent for the Property. This represents a cap rate of 8.7%, a significant premium on desired retail yields in the more established capital cities of South East Asia.

#### **Potential Tax Liability**

For compliance with Rule 11.3 of the Codes on Takeovers and Mergers and Shares Buy-backs, we have discussed any potential tax liability that may result from a sale of the Property. There is no capital gains tax in Cambodia, with any net capital gains treated as income and subject to income tax at 20%. The Company is exempt from income tax on gaming activities.

As advised by the Company, there is no intention to dispose of the Property. Therefore the likelihood of any potential tax liability is remote.



## VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of Occupancy	Market Value 'as is' as at 30 June 2017								
4. NagaWorld FBO Hangar Facility at Phnom Penh International Airport, Phnom Penh, the Kingdom of Cambodia ("the Property")	<p>The Property is located within Phnom Penh International Airport which is 10 km west of Phnom Penh city centre.</p> <p>According to the development scheme provided by the Company, it is a fixed-base operator (FBO) with hangar facility to provide aeronautical services. The hangar facility has a site area of about 7,500 sq m. The site is generally levelled and roughly rectangular-shaped.</p> <p>The Property consists of two plots of leasehold land, and is currently under construction. Facilities will include:</p>	Upon our recent inspection and the information provided, the Property was under construction.	US\$44,000,000								
			<p><b>Market Value 'upon completion' as at 30 June 2017</b></p> <p>US\$44,000,000</p>								
	<table border="0"> <tr> <td>Hangar building and M&amp;E</td> <td>-6,755 sq m</td> </tr> <tr> <td>FBO building</td> <td>-2,308 sq m</td> </tr> <tr> <td>Car park (49 spaces)</td> <td>-1,657 sq m</td> </tr> <tr> <td>Total</td> <td>- 9,063 sq m</td> </tr> </table>	Hangar building and M&E	-6,755 sq m	FBO building	-2,308 sq m	Car park (49 spaces)	-1,657 sq m	Total	- 9,063 sq m		
Hangar building and M&E	-6,755 sq m										
FBO building	-2,308 sq m										
Car park (49 spaces)	-1,657 sq m										
Total	- 9,063 sq m										

By Sor Chor No 126, the Company obtained planning and construction approval on 3 September 2014. The Property is in its final stages of construction completion, with a targeted completion and soft opening date of October 2017. Total development cost is expected to be US\$44,000,000.

Given the stage of completion, and total development costs already committed, we are of the opinion that the market value 'as is' is the same that of as 'upon completion'.

*Notes:*

1. The registered owner of the Property is NagaWorld Ltd.
2. The Property includes two plots of leasehold land: via Sor Chor no. 33 dated 8 January 2013, a 7,500 sq m plot of land for a period of 25 years for the provision of hangar facilities. The second plot of land is for a 3,000 sq m site and for an initial period of 10 years, with consecutive five year renewals. This site is to be used for car parking, storage and sewage disposal facilities to support the hangar activities.
3. The following assumptions are made in the course of our valuation:
  - i. the Property is able to be disposed of freely to local or overseas purchasers upon the completion of the proposed development;
  - ii. the Property is to be delivered with immediate vacant possession upon the completion of the proposed development; and

- iii. a brief site inspection was done by Govinda Singh on 20 June 2017 and construction appears well underway to meet the targeted completion date.
4. In undertaking the valuation of the Property, we have adopted the following major assumptions based on the Property's actual cost and the professional judgement of the valuer. The salient details are as follows:

For the Property at Phnom Penh International Airport, which is held under development by the Group, we have valued in accordance with the latest development proposal provided to us using the cost approach. In addition, we have taken into consideration the construction costs that have already been expended and the outstanding construction costs (based on the signed contracts) that will be expended to complete the development to reflect the quality of the completed development. This is based on actual expenditure provided by the Company and are as recorded in the latest financial statements.

The Property is a specialized building, built on leased government owned land within the existing airport grounds, which will be used to mainly handle VIP guests arriving on the Group's airlines in Phnom Penh. It is currently wholly near completion with commencement of operations expected in Q3 2017. Upon completion the Property will include a hangar together with commensurate facilities, storage and car parking.

