



ASX: DNA

ASX RELEASE

27 March 2015

Extraordinary General Meeting Presentations

The attached Chairman's Speech and presentation will be delivered at today's Extraordinary General Meeting of Donaco International Limited.

For further information:

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ABOUT DONACO INTERNATIONAL LIMITED (ASX: DNA)

Donaco International Limited operates leisure and entertainment businesses across the Asia Pacific region. Our flagship business is the Aristo International Hotel, a successful boutique casino in northern Vietnam. Donaco operates the business and owns a 95% interest, in a joint venture with the Government of Vietnam. Donaco is a pioneer casino operator in Vietnam. The business was established in 2002, and is located on the border with Yunnan Province, China. The property has recently been expanded to a brand new five star resort complex with 428 hotel rooms.

To learn more about Donaco visit www.donacointernational.com



Donaco International Limited
Extraordinary General Meeting
Friday 27 March 2015

Chairman's Address

Good afternoon ladies and gentlemen. Welcome to this Extraordinary General Meeting of Donaco International Limited. I am your Chairman, Stuart McGregor.

I would like to start by introducing my fellow Board members: Mr Joey Lim, our Managing Director and CEO; Mr Rob Hines, Non-Executive Director; Mr Benjamin Lim, Non-Executive Director; and Mr Ben Reichel, Executive Director and Company Secretary.

On behalf of the Board I would like to thank you for being with us today, and for your support of Donaco.

Our agenda today is to seek approval from shareholders for the planned acquisition of the Star Vegas Resort and Club in Poipet, Cambodia. This exciting proposal will transform your Company, and lead to a dramatic increase in the size and scale of the business. It will also provide valuable diversification for the Company, with the Star Vegas focusing on the Thailand market, while the Aristo services the China market.

The presentation currently screening behind me shows some images of the Star Vegas, which is a very large and high quality property. A number of these images were taken during our latest visit to the property, last week.

We are presently resolving, in an orderly fashion, all of the conditions precedent to the transaction. First, we have now completed the due diligence process, with no significant issues identified.

We are also finalising the funding arrangements for the transaction. We have now successfully completed our fully underwritten accelerated non-renounceable rights issue, raising 132 million Australian dollars (before costs). We would like to thank shareholders for their support of this capital raising, and we have been pleased to see the shares consistently trading well above the offer price of 60 cents.

We are also moving ahead with our new debt facility for 100 million US dollars. We have now signed a binding commitment letter with Mega International Commercial Bank Co, Limited. Mega Bank is one of the leading banks in Taiwan, with significant operations in Cambodia.

The interest rate for the loan will be a margin of 6.75% over the 6 month US dollar London inter-bank offer rate, which gives a current total interest rate of approximately 7.14%.

70% of the loan principal is repayable over the 3 year term of the facility, with a 30% balloon payment at the end. This 30% payment could be re-financed if necessary.

The terms of the agreed loan facility are currently being incorporated into long-form agreements, with customary terms and conditions for a facility of this nature.

We have also made significant progress with the assignment of the leasehold of the land in Cambodia, which still has another 55 years left to run. The Star Vegas property sits on 126,000 square meters of land, and has 57,000 square meters of available building space. This includes significant room to expand, and the gaming business can be substantially increased to meet future demand, with very little capital expenditure required.

Under the loan facility, Mega Bank will take various forms of security over the business in Cambodia, but not over the Company's existing business in Vietnam. These forms of security need to be registered and stamped in Cambodia, which is an administrative process that can take



some time. Further delays are also expected as a result of the Thai and Cambodian New Year celebrations, in mid April.

Due to the need to resolve all of the conditions precedent to the satisfaction of both the Company and Mega Bank, it is now expected that the transaction will complete, and the Company will take possession of the Star Vegas business, by 1 July 2015. This is a delay of up to two months from the originally planned time frame, but the Company is determined to ensure that this major acquisition is completed on the right terms, and with all necessary matters dealt with to our satisfaction, for the benefit of our shareholders.

Full details of the transaction are provided in the Shareholder Booklet and Independent Expert's Report, which includes the notice of today's meeting.





donaco
I N T E R N A T I O N A L

**Extraordinary General Meeting
27 March 2015**

Background on Donaco

- ❶ Founded in 2001 by MD Joey Lim Keong Yew and his late grandfather, Tan Sri Lim Goh Tong (founder and chairman of the Genting Group)
- ❷ Listed on the ASX in February 2013 (ASX:DNA)
- ❸ Pioneer of the Vietnamese gaming industry, with 14 years of successful operation. JV with Vietnamese Government (5%)
- ❹ Flagship property is the Aristo International Hotel, located in Lao Cai, Vietnam, on the border with Yunnan Province, China (population c.46m)
- ❺ Currently completing transformational acquisition of Star Vegas Resort & Club, located in Poipet, Cambodia, on the border with Thailand
- ❻ Casino management at both properties are veterans from the Genting Group



