



ASX: DNA

ASX RELEASE

25 February 2013

Investor Presentation

The attached investor presentation provides an overview of Donaco International Limited, including its structure, key products and services, and its strategic priorities. This will form the basis of a series of presentations to brokers and analysts in the coming days.

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 the first fully licensed table gaming business in Vietnam. The property is currently being expanded from a 3-star 34 room hotel, to a brand new resort complex with 428 hotel rooms.

Donaco also owns and operates the TAB Active TV wagering service in Australia, in partnership with all major TAB operators (Tabcorp Holdings Limited, Tatts Limited and Racing and Wagering WA). We also own and operate the Way2Bet online and mobile wagering portal, whose customers include all major corporate bookmakers in Australia.

To learn more about Donaco visit www.donacointernational.com



Donaco International

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Due care and consideration should be undertaken when considering and analysing Donaco’s financial performance. All references to dollars are to Australian Dollars unless otherwise stated.

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This presentation should be read in conjunction with other publicly available material. Further information including historical results and a description of the activities of Donaco is available on our website, www.donacointernational.com.

Executive summary

- In February 2013, Donaco completed a reverse takeover of ASX listed Two Way Ltd
- Donaco has a 75% stake in Lao Cai International Hotel joint venture which owns and operates the Hotel & Casino in Vietnam (remaining 25% stake belongs to Sapa Petrol Tourism JSC of Vietnam)
- Founded by the late Tan Sri Lim Goh Tong in 2002, who was also the founder of the Genting Group of Companies
- Equity interests passed to Lim Keong Yew (Joey Lim) and Lim Keong Hoe (Benjamin Lim), majority shareholders of Donaco
- Lao Cai International Hotel has 34 rooms, 8 gaming tables and approval to operate up to 300 electronic gaming machines, including 150 slot machines and 150 video gaming machines
- New hotel which will house existing casino business, currently under construction at a cost of ~\$43m with 428 rooms and scheduled to be operational in early 2014
- Predominant exposure to Chinese “high rollers” who have been sourced by junket operators
- Lao Cai province is bordered by the Chinese province of Yunnan which has a population of ~46m people

Corporate overview

Pro forma capital structure

ASX code	DNA
Ordinary shares on issue	278m
Options on issue	7.9m
Current share price (22 February 2013)	A\$0.44
Pro forma market cap.	A\$122m
Pro forma cash	A\$8.05m
Pro forma undrawn debt facility	A\$9.0m

Board of Directors

Stuart James McGregor	Chairman
Joey Lim Keong Yew	Managing Director & CEO
Benjamin Lim Keong Hoe	Non-Executive Director
Gerald Nicholas Eng Hoe Tan	Non-Executive Director
Mak, Siew Wei	Non-Executive Director
Benedict Paul Reichel	Non-Executive Director



Major Shareholders (as at 31 January 2013)

Convent Fine Limited	48.0%
Slim Twinkle Limited	46.2%
HSBC Custody Nominees (Australia) Limited	0.39%
Main Ace Investment Limited	0.36%
EBANC Com Pty Ltd	0.32%