#### **Potential Tax Liability**

For compliance with Rule 11.3 of the Codes on Takeovers and Mergers and Shares Buy-backs, we have discussed any potential tax liability that may result from a sale of the Property. There is no capital gains tax in Cambodia, with any net capital gains treated as income and subject to income tax at 20%. The Company is exempt from income tax on gaming activities.

As advised by the Company, there is no intention to dispose of the Property. Therefore the likelihood of any potential tax liability is remote.

## VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of Occupancy	Market Value 'as is' as at 30 June 2017
5. The proposed development in Vladivostok under the name 'Primorsky Entertainment Resort City' (PERC), the Russian Federation ("the Property")	<p>The Property is located within IEZ Primorye, in Artem, around 50 km from Vladivostok. IEZ Primorye is a special zone created by The Russian Federation for the specific purpose of gaming and entertainment activities.</p> <p>According to the development scheme provided by the Company, the proposed development will be phased with Phase 1 being an integrated building consisting of a hotel, casino, retail, car parking, and entertainment facilities. It has a site area of about 47,451 sq m. The site has a long beach front and is generally levelled.</p> <p>The total gross floor area of the Property is approximately 55,839 sq m.</p>	We have not inspected this property and have relied upon the information provided to us by the Company and the Project Manager. We have been instructed that land clearing and piling has commenced on the site.	<p>US\$350,000,000</p> <p><b>Market value 'upon completion' as at 30 June 2017</b></p> <p>US\$615,000,000</p>

<u>Usage</u>	<u>Gross Floor Area (sq.m.)</u>
Hotel (300 rooms)	17,171
Casino	2,468
Meetings and events	1,954
F&B, Entertainment, Circulation etc	31,310
Retail	677
Car park	<u>2,259</u>
Total	<u>55,839</u>

Phase 1 of the development is expected to be completed in 2019. The casino will offer 100 tables and 500 electronic gaming machines. In addition, it will have 300 hotel rooms. The land is leased for an initial period of 10 years after which, following completion of the development, it will revert to a freehold title.

The Company obtained planning approval to begin construction upon signing of sub-lease No1 dated 6 September 2013. The Property is in its initial stages of construction completion, with a targeted soft opening date in Q1 2019. A design and build contract was awarded to the sum of US\$299.5m on 1 July 2016, and construction has begun on the site, with an anticipated completion date of October 2018. We are aware that the investment agreement between the Group and the Primorsky Krai Development Corporation, the state licensor, dated September 2013, requires a minimum investment of US\$350,000,000 to fulfill all conditions of granting the casino licence which was dated April 2016. Once the full amount is invested, the gaming licence is assumed as automatically granted under the terms of the investment agreement. We are aware that as 28 February 2017 US\$8.3m has already been expended on the development. This is in addition to the design and build contract awarded. The estimated total development is therefore expected to be circa US\$350,000,000.

Given the stage of completion, and total development costs already committed, together with the capital expected to be invested to fulfil the requirements of the casino licence, we are of the opinion that the market value of the Property ‘as is’, is US\$350,000,000, and, ‘upon completion’, US\$615,000,000.

*Notes:*

1. The registered owner of the Property is the Company according to the novation agreement dated 6 September 2013. The land is leased from the Primorsky state government for an initial period of 10 years after which we are told by the Company that it can acquire the freehold for a nominal consideration, providing the development conditions are met. The entire plot consists of four parcels:
  - a. Lot 20 – 53,236 sq m
  - b. Lot 21 – 27,672 sq m
  - c. Lot 22 – 115,834 sq m (Phase 1)
  - d. Lot 25 – 19,341 sq m
2. The following assumptions are made in the course of our valuation:
  - i. the Property is able to be disposed of freely to local or overseas purchasers upon the completion of the proposed development;
  - ii. the Property is to be delivered with immediate vacant possession upon the completion of the proposed development;
  - iii. the Property will be completed in accordance with the development schedule advised to us, without any unexpected or unforeseen delay; and
  - iv. We assume that the company will seek and obtain the freehold interest in the land without undue problem upon completion of the proposed development.
3. In undertaking the valuation of the Property, we have adopted the following major assumptions based on the analyzed market data found and the professional judgement of the valuer. The salient details are as follows:

**Cost Approach**

For the property in Vladivostok, which is held under development by the Group, we have valued in accordance with the latest development proposal provided to us using the cost approach. We have assumed that the Property will be completed in accordance with the Group’s latest development proposals provided to us and the relevant approvals for the proposals have been obtained. We have also taken into account the cost of development including construction costs, finance costs, professional fees and developer’s profit which duly reflects the risks associated with the development of the property. In addition, we have taken into consideration the construction costs that have already been expended and the outstanding construction costs (based on the signed contracts) that will be expended to complete the development to reflect the quality of the completed development.

We have not visited the site have relied heavily on the Company and the project manager in regard to information regarding costs and construction progress.

We have taken into account the award of the construction contract and the capital commitment this entails, in addition to the specific zoning of the site and its highest and best use 'as is'. We have also been mindful of the Company's commitment to the project, together with the minimum investment requirement in order to retain the casino licence in arriving at our opinion of value under the cost approach for the property.

Vladivostok is located in the Northern Russian Far East region of Primorsky and is host to one of Russia's planned International Entertainment Zone (IEZ). The Property, once developed, will hold one of the four gaming licence to be allowed. It will benefit from its access to the unpenetrated Northern China and North Asia markets, with its low gaming tax (even lower than Cambodia) and favorable visa policy especially for Mainland China which should provide it with significant competitive advantages. The first integrated resort in the IEZ, Tigre de Cristal, opened in October 2016, and plans are already on the way for Phase II of its development. Analysts' expectations are that the market can reach US\$1.7bn by 2020, however there are some downside risks given that the territory is still relatively new, in addition to the inherent country risks.

In supporting our valuation we have also considered land values in the region. However, land transactions are sparse and mostly agricultural in nature with little relative value. The Property currently sub-leases 216,083 sq m of land from the state at US\$39,938 per annum. We understand from the Company that within 15 years following the completion of the integrated resort, the Company has an option to acquire the freehold title for a nominal sum. We have also carried our own further checks as to the likely costs that the Property will require to bring to fruition. Given that the design and build contract was only recently awarded, it is unlikely that costs would vary materially from that stated.

To further support our valuation, we have further considered, but not relied upon, the gross development value of the project less total costs to build.

Despite not carrying out an inspection of the Property, we are satisfied that we have enough information to undertake the valuation, subject to the assumptions as stated above.

#### **Potential Tax Liability**

For compliance with Rule 11.3 of the Codes on Takeovers and Mergers and Shares Buy-backs, we have discussed any potential tax liability that may result from a sale of the Property. There are no capital gains tax in The Russian Federation with any income subject to corporation (income) tax at a special rate of 0% as the Property is located in a Special Economic Zone designated for tourism purposes.

As advised by the Company, there is no intention to dispose of the Property. Therefore the likelihood of any potential tax liability is remote.

## VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of Occupancy	Market Value upon completion as at 30 June 2017
6. Office Unit No. 2806 on 28th Floor, Central Plaza, No.18 Harbour Road, Wanchai, Hong Kong (“the Property”)	<p>The Property is located in the northern part of Wanchai district, with Harbour Road to its north, Fleming Road to its east and Gloucester Road to its south.</p> <p>Central Plaza, being the third tallest building in Hong Kong, is a 78-storey office tower completed in 1992. Most of the units in the building enjoy an open harbor view. Public transportation such as bus, minibus and taxi are readily available nearby while MTR Wanchai Station can be reached by a short walk through a footbridge.</p> <p>As scaled off from the Approved Building Plan, the saleable area of the Property is approximately 462.17 sq m.</p> <p>The Property comprises certain shares of and in Inland Lot No. 8643 and is held under Conditions of Sale No.12060 for a term commencing from 25 January 1989 and expiring on 30 June 2047. The Government Rent of the Property is 3% of the rateable value of the Property.</p> <p>According to the information provided by the Company, the Property is leased at a monthly rental of HK\$312,872 for a term of 3 years commencing from 15 December 2015 and expiring on 14 December 2018.</p>	As informed by the Client and the information provided, the Property was occupied by the Company as office use.	No commercial value

