



**NAGACORP LTD.**

**金界控股有限公司\***

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

**Stock code: 3918**

## **MANAGEMENT AGREEMENT**

On 13 December 2007, NRCL, an indirect wholly-owned subsidiary of the Company, entered into a Management Agreement with Poibos, pursuant to which NRCL has agreed to provide Gaming Management Services to Poibos in the Prescribed Gaming Hall, a designated area in NAGAWORLD, for a period of 10 years in exchange for Poibos paying NRCL an Overriding Gaming Management Fees over 2 periods namely, the first period of 5 years for US\$2.1 million per month (equivalent to approximately HK\$16.4 million per month) (or equivalent to US\$25.2 million per year (equivalent to approximately HK\$196.6 million per year)) and the second period of 5 years for US\$2.6 million per month (equivalent to approximately HK\$20.3 million per month) (or equivalent to US\$31.2 million per year (equivalent to approximately HK\$243.4 million per year)).

This announcement is made in accordance with Rule 13.09 of the Listing Rules.

This announcement is made in accordance with Rule 13.09 of the Listing Rules. The Board is pleased to announce that after the trading hours of the Stock Exchange on 13 December 2007, NRCL, an indirect wholly owned subsidiary of the Company, entered into the Management Agreement with Poibos, pursuant to which NRCL has agreed to provide Gaming Management Services to Poibos in the Prescribed Gaming Hall, a designated area in NAGAWORLD, for a period of 10 years in exchange for Poibos paying NRCL Overriding Gaming Management Fees in accordance with terms in the Management Agreement.

### **REASONS AND BENEFITS OF THE MANAGEMENT AGREEMENT**

The Company is principally engaged in the management and operation of the only licensed casino in Phnom Penh, the capital city of Cambodia and the area within a radius of 200km of Phnom Penh (except the Cambodia-Vietnam border area, Bokor, Kirirom Mountains and Sihanoukville). The Company's right to operate the casino are valid for a period of 70 years from 2 January 1995 and for the first 40 years on an exclusive basis.

The Company's traditional markets are Malaysia, Singapore, Southern China with increasing number of visitors coming from Indo-China region. It is the intention of the Company to develop gaming markets beyond these areas. The transaction contemplated under the Management Agreement will, if implemented satisfactorily, allow the Group to expand and diversify its business.

Casino Licence of the Group has no restriction on the gaming floor space and the number of gaming tables. The Group has recently announced to increase the number of gaming tables expected to be offered in NAGAWORLD to 300 gaming tables. The enlarged gaming space in NAGAWORLD is expected to be approximately 15,217 sq. m.. The Prescribed Gaming Hall shall occupy approximately 1,100 sq. m. of gaming floor space and within which shall offer around 30 gaming tables. The gaming floor space in the Prescribed Gaming Hall shall account for approximately 7.2% of the total gaming floor space in NAGAWORLD upon completion of the expansion plan. Whenever necessary for as long as there is demand for gaming floor space in NAGAWORLD, the Group shall increase gaming floor space and the number of gaming tables to meet demand at terms favorable to the Group.

The salient terms of the Management Agreement are set forth below in this announcement.

## **THE MANAGEMENT AGREEMENT**

**Date:**

13 December 2007

**Parties:**

NRCL;

and

Poibos.

To the best of the knowledge, information and belief of the Directors having made all reasonable inquiry, Poibos and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

**Duration of the transaction:**

The Management Agreement is principally intended for NRCL utilizing the Casino Licence in Cambodia for Gaming Management in the Prescribed Gaming Hall, a designated area in NAGAWORLD, according to the Rules and Regulations of NRCL and NAGAWORLD. Irrespective of the revenue of Poibos Business derived from the Prescribed Gaming Hall, Poibos shall pay to NRCL a fixed Overriding Gaming Management Fees over 2 periods namely, the first period of 5 years for US\$2.1 million per month (equivalent to approximately HK\$16.4 million per month) (or equivalent to US\$25.2 million per year (equivalent to approximately HK\$196.6 million per year)) and the second period of 5 years for US\$2.6 million per month (equivalent to approximately HK\$20.3 million per month) (or equivalent to US\$31.2 million per year (equivalent to approximately HK\$243.4 million per year)).