Board of Directors

Name	Position	Summary biography
Stuart McGregor <i>B.Com, LLB, MBA</i>	Chairman	<ul style="list-style-type: none"> ▪ 30 years experience across a wide range of business in the Australia, New Zealand and Asian region ▪ Previously Company Secretary of Carlton and United Breweries Ltd, MD of Cascade Brewery Ltd and MD of San Miguel Brewery Hong Kong Ltd ▪ Chairman of the following companies: Symbion Pty Ltd, C B Norwood Pty Ltd, and Powerlift Australia Pty Ltd and executive director of Holdsworth Australasia Pty Ltd
Joey Lim Keong Yew <i>B.Computer Science</i>	Managing Director and Chief Executive Officer	<ul style="list-style-type: none"> ▪ Grandson of late Tan Sri Lim Goh Tong, founder of the Genting group of companies ▪ Director of Malahon Securities Limited, founded in 1984 and a member participant of the Hong Kong Exchange
Benjamin Lim Keong Hoe <i>B.International Business</i>	Non-Executive Director	<ul style="list-style-type: none"> ▪ Grandson of late Tan Sri Lim Goh Tong, founder of the Genting group of companies
Gerald Nicholas Eng Hoe Tan <i>B.Econ, MBA</i>	Non-Executive Director	<ul style="list-style-type: none"> ▪ Serial entrepreneur having founded numerous companies in the digital and interactive media space ▪ Managing Partner of Nuetree Capital ▪ 19 years experience on both the sell and buy side of venture capital and private equity business
Mak, Siew Wei <i>B.Bus (Info Sys)</i>	Non-Executive Director	<ul style="list-style-type: none"> ▪ Served as Business Development Manager at Marvic International (NY) Ltd. From 1998 to 2000 ▪ Independent non-exec director of Jotech Holdings Bhd from 2006 to 2012 and Av Ventures Corp. Bhd from 2006 to 2012 ▪ Currently independent non-exec director of Nakamichi Corp. Bhd, exec director of Advance Information Marketing Berhad and exec director of SCAN Associates Berhad
Benedict Paul Reichel <i>BA, LLB (Hons), Master of Law</i>	Non-Executive Director	<ul style="list-style-type: none"> ▪ Company director and adviser in the media, gaming and technology sectors ▪ 20 years experience in major Australian listed public companies and law firms ▪ Previously CEO and Managing Director of Two Way

Key management

Name	Position	Summary biography
Richard Chun Wee Na <i>FCA</i>	Chief Financial Officer	<ul style="list-style-type: none"> Previously, the Head of International Corporate Finance of Kenanga Investment Bank in Kuala Lumpur Prior to joining Kenanga, formerly the Investment Director of PrimePartners Asset Management Pte Ltd in Singapore and Vice President of Malaysia Venture Capital Sdn Bhd (a wholly owned subsidiary of the Ministry of Finance in Malaysia)
Do Du Bac <i>B.Comm</i>	Chairman of BOM	<ul style="list-style-type: none"> Previously Head of Trade & Tourism office of Sapa and Director of Lao Cai Tourism Company 2009 to present: Chairman of BOM of PVST and BOM of Lao Cai International Hotel
Tam Iam Howi <i>Dip (Financial Accounting), ACAA, FCCA and MIA</i>	General Director	<ul style="list-style-type: none"> General Director of JV Company from August 2010 to present Genting Bhd & Resorts World Bhd for over seven years. Experienced auditor and accountant
Tran Quoc Hung <i>B. Accounting and Finance</i>	Deputy General Director (Admin)	<ul style="list-style-type: none"> Previously chief accountant for the Lao Cai Import & Export Company (a State Government Company) Prior to joining Donaco, worked for Lao Cai Tourist Company overseeing the overall accounts operations Joined the JVC from March 2003 as Chief Accountant, promoted to Deputy General Director from Oct 2006
Chew Hock Seng	Deputy General Director (Operations)	<ul style="list-style-type: none"> 35 years working experience in Genting Group casinos Worked as private secretary for the late Tan Sri Lim Goh Tong – Genting founder, retired from Genting and joined the JVC as Deputy GD Operations
Michael Chow En Lai	Operations Manager	<ul style="list-style-type: none"> Experience gained from numerous roles relating to casino operations with Genting Group Malaysia Previously Project Operation Manager involved in setting up the Royal Hotel & Casino in Cambodia

Industry overview

Global gambling industry

- Two broad categories of the gambling industry are defined as either wagering or gaming activities
 1. Wagering – involves placing a bet on the outcome of a race or other form of event such as:
 - Thoroughbred, harness and greyhound races
 - Sporting events
 - Political elections
 2. Gaming – involves playing chance for money and broadly includes all non-wagering gambling such as:
 - Gaming machines
 - Casinos
 - Lotteries

Global casino industry

- Donaco operates in commercial casino segment within the overall gaming industry
- Casino operators provide a venue for clients to play games of chance, where odds of winning favour the “house”
- Largest casino operators are Caesars Entertainment Corporation, Las Vegas Sands Corporation, MGM Resorts International, SJM Holdings Limited and Genting Group
- Strong growth is expected in the Asia Pacific region from improving economic conditions, increased foreign tourists, new casinos and a change in attitudes of regulators