*Notes:*

1. Pursuant to the Approved Wan Chai North Outline Zoning Plan No. S/H25/4 dated 28 February 2014, the property is zoned as commercial use.
2. The Property is subject to the following encumbrances:
  - i. Joint Venture Agreement with Plan vide Memorial no. UB4488661 dated 18 July 1990.
  - ii. Modification Letter with Plan vide Memorial no.UB4706622 dated 2 February 1991.
  - iii. Deed of Dedication Re Part with Plans in favor of the Government of Hong Kong vide Memorial no. UB4931178 dated 1 August 1991.

- iv. Modification Letter vide Memorial no. UB4931179 dated 1 August 1991.
- v. Modification Letter vide Memorial No. UB5194111 dated 26 February 1992.
- vi. Letter with Car-Parking Layout Plan vide Memorial no. UB5353741 dated 15 July 1992.
- vii. Deed of Variation of Deed of Dedication M/N 4931178 with Plans in favor of the Government of Hong Kong vide Memorial no. UB5523139 dated 12 December 1992.
- viii. Modification Letter vide Memorial no. UB5551652 dated 21 January 1993.
- ix. Supplemental Agreement to the Joint Venture Agreement M/N 4488661 vide Memorial no. UB7718493 dated 26 February 1999.
- x. Deed of Variation of Joint Venture Agreement of M/N 4488661 vide Memorial no. UB7782328 dated 3 July 1995.

**Potential Tax Liability**

For compliance with Rule 11.3 of the Codes on Takeovers and Mergers and Shares Buy-backs, we have discussed any potential tax liability that may result from a sale of the Property.

As advised by the Company, there is no intention to dispose of the Property, and given its nil market value, the likelihood of any potential tax liability is remote.

**1. RESPONSIBILITY STATEMENT**

This Supplemental Circular includes particulars given in compliance with the Code for the purpose of giving information with regard to the Group.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Supplemental Circular (other than that relating to Dr Chen and parties acting in concert with him) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Supplemental Circular have been arrived at after due and careful consideration and there are no other facts not contained in this Supplemental Circular the omission of which would make any statement in this Supplemental Circular misleading.

Dr Chen accepts full responsibility for the accuracy of the information contained in this Supplemental Circular relating to himself and parties acting in concert with him, and confirms that having made all reasonable enquiries, to the best of his knowledge, opinions expressed in this Supplemental Circular have been arrived at after due and careful consideration and there are no other facts not contained in this Supplemental Circular, the omission of which would make any statement in this Supplemental Circular misleading.

**2. SHARE CAPITAL**

As at the Supplemental Latest Practicable Date, the authorised share capital and the issued and fully paid up share capital of the Company were as follows:

<i>Authorised share capital:</i>	<i>US\$</i>
8,000,000,000 Shares	100,000,000.00
<i>Issued and fully paid share capital:</i>	
2,459,988,875 Shares	30,749,860.94

Upon the conversion of the Convertible Bonds, the authorised share capital and the issued and fully paid up share capital of the Company will be as follows:

<i>Authorised share capital:</i>	<i>US\$</i>
8,000,000,000 Shares	100,000,000.00



*Issued and fully paid share capital:*

	<i>Number of Shares</i>	<i>Issued and fully paid up share capital (US\$)</i>
At the Supplemental Latest Practicable Date	2,459,988,875	30,749,860.94
Conversion Shares to be issued upon concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full (assuming there is no other change in the nominal value of the issued share capital of the Company or any other Capital Restructuring following the Supplemental Latest Practicable Date and prior to the concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds)	1,881,019,166	23,512,739.57
Total	4,341,008,041	54,262,600.51

All Shares currently in issue rank pari passu in all respects with each other including in particular, as to dividend, voting rights and return on capital. All the Conversion Shares will rank pari passu in all respects with each other, including in particular, as to dividend, voting rights and return on capital, and will rank pari passu in all respects with all Shares in issue as at the date of allotment and issue of the Conversion Shares.

