

**NAGACORP LTD:
AS PURE AS A GAMBLE CAN GET**

Simply put, an investment in NagaCorp Ltd (), one of the recent **Initial Public Offerings (IPO)** to have been pitched to the investing public of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), is a complete gamble.

You win some ... and you lose some.

The chances are, with this Company, that prospective investors will lose because the odds are stacked in favour of the *'house'*.

NagaCorp is in the gaming business and its Management knows only too well of the risks of this business.

In 2003, NagaCorp attempted to pitch an IPO in the HKSAR, but was repulsed by the Authorities.

This time around, it is out to try to collect the best part of \$HK546 million by Offering 500 million, \$US0.0125 Shares at between \$HK1.25 per Share and \$HK1.60 per Share.

The Company has stated, at Page 196 of its Prospectus, that it wants to raise money for the following 3 purposes:

1. \$HK461 million for the development of the NagaWorld hotel, casino and entertainment complex at Phnom Penh, the Capital City of Cambodia;
2. \$HK62 million *'for the development of our gaming activities such as installation of gaming equipment and tables, and other ancillary equipment for the public gaming floor in the hotel lobby'*; and,
3. \$HK23 million to be used as general working capital.

It is at this point that one has to wonder as to the underlying reason that the IPO was pitched in the HKSAR, at all:

1. Could not Management of NagaWorld have obtained financing for the completion of NagaWorld from banks, from institutional investors, from a private Placement of Shares?

Unlike the Macau Special Administrative Region of the PRC where many billions of Hongkong dollars are being poured into the 8.30 square-mile enclave of the PRC in order to build it into the *'Las Vegas'* of Asia, Management of NagaWorld has determined that the way forward is to go public – in the HKSAR!

For what reason did this Company not go public in Singapore, Malaysia, or even in Thailand, all of whose equity markets are much closer to home, so to speak, than the 416 square miles that constitute the HKSAR?

It would appear to **TARGET** () that, all things considered, there is, already, quite a number of well-established, gaming establishments in Asia – specifically in Macau, Malaysia, the Philippines, and South Korea – and all of those establishments have very long histories of profitability.

And none of these gaming establishments have ever sought a listing on The Stock Exchange of Hongkong Ltd although there was talk, some years ago, that Mr Stanley Ho Hung Sun's () gambling empire of Macau

had been toying with the idea of an IPO in the HKSAR.

NagaWorld ... [CLICK TO ORDER FULL ARTICLE](#)

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