Key statistics

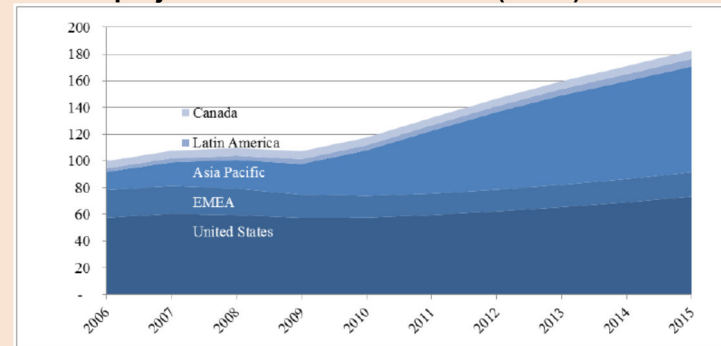
- Gambling activities generated US\$419 billion in revenues worldwide in 2011 which is an increase of 5.6% from 2010
- Global gambling revenues forecast to reach US\$500 billion by 2013
- Casinos and lotteries each account for 30% of the worldwide gambling industry



Key statistics

- Global casino gaming revenue is expected to grow at an annual compound rate of 9.2% from 2010 to 2015 (US\$117.6 billion to \$182.8 billion)

Growth projections in casino revenue (US\$b)



Source: Global Gaming Outlook – The casino and online gaming market to 2015. PWC, December 2011

Industry overview (cont'd)

Development of casinos in Asia

- In an attempt to generate revenues for the government gambling was legalised in Macau in 1847
- Macau's casino gross revenue rose 12.2% year on year in June 2012 (its gaming revenues are five times bigger than Las Vegas)
- Singapore's Resorts World Sentosa and Marina Bay Sands commenced operations in 2010 and earned combined revenues of US\$4 billion in 2011
- It is estimated gaming in Singapore has increased tourism by 20%
- In countries such as Cambodia and Vietnam, the government is exploring gaming as a catalyst to drive tourism

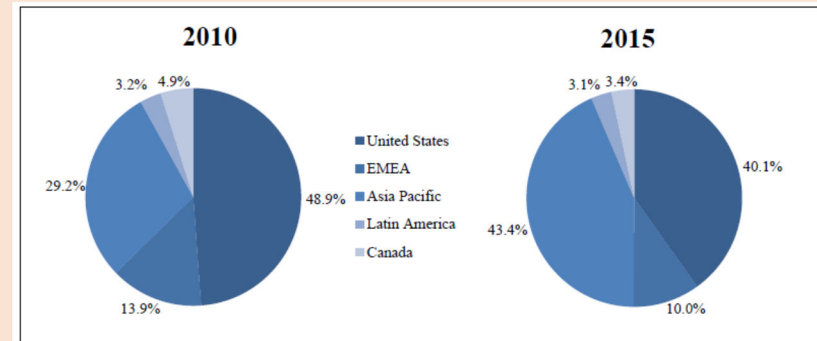
Vietnam casino industry

- Until 2003, except for state-run lottery, gambling of any kind was illegal in Vietnam
- The government has allowed a few five star hotels to run small scale and low-profile casinos or electronic gambling to cater for foreigners only
- Following the Lao Cai International Hotel, several other small casinos were built in Vietnam, most of them in cities such as Hanoi, Ho Chi Minh City, Da Nang, Hai Phong, Quang Ninh
- In 2008, the government approved Las Vegas style casino resort, The MGM Grand Ho Tram situated 128.7 kms from Ho Chi Minh City. It is expected to be completed in 2013
- Five other casino-style resorts have been licensed across the county since the MGM Grand Ho Tram

Key statistics

- It is expected casino revenues will continue to grow by almost 40% in 2012 and taper to 8% by 2015

Change in contribution of regional casino revenues



Source: Global Gaming Outlook – The casino and online gaming market to 2015, PWC, December 2011