During the period since 31 December 2016 (being the date to which the latest published audited financial statements of the Company were made up) and up to the Supplemental Latest Practicable Date, no new Shares had been issued by the Company.

As at the Supplemental Latest Practicable Date, other than the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds, the Company did not have any options, warrants or convertible securities in issue and has not entered into any agreement for the issue of any convertible securities, options, warrants or derivatives of the Company.

### 3. MARKET PRICES

The table below sets out the closing prices of the Shares as quoted on the Stock Exchange on: (i) the last day on which trading of the Shares took place in each of the calendar month during the Supplemental Relevant Period; (ii) the Last Trading Day; and (iii) the Supplemental Latest Practicable Date:

<b>Date</b>	<b>Closing price per Share (HK\$)</b>
30 September 2016	5.10
31 October 2016	4.79
30 November 2016	4.77
30 December 2016	4.48
27 January 2017	4.56
28 February 2017	4.25
27 March 2017 (Last Trading Day)	4.37
31 March 2017	4.44
28 April 2017	4.31
31 May 2017	4.00
30 June 2017	4.10
17 July 2017 (Supplemental Latest Practicable Date)	4.81

The highest closing price per Share and the lowest closing price per Share as quoted on the Stock Exchange during the Supplemental Relevant Period were HK\$5.10 on 30 September 2016 and HK\$3.31 on 20 June 2017, respectively.

The Conversion Price of HK\$1.5301 per Share in respect of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds represents a discount of approximately 68.19% to the closing price of HK\$4.81 per Share as quoted on the Stock Exchange on the Supplemental Latest Practicable Date.

### 4. DISCLOSURE OF INTERESTS

As at the Supplemental Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO); or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange are as follows:

**Interest in Shares of the Company**

<b>Name of director</b>	<b>Capacity</b>	<b>Number of Shares held</b>	<b>Approximate % of total issued Shares</b> <i>(Note 1)</i>
<b>Dr Chen</b>	Founder of a discretionary trust <i>(Note 2)</i>	951,795,297 (L)	38.69 (L)
<b>Dr Chen</b>	Beneficial owner	7,150,000 (L)	0.29 (L)
<b>Dr Chen</b>	Beneficial owner <i>(Note 3)</i>	479,175,614 (L)	19.48 (L)
<b>Dr Chen</b>	Beneficial owner <i>(Note 4)</i>	1,401,843,552 (L)	56.99 (L)

*Notes:*

- (1) Based on 2,459,988,875 Shares in issue as at the Supplemental Latest Practicable Date.
- (2) Dr Chen is the founder of ChenLa Foundation. ChenLa Foundation indirectly holds, through LIPKCO ENTERPRISES LIMITED (formerly known as Cambodia Development Corporation) and Fourth Star Finance Corp., a total of 951,795,297 Shares. As a founder of ChenLa Foundation, Dr Chen is taken to be interested in the Shares held by ChenLa Foundation. Details of the interests in the Company held by ChenLa Foundation, LIPKCO ENTERPRISES LIMITED and Fourth Star Finance Corp. are set out in the section headed “Substantial Shareholders’ and Other Persons’ Interests and Short Positions in Shares and Underlying Shares” in this Appendix III below.
- (3) Dr Chen is interested in the NagaCity Walk Convertible Bonds. Assuming there is no other change in the nominal value of the issued share capital of the Company or any other Capital Restructuring and/or the shareholding structure of the Company following the Supplemental Latest Practicable Date, the conversion of the NagaCity Walk Convertible Bonds in full will result in the issue to Dr Chen and parties acting in concert with him of 479,175,614 Conversion Shares based on the Conversion Price of HK\$1.5301 per Share.
- (4) Dr Chen is interested in the TSCLK Complex Convertible Bonds. Assuming there is no other change in the nominal value of the issued share capital of the Company or any other Capital Restructuring and/or the shareholding structure of the Company following the Supplemental Latest Practicable Date, the conversion of the TSCLK Complex Convertible Bonds in full will result in the issue to Dr Chen and parties acting in concert with him of 1,401,843,552 Conversion Shares based on the conversion price of HK\$1.5301 per Share.
- (5) The letter “L” denotes the person’s long position in the Shares.

