

**ASX RELEASE****14 November 2013****Update on New Casino**

Donaco International Limited (the **Company**) announces that significant progress has been made in its discussions with the Vietnamese authorities in relation to its new five star hotel and casino property at Lao Cai, Northern Vietnam.

**Background**

The Company currently operates the Lao Cai International Hotel, which is a boutique hotel with 34 rooms, and a casino licence permitting the operation of 8 gaming tables and up to 300 electronic gaming machines (divided into 150 slot machines and 150 electronic table games). The business commenced operations in 2002, and the existing gaming licence runs for 30 years from that date, so it will currently expire in 2032.

The new five star hotel under construction will have 428 rooms, and will be able to continue to operate a gaming business under the existing licence. There is no need for the Company to obtain a new gaming licence.

However the Company has applied for a variation to the existing licence, in order to increase the number of gaming tables. The Company has previously indicated to the market that it is confident of obtaining approval to operate at least 16 tables.

The application for a variation to the licence has been supported by the local authorities in Lao Cai Province, and is currently under consideration by the Ministry of Planning and Investment (**MPI**), an arm of the central government in Hanoi.

**Update on Discussions with the Ministry of Planning and Investment**

In meetings that have occurred this week, the MPI has provided indicative grants of the following, which are subject to the conditions outlined below:

1. A maximum of 50 gaming tables, with a minimum of 26 tables (in place of the previous minimum of 16 tables).
2. The existing gaming licence will be reset, so that it will run for a full 30 years from the opening date of the new casino in 2014 (that is, until 2044).

Based on these discussions, and management's knowledge of the business and the relationship with the Government, management is currently planning to open the new casino with 40 gaming tables.

The final number of tables on opening still requires further discussion, and will be formalised over the next few months. In addition, these variations to the licence are conditional upon the Company re-registering its Investment Certificate. This re-registration is basically an application to amend the current Investment Certificate, and will be led by the Lao Cai Provincial Government. This will ensure that the local government continues to be a key stakeholder in the business potential.

Further, the Company has begun discussions with the local authorities on the potential for further investment in the region, in return for an expanded gaming business, over and above the table numbers noted above. These discussions are at an early stage, and plans will unfold over a number of years, but both the Company and the local authorities are keen to maintain and expand their long-standing relationship.

### **Construction Update**

The Company is also pleased to confirm that, following negotiations with sub-contractors, the final expenditure figure for the complete build of the new hotel and casino is expected to be under budget, at a total of USD53 million, compared to the budgeted figure of USD57 million.

Management is now planning for a soft opening of the new property in early March 2014. The soft launch is now expected to include the gaming floor and at least 200 hotel rooms, rather than the previously indicated target of 100 rooms.

As previously indicated, the remainder of the hotel will be finalised and opened over a period of several months after the soft opening. The new property is expected to be fully open by July 2014.

### **For further information:**

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### **ABOUT DONACO INTERNATIONAL LIMITED (ASX: DNA)**

Donaco International Limited operates leisure, entertainment and associated technology businesses across the Asia Pacific region.

Our flagship business is the Lao Cai International Hotel, a successful boutique casino in northern Vietnam. The Lao Cai International Hotel was established in 2002, and is located on the border with Yunnan Province, China. Donaco operates the business and owns a 75% interest, in a joint venture with the Government of Vietnam.

The Lao Cai International Hotel is a pioneer casino operator in Vietnam. The property is currently being expanded from a 3-star 34 room hotel, to a brand new 5-star resort complex with 428 hotel rooms.

Donaco also owns and operates successful gaming technology businesses, including secure mobile payment gateways across South East Asia, and the Way2Bet wagering portal, whose customers include all major corporate bookmakers in Australia.

To learn more about Donaco visit [www.donacointernational.com](http://www.donacointernational.com)

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