Key statistics

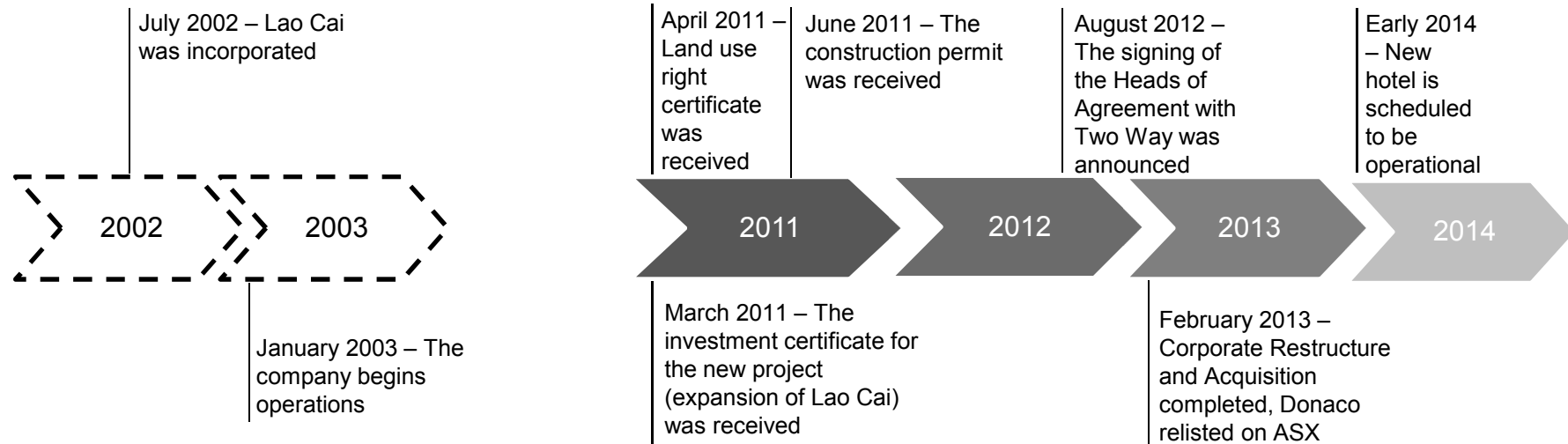
Planned development in Vietnam

Development	Investment	Location	Details	Casino operations
Happy Valley	\$ 2 billion	Outside HCM city	Theme park	Rumoured to include a gaming component
Flamboyant Island	N.A.	60Km SE of Hanoi	Hotel	Casino managed by Casinos Austria
Genting	\$ 4 billion	Quang Nam	Gaming resort	Joint venture with Vina Capital
Phu Quoc Island	\$ 4 billion	South Coast	Casino	Yet to finalise investors / operators

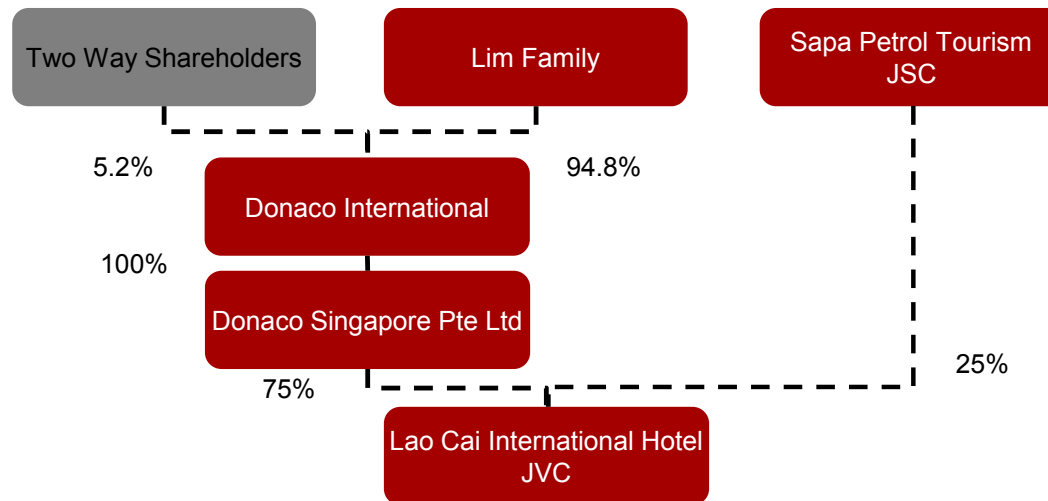
Source: Ben Lee, Vetting Vietnam, Global Gaming Business Magazine, Vol 11, No 4, Apr 2012

History of Donaco and restructure

Operating for over 10 years:



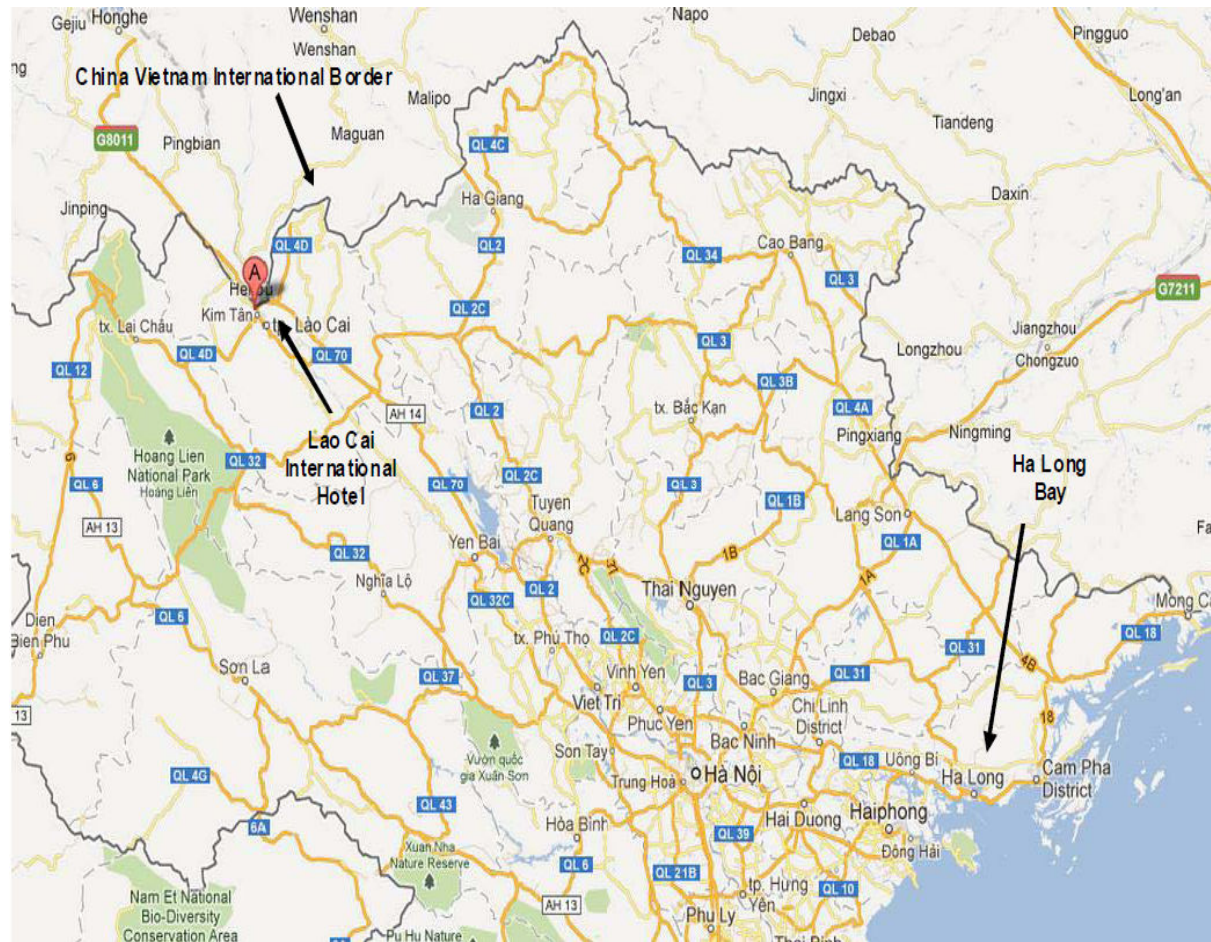
Restructure:



Lao Cai International Hotel

Location and infrastructure

- Lao Cai City, north-eastern Vietnam, which borders the Yunnan Province of China
- Lao Cai is separated from the Chinese border and the city of the Hekou by a river. A bridge connects the two cities and is controlled by a border crossing station
- Gambling is prohibited for citizens of Vietnam so the hotel primarily targets international visitors, especially from China
- Yunnan has an estimated population of 45.9 million with 6.4 million residing in the capital, Kunming
- Expressway from Kunming to Lao Cai will reduce travel time from seven hours to four hours
- Bullet train from Kunming to Mengzi (150km from Lao Cai) has been completed and will shortly open
- Highway from Hanoi to Lao Cai is expected to be completed in 2013, once it is operational transportation time is expected to be reduced from 8 hours to less than 4 hours