**Interests in Debentures of the Company**

As disclosed above, Dr Chen beneficially owns two separate series of Convertible Bonds in an aggregate amount of US\$94,000,000 and US\$275,000,000, respectively.

Save as disclosed above, none of the Directors and chief executive of the Company had any interests and short position in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO); or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange as at the Supplemental Latest Practicable Date.

## 5. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

### Positions in Shares and Underlying Shares

As at the Supplemental Latest Practicable Date, so far as known to the Directors and chief executive of the Company, persons other than the Directors or chief executive of the Company who have an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of 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:

#### (1) *Substantial Shareholders (as defined in the Listing Rules)*

Name of Shareholders	Capacity	Number of Shares held	Approximate % of total issued Shares <i>(Note 1)</i>
ChenLa Foundation	Interest of controlled corporation <i>(Note 2)</i>	951,795,297 (L)	38.69 (L)
Fourth Star Finance Corp.	Beneficial owner	789,534,854 (L)	32.09 (L)

(2) *Other Persons*

Name of Shareholders	Capacity	Number of Shares held	Approximate % of total issued Shares (Note 1)
LIPKCO ENTERPRISES LIMITED (formerly known as Cambodia Development Corporation)	Beneficial owner	162,260,443 (L)	6.60 (L)

*Notes:*

- (1) Based on 2,459,988,875 Shares in issue as at the Supplemental Latest Practicable Date.
- (2) Such interests are held by Fourth Star Finance Corp. and LIPKCO ENTERPRISES LIMITED which in turn are controlled by ChenLa Foundation of which Dr Chen is the founder. Both Dr Chen and Mr. Chen Yiy Fon are directors of Fourth Star Finance Corp.
- (3) The letter “L” denotes the entity’s long position in the Shares.

Save as disclosed, so far as known to the Directors and chief executive of the Company, there is no person other than the Directors or chief executive of the Company who has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of 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.

## 6. FURTHER INFORMATION RELATING TO THE COMPANY AND THE WHITEWASH WAIVER

As at the Supplemental Latest Practicable Date:

- (1) save as disclosed in the paragraph headed “4. Disclosure of Interests” above, none of the Directors had any interests in the securities, shares, options, warrants, derivatives or convertible securities in the Company;
- (2) none of the subsidiaries of the Company, or pension funds of the Company or of a subsidiary of the Company, or advisers to the Company as specified in class (2) of the definition of “associate” in the Code owned or controlled any securities, shares, options, warrants, derivatives or convertible securities in the Company;
- (3) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Code (whether by way of option, indemnity or otherwise) with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of “associate” in the Code;

- (4) no securities, shares, options, warrants, derivatives or convertible securities of the Company were managed by fund managers (other than exempt fund managers) connected with the Company during the Supplemental Relevant Period;
- (5) none of the Directors or the Company had borrowed or lent any Shares or other securities, options, warrants, derivatives or convertible securities of the Company;
- (6) save as disclosed in the sections headed “Background” and “Proposed Conversion of the TSCLK Complex Convertible Bonds” in the letter from the Board in the Whitewash Circular and the section headed “Proposed Concurrent Conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds” in this Supplemental Circular in relation to the issue of Conversion Shares pursuant to the concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds to Dr Chen, none of the Directors had dealt for value in any Shares or other securities, options, warrants, derivatives or convertible securities of the Company during the Supplemental Relevant Period; and
- (7) save for Dr Chen who is required to abstain from voting at the New EGM, none of the Directors were interested in any Shares and accordingly, none of the Directors intends to vote for or against the proposed Resolution approving the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full and the Whitewash Waiver.