**Terms of the transaction:**

Pursuant to the Management Agreement, NRCL shall utilize the Casino Licence and render Gaming Management Services to Poibos, namely (i) managing Players brought in by Poibos from the Geographical Areas, (ii) managing the gaming operations and procedures; (iii) providing adequate manpower, equipment and other gaming management services in the Prescribed Gaming Hall in accordance with the Rules and Regulations and terms of the Management Agreement for wagering and gaming purposes for the benefits of Poibos Business in the Prescribed Gaming Hall, NAGAWORLD, Cambodia.

Poibos shall maintain sufficient working capital required to carry out the gaming operation and transactions for the Poibos Business in the Prescribed Gaming Hall at all times and shall be responsible and accountable for the loss and win of all the Players brought by Poibos into the Prescribed Gaming Hall.

Poibos shall not compete with or poach players of NRCL and shall operate Poibos Business in accordance with the terms in the Management Agreement.

Poibos and the Players shall comply with all Rules and Regulations of NRCL and NAGAWORLD as amended, supplemented or otherwise modified from time to time.

In the event of non-compliance, non-fulfillment or negligence on the part of Poibos to observe and follow the terms of the Management Agreement, NRCL shall reserve the right to terminate it and claim for any damages and/or losses incurred or suffered by NRCL.

**Consideration:**

Poibos shall in accordance with the terms of the Management Agreement pay NRCL, in advance, the Overriding Gaming Management Fees which is determined on arm's length basis with reference to commercial considerations such as the new geographical markets that the Company will expand into, the diversification of countries of departure of the Players, the use of the gaming space of NAGAWORLD and the income that will be derived from the Management Agreement. The Overriding Gaming Management Fees will come due in the manner as set forth below:

- For the First 5 years, a fixed fee of US\$2.1 million (equivalent to approximately HK\$16.4 million) per month.
- For the Second 5 years, a fixed fee of US\$2.6 million (equivalent to approximately HK\$20.3 million) per month.
- The above monthly fees shall be paid and settled semi-annually and shall be made every 6 months in advance (the "6th Monthly Payments").
- The 6th Monthly Payments shall be paid and settled in cash and be paid on a timely manner irrespective of the revenue of Poibos Business. The first payment in an aggregate of US\$12.6 million shall be settled, in cash, one (1) day before handing over the Prescribed Gaming Hall.
- Upon execution of this Management Agreement, Poibos shall pay to NRCL a non-refundable deposit of US\$2 million. The deposit shall be absolutely forfeited in the event that Poibos fails to settle the first payment of US\$12.6 million upon delivery of the Prescribed Gaming Hall by NRCL.

**Compliance with Rules and Regulations:**

Poibos is required to follow and observe the Rules and Regulations of NRCL and NAGAWORLD and our gaming procedures in conducting the Poibos Business in the Prescribed Gaming Hall in NAGAWORLD. In particular, Poibos is required to:

- comply and ensure the Players comply with the Rules and Regulations and policies of NRCL and NAGAWORLD;
- observe and follow NRCL's overriding decision to reject the entrance of any of the Players; and
- assume full responsibility and accountability for the collection and settlement of payments, receipts, debit balances and or other expenses incurred by or due from the Players.

## **INFORMATION ABOUT THE COMPANY, NRCL AND POIBOS**

### **The Company**

The Company is incorporated in the Cayman Islands with limited liability. Its shares are listed on the Main Board of the Stock Exchange.

The Company is engaged principally in the management and operation of the only licensed casino in Phnom Penh, the capital city of Cambodia.

### **NRCL**

NRCL is an indirect wholly-owned subsidiary of the Company. NRCL, through its Cambodian branches, is engaged in the casino business and the hotel and entertainment business.

### **Poibos**

Poibos is a company incorporated in the Republic of Korea and engaged mainly in the entertainment business encompassing music planning, production and distribution, film planning, production and investment, and drama planning, production and investment. Its shares are listed and traded on KOSDAQ.