Lao Cai International Hotel (cont'd)

History

- Incorporated in Vietnam as a joint venture for 30 years under an Investment Licence issued by the Ministry of Planning and Investment
- Commenced operations in Jan 2003

Hotel facilities

- 34 rooms provided to casino patrons on complimentary basis
- Bar and dining facilities
- Employs 400 staff. Senior management comprise long-term staff from the Genting Group

Gambling Facilities

- Eight gaming tables with a minimum wager of RMB 200 (~A\$30) and maximum wager of RMB100,000 (A\$15,000) providing Baccarat and Sic Bo
- 57 electronic gaming machines (EGM) sourced from Aristocrat, Weiki, and IGT. Licence permits up to 300 EGMs in total
- Approximately 80% of existing casino revenues are derived from high rollers

Competitors

- The nearest competing casino is in Ha Long Bay, 450 km away
- Also competes with Macau market which is roughly 2 hours flying time from Kunming

Patrons

- Vietnam does not allow its citizens to gamble within the country
- Almost totally reliant upon Chinese gamblers who cross the border
- Typically “high roller” who checks in with A\$100k+
- Gamblers are typically sourced through junket operators
- Gamblers are booked into a hotel-casino at the junket company’s expense in exchange for a commission of the gamblers’ turnover
- To minimise risk, junket operators have to put up a deposit with the hotel (Any credit risks to the players is borne by the junket operator)
- Currently has arrangements with 22 junket operators



Lao Cai International Hotel – expansion project

Expansion

- Received permission to expand the scope of operations and construct a new four (possibly five) star hotel and entertainment complex
- 12 story complex (7 levels currently built)

Property

- Donaco will operate 428 room hotel with 3 restaurants and waterpark
- 100 rooms provided to high rollers with the balance available to the mass market
- Four room types from basic to VIP. Average room rate expected to be US\$100 per night

Timing

- Expected to be operational at the beginning of year 2014
- Minimal disruptions due to proximity to existing casino