#### **7. OTHER ARRANGEMENTS IN RELATION TO THE WHITEWASH WAIVER**

- (1) As at the Supplemental Latest Practicable Date, no benefit (other than statutory compensation) was or would be given to any Director as compensation for loss of office or otherwise in connection with the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full and/or the Whitewash Waiver.
- (2) As at the Supplemental Latest Practicable Date, there was no agreement, arrangement or understanding (including any compensation arrangement) between Dr Chen or any party acting in concert with him and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full and/or the Whitewash Waiver.

- (3) As at the Supplemental Latest Practicable Date, save as the agreements or arrangements involving Dr Chen regarding the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds and the Whitewash Waiver as disclosed in the Whitewash Circular and this Supplemental Circular, there was no agreement or arrangement between any Directors and any other persons which is conditional on or dependent upon the outcome of, or otherwise connected with, the proposed concurrent conversions of the TSCLK Complex Convertible Bonds and the NagaCity Walk Convertible Bonds in full and/or the Whitewash Waiver.
- (4) As at the Supplemental Latest Practicable Date, there was no material contract entered into by Dr Chen in which any other Director had a material personal interest.

#### **8. DIRECTORS' SERVICE CONTRACTS**

Save as disclosed in the section headed "8. Directors' Service Contracts" in Appendix III — General Information of the Whitewash Circular, as at the Supplemental Latest Practicable Date, none of the Directors had any service contract in force with the Company or any of its subsidiaries or associated companies (i) which (including both continuous and fixed term contracts) had been entered into or amended within six months prior to the date of publication of the Announcement; (ii) which were continuous contracts with a notice period of 12 months or more; or (iii) which were fixed term contracts with more than 12 months to run irrespective of the notice period.

#### **9. LITIGATION**

As at the Supplemental Latest Practicable Date, so far as the Directors are aware, the Group was not engaged in any material litigation or arbitration and no material litigation or arbitration was pending or threatened against any member of the Group.

#### **10. MATERIAL CONTRACTS**

There have been no changes to the information set out under the paragraph headed "Material Contracts" in Appendix III — General Information of the Whitewash Circular.

**11. EXPERTS AND CONSENTS**

The qualifications of the experts who have given opinion or advice contained in this Supplemental Circular are set out below:

<b>Name</b>	<b>Qualification</b>
Anglo Chinese	a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
BDO Limited	Certified Public Accountants
Colliers	Independent Professional Valuer

Each of Anglo Chinese, BDO Limited and Colliers has given and has not withdrawn its written consent to the issue of this Supplemental Circular with, if applicable, the inclusion herein of its letter and references to its name in the form and context in which they respectively appear.

As at the Supplemental Latest Practicable Date, each of Anglo Chinese, BDO Limited and Colliers did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Supplemental Latest Practicable Date, each of Anglo Chinese, BDO Limited and Colliers was not interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2016, being the date to which the latest published audited accounts of the Company were made up.

**12. GENERAL INFORMATION**

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal office of the Company in Hong Kong is at Suite 2806, 28th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.
- (b) The address of Dr Chen is at Suite 2806, 28th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.
- (c) The company secretary of the Company is Ms. Lam Yi Lin, who is an associate member of The Hong Kong Institute of Chartered Secretaries.



- (d) The auditor of the Company is BDO Limited.
- (e) The English text of this Supplemental Circular shall prevail over the Chinese text in case of any inconsistency.

**13. ADDITIONAL DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following additional documents will be available for inspection: (i) on the website of the Company (<http://www.nagacorp.com>); (ii) on the website of the SFC ([www.sfc.hk](http://www.sfc.hk)); and (iii) during normal office hours from 9:30 a.m. to 12:30 p.m. and from 2:30 p.m. to 5:30 p.m. on any weekday, except Saturdays, Sundays and public holidays at the Company's principal place of business in Hong Kong at Suite 2806, 28th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, from the date of this Supplemental Circular up to and including the date of the New EGM:

- (a) the supplemental letter from the Board, the text of which is set out in this Supplemental Circular;
- (b) the supplemental letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed "Supplemental Letter from the Independent Board Committee" in this Supplemental Circular;
- (c) the supplemental letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed "Supplemental Letter from the Independent Financial Adviser" in this Supplemental Circular;
- (d) the revised property valuation report from Colliers, the text of which is set out in Appendix II to this Supplemental Circular;
- (e) the written consents referred to in the paragraphs under the heading "Experts and Consents" in this Appendix III;
- (f) the Interim Results Announcement; and
- (g) this Supplemental Circular.