## **DEFINITIONS**

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

“Casino Licence” means the casino licence in respect of our casino operations granted by the Royal Government of Cambodia for a period of 70 years from 2 January 1995, with an exclusive right to operate a casino (save that the right to operate gaming machine stations is not on an exclusive basis) within the Phnom Penh, Cambodia and the area within a radius of 200km of Phnom Penh (except the Cambodia-Vietnam border area, Bokor, Kirirom Mountains and Sihanoukville) up to the end of 2035;

“Company” NagaCorp Ltd., an exempted company incorporated in the Cayman Islands with limited liability on 25 February 2003 and its shares are listed and traded on the Main Board of the Stock Exchange;

“Directors”	directors of the Company;
“Gaming Management Fees”	the fees payable by Poibos to the Company in consideration of the Company rendering the Gaming Management Services;
“Gaming Management Services”	mean those activities and services carried out by NRCL by using its Casino Licence involved in managing the Players of Poibos in the Prescribed Gaming Hall, as well as managing the gaming operations and procedures, providing adequate personnel, equipment and other gaming management services in the Prescribed Gaming Hall according to Rules and Regulations of NRCL and NAGAWORLD for wagering and gaming purposes for the benefits of Poibos Business in the Prescribed Gaming Hall;
“Geographical Areas”	Korea, Japan, Taiwan and North Eastern China and Players from these Geographical Areas which are non-exclusive for the Poibos Business;
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“KOSDAQ”	Korea Securities Dealers Association Automated Quotations;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Management Agreement”	an agreements dated 13 December 2007 entered into between NRCL and Poibos principally for NRCL providing Gaming Management Services in the Prescribed Gaming Hall in NAGAWORLD for Poibos in exchange for the Overriding Management Fees;
“NAGAWORLD”	means the Hotel Casino complex owned by NRCL and located at 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;

“NRCL”	means Naga Resorts and Casinos Limited, an indirect wholly owned subsidiary of the Company;
“Overriding Gaming Management Fees”	means the overriding fees payable by Poibos to NRCL in consideration of the provision of the Gaming Management Services by NRCL to Poibos;
“Players”	mean the gaming players in the Prescribed Gaming Hall for gaming and wagering activities;
“Poibos”	POIBOS Co., Ltd., a company incorporated in the Republic of Korea with its registered address at Sinsa Bldg., 627-16 Sinsa-dong, Kangnam-gu, Seoul, Korea and its shares are listed and traded on KOSDAQ;
“Poibos Business”	means the business and revenue solely owned by Poibos and solely belong to Poibos whereby Poibos shall market, manage and operate the business of bringing Players on a non-exclusive basis into the Prescribed Gaming Hall from the Geographical Areas for the purposes of gaming and wagering in the Prescribed Gaming Hall of NAGAWORLD in accordance with Rules and Regulations and the terms of the Management Agreement;
“Prescribed Gaming Hall”	means a designated area with gaming space in aggregate of approximately 1,100 sq. m. in NAGAWORLD where NRCL shall carry out its Gaming Management Services and Poibos shall carry out Poibos Business and pay the Overriding Gaming Management Fees in accordance with the Rules and Regulations and terms of the Management Agreement. The Prescribed Gaming Hall is available, on an exclusive basis, to Poibos for the Poibos Business;
“Rules and Regulations”	mean the rules and regulations of NRCL and NAGAWORLD as amended, supplemented or otherwise modified from time to time, including but not confined to the commissions policy on rollings payable to Players of Poibos, house rules, anti-money laundering policies and procedures, internal control rules and other rules as may be subsisting or introduced by the Group from time to time;

“US\$”

United States dollar, the lawful currency of the United States of America.

On behalf of the Board of  
**NAGACORP LTD.**  
**Timothy Patrick McNally**  
*Chairman*

As at the date this announcement, the Directors are:

*Executive Directors*

Tan Sri Dr Chen Lip Keong, David Martin Hodson, Monica Lam Yi Lin and Angus Au-Yueng Wai Kai

*Non-executive Director*

Timothy Patrick McNally

*Independent Non-executive Directors*

Tun Dato' Seri Abdul Hamid Bin Haji Omar, Wong Choi Kay, Zhou Lian Ji, Mr. Leow Ming Fong, Tan Sri Datuk Seri Panglima Abdul Kadir Bin Haji Sheikh Fadzir and Lim Mun Kee

Hong Kong, 13 December 2007

*\* For identification purpose only*

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

For the purpose of this announcement, amounts denominated in US\$ have been converted to HK\$ at an exchange rate of US\$1.0 to HK\$7.8.

Please also refer to the published version of this announcement in South China Morning Post.