Transformational Acquisition of Star Vegas Resort & Club



- ❶ Binding agreement announced on 30 January 2015 to acquire the Star Vegas Resort & Club in Poipet, Cambodia
 - Star Vegas is the newest and most luxurious of the Poipet casino hotels
 - Located on the border of Thailand - primary clientele are Thai nationals
- ❷ 109 gaming tables, 1264 slot machines, and 385 hotel rooms, with more than 5,000 visitors per day on average
- ❸ Acquisition price of US\$360 million, representing ~6.0x CY14 EBITDA of ~US\$60.5 million
- ❹ The vendor has provided a warranty that EBITDA will total at least US\$60 million per year for the 2 full years following completion
 - Any EBITDA shortfall to be topped up by the vendor in cash
- ❺ The purchase consideration will be financed through a combination of the below:
 - Equity to the vendor: US\$120 million (147,199,529 DNA shares);
 - Existing cash-on-hand: US\$40 million;
 - New bank debt facility: US\$100 million; and
 - Equity financing: US\$100 million
- ❻ The acquisition provides enhanced scale and diversification, as well as meaningful and immediate earnings per share accretion
- ❼ Based on pro forma consolidated income statement for FY14:
 - Increase in revenue of 630% to \$154.9m
 - Increase in NPAT of 590% to \$55.9m

Star Vegas Overview



Key Property Stats:

- 📍 57,000 square meters of useable building space
- 📍 126,000 square metres of land
- 📍 70 year leasehold (55 years remaining)
- 📍 On-site water and power infrastructure
- 📍 Minimal capex expected in the coming 5 years
- 📍 Land in Poipet casino strip is in very short supply, limiting future competition

Near-Term Opportunities:

- 📍 Star Vegas will benefit from both highway and rail infrastructure upgrades on both sides of the border, promoting tourism to Angkor Wat
- 📍 Recent extension in the border closing times from 8pm to 10pm have boosted day tripper numbers into Cambodia
 - Border is expected to be opened for 24 hours in the future – this will significantly increase visitor numbers

Star Vegas Resort & Club



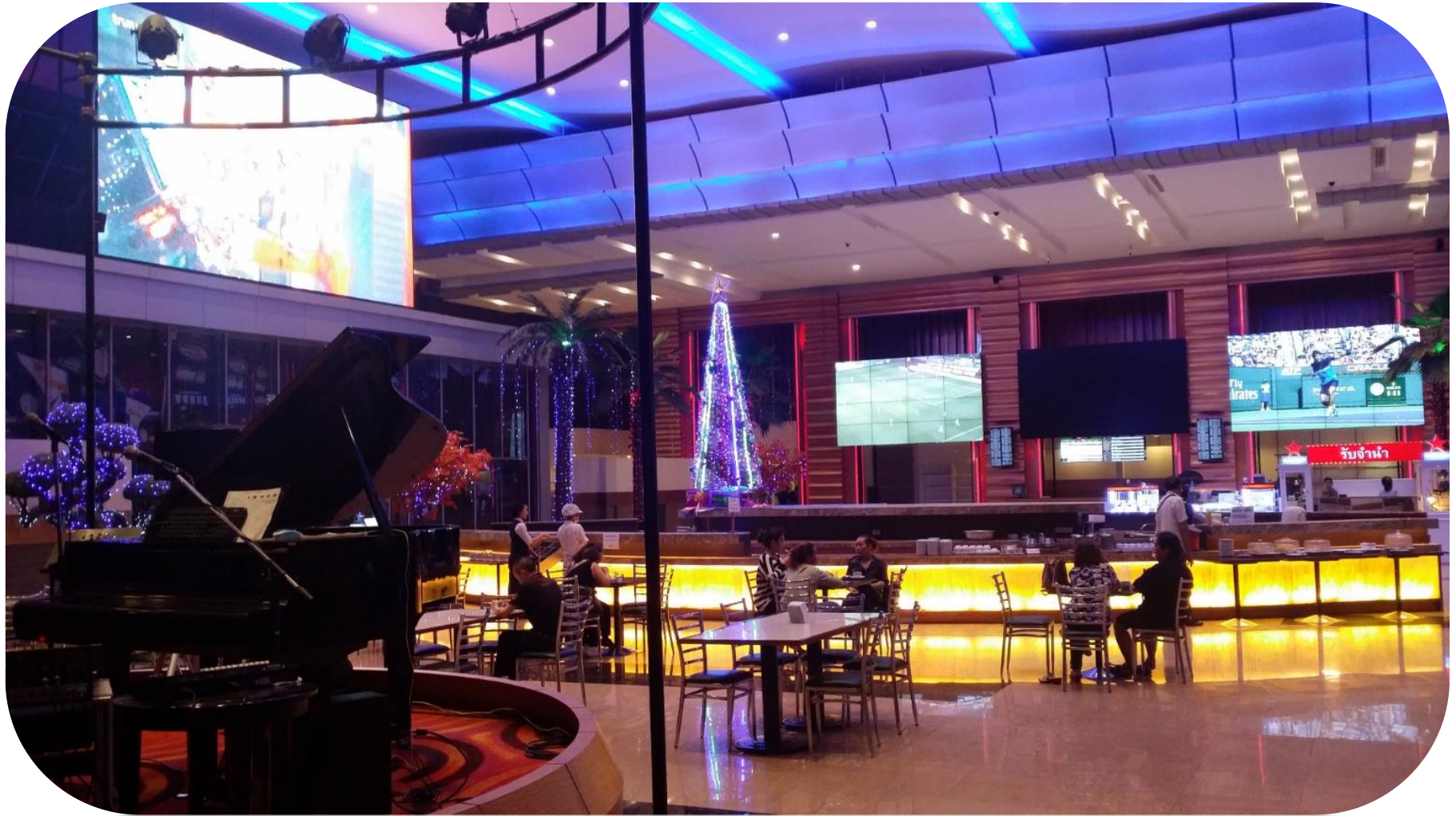
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