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## NOTICE OF NEW EXTRAORDINARY GENERAL MEETING

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NAGACORP

金界控股有限公司

NAGACORP LTD.

金界控股有限公司

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

Stock code: 3918

## NOTICE OF NEW EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of NagaCorp Ltd. (the “**Company**”) will be held at Regus Conference Centre, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Friday, 4 August 2017 at 2:30 p.m. for the purpose of considering and, if thought fit, passing the following resolution, with or without amendments, as ordinary resolution of the Company:

NOTED that (i) Tan Sri Dr Chen Lip Keong (“**Dr Chen**”) has notified the Company that he proposes to exercise the contractual rights to concurrently convert the unsecured convertible bonds in the aggregate principal amount of US\$275,000,000 (the “**TSCLK Complex Convertible Bonds**”) and the unsecured convertible bonds in the aggregate principal amount of US\$94,000,000 (the “**NagaCity Walk Convertible Bonds**”) issued by the Company to Dr Chen upon the completion of the sale and purchase of the entire issued share capital of TanSriChen Inc. and TanSriChen (Citywalk) Inc. respectively in full (together, the “**Concurrent Conversions**”); and (ii) in connection with the foregoing it is proposed that the Company obtain a whitewash waiver (the “**Whitewash Waiver**”) granted or to be granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his delegates (the “**Commission**”) pursuant to Note 1 on dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers and Share Buy-backs (the “**Takeovers Code**”) in respect of any obligation of Dr Chen to make a mandatory general offer for all the issued shares of the Company not already owned or agreed to be acquired by Dr Chen and parties acting in concert with him which might otherwise arise as a result of the allotment and issue to Dr Chen and parties acting in concert with him of an aggregate of 1,881,019,166 conversion shares pursuant to the Concurrent Conversions.

### ORDINARY RESOLUTION

“**THAT:**

- (a) the Concurrent Conversions and the Whitewash Waiver granted or to be granted by the Commission pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of any obligation of Dr Chen to make a mandatory general offer for all the issued shares of the Company not already owned or agreed to be acquired by Dr Chen and parties acting in concert with him which might otherwise arise as a result of the allotment and issue to Dr Chen and parties acting in concert with him of an aggregate of 1,881,019,166 conversion shares pursuant to the Concurrent Conversions be and are hereby approved; and

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## NOTICE OF NEW EXTRAORDINARY GENERAL MEETING

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- (b) the directors of the Company be and are hereby authorised to execute all such documents with or without amendments and to do all such acts and things as they consider desirable, necessary or expedient in connection with, or to give effect to any matters relating to or in connection with, the Concurrent Conversions and the Whitewash Waiver.”

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

Hong Kong, 19 July 2017

*Notes:*

1. A shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint another person as his proxy to attend and, on a poll, vote in accordance with the articles of association of the Company. A proxy need not be a shareholder of the Company.
2. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s); and for this purpose seniority shall be determined as the person so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.
3. In order to be valid, a form of proxy accompanying the supplemental circular dated 19 July 2017 (the “**New Proxy Form**”) must be deposited at the Company’s share registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof.
4. The completion and return of the New Proxy Form shall not preclude shareholders of the Company from attending in person and voting at the EGM (or any adjournment thereof) if they so wish.
5. For the purpose of ascertaining the shareholders’ entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 1 August 2017 to Friday, 4 August 2017, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the EGM, all completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 31 July 2017.

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## NOTICE OF NEW EXTRAORDINARY GENERAL MEETING

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6. In accordance with Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the above resolution will be put to vote at the EGM by way of poll. An explanation of the detailed procedures of voting by poll will be provided to the shareholders at the EGM.

As at the date of this notice, the directors of the Company are:

*Executive Directors*

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

*Non-executive Director*

Timothy Patrick McNally

*Independent Non-executive Directors*

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