Table numbers

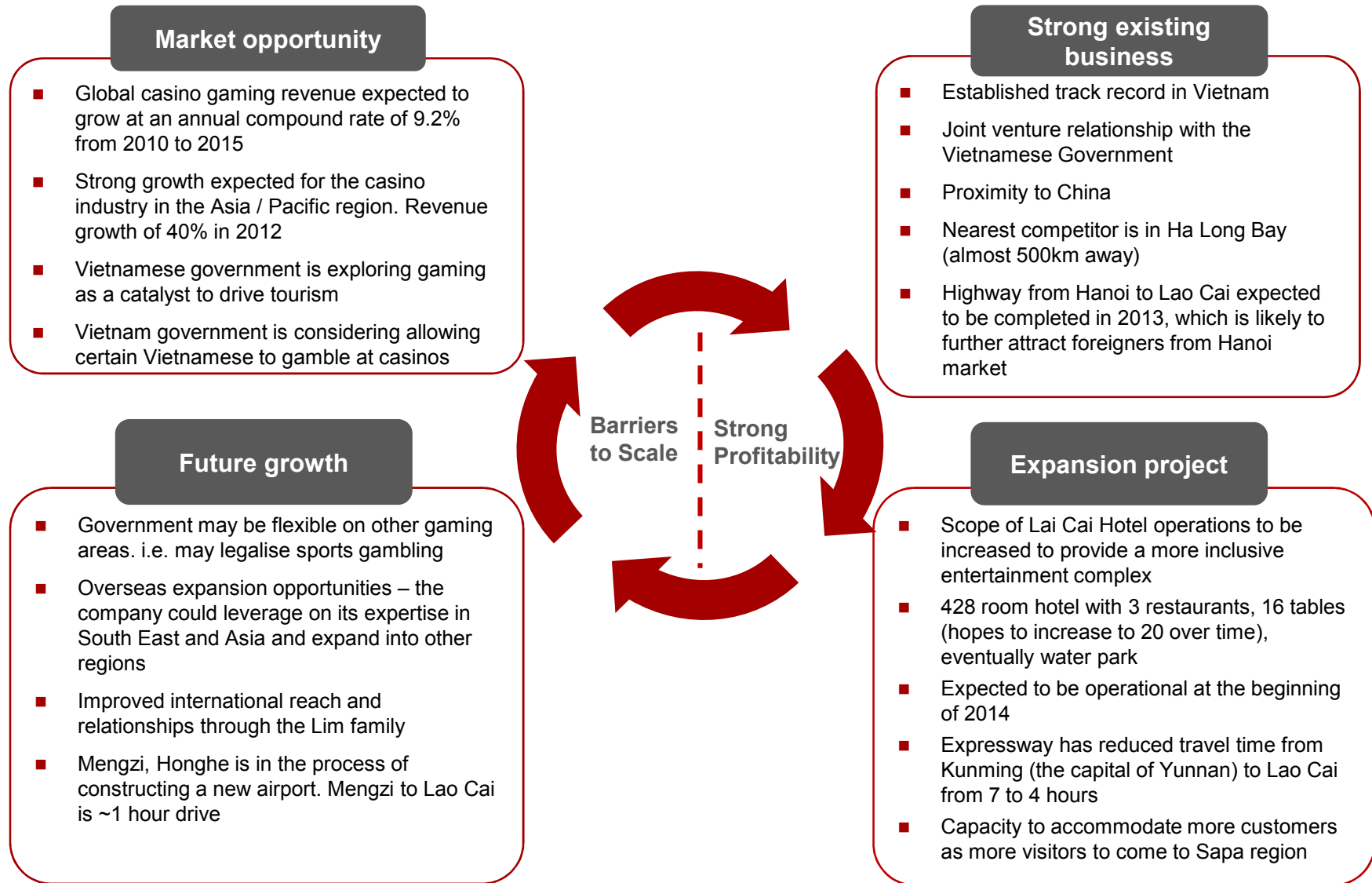
- Confident obtaining approval to operate 16 tables upon opening
- May increase to 20 tables over time

Budget

- Estimated at approximately US\$43m of which US\$13m has been spent to date
- Donaco is liable for 100% of construction cost
- Sapa Tourism has contributed the land component
- Debt facility with Ocean Bank



Business model



Strategic priorities

Existing and New Casino

- Continue to explore initiatives to attract Chinese gamblers from Yunnan province and nearby provinces
- Attract customers from Hanoi market

- Continue to enhance customer service and capability of staff
- Continue to develop relationships with junket operators to attract more players through proper promotion programs
- Maintain good relationship with local & central authorities
- Continue to improve properties
- Seek approval to operate 20 tables over time

Future acquisitions

- Acquisition of future businesses in the Asia region with a continuing focus in the gaming and leisure spaces
- Seek to expand operations into lotteries and horse racing through acquisition

- Leverage expertise in South East Asia and Lim family relationships
- There are indications that the Vietnamese government may be flexible with other gaming areas. The government may legalise sports gambling to limit the influence of underground gambling syndicates

Company highlights

1

Cash flow positive and profitable ASX listed entity

2

Exposure to high growth markets

3

Established track record in Vietnam and strong competitive position

4

Significant investment in expanding operations to accelerate future growth

5

Leveraging on expertise in South East Asia to expand into other regions

6

Highly experienced management team

Donaco International Group Financials*

- Pro forma income statement for consolidated entity for the 6 months to 31 December 2012 (unaudited)
- Note: merger completed on 1 February 2013

A\$ millions*	1H13 Actual*
Gross Revenue	7.0
Cost of Sales	(0.3)
Gross Profit	6.7
Other Income	2.0
Other Expenses	(3.4)
Profit Before Income Tax	5.2
Income Tax Expense	(0.9)
Profit for the period from continuing operations	4.3
Non-Controlling Interest	(0.8)
Net Profit	3.5

Notes:

a 1USD = 0.96302AUD

b Differences to accounts lodged with ASX due to rounding

c Donaco International Ltd (ASX:DNA) has 30 June balance date. Lao Cai JV currently has 30 December balance date.

Due to the difference in balance dates, half-year consolidated results have not been audited, and full year results have not been released.