

ASX RELEASE**5 July 2013****Project Update – New Lao Cai Hotel**

Following a recent site visit by senior management, Donaco International Limited (the **Company**) provides the following update on the construction of its new hotel and casino property in Lao Cai Province, Vietnam.

The Company is pleased to report that the project is proceeding on time and on budget. The superstructure for the 12th and final floor is now being completed, with the roof to be put on soon. The photograph below shows the current state of the project.



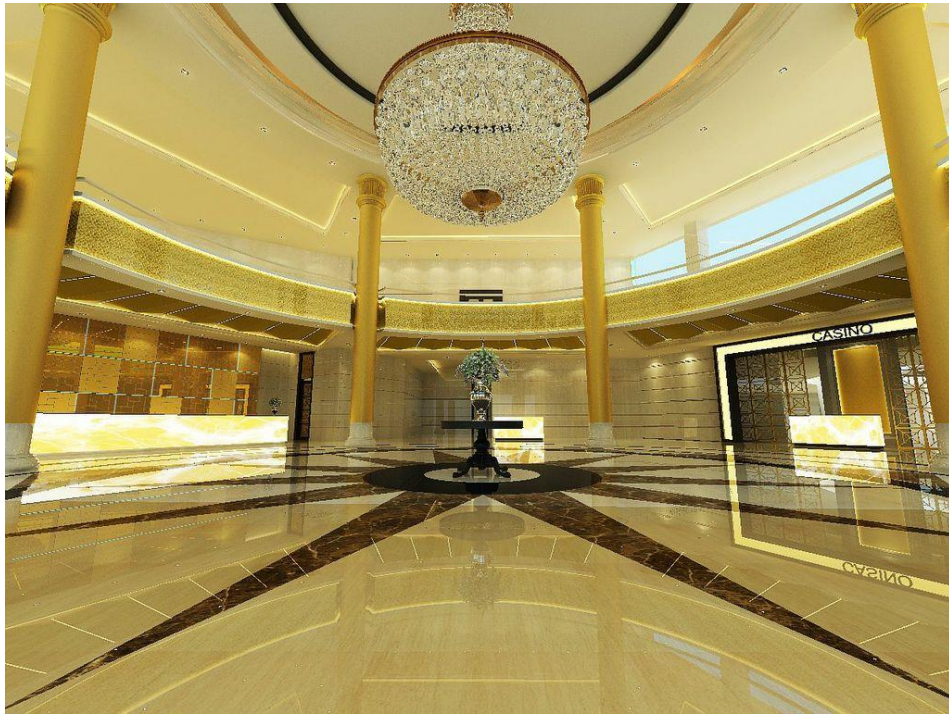
Interior design work has commenced, with all interiors to be built to 5-star hotel standard. Below is a concept diagram of the casino interior, which can comfortably accommodate 32 gaming tables on the main gaming floor, with a further 8 tables in the VIP suites on the mezzanine level. Note that the final number of tables will not be determined until the property is closer to completion, but the Company is confident of obtaining approval to operate at least 16 tables on opening (which is double the current number at the Company's existing hotel).



The photograph below shows the current state of construction of the gaming floor.



Below is a concept diagram of the hotel lobby and reception area.



A number of mock-up interiors have already been built for the four proposed room types in the 428 room hotel. One of these mock-ups is shown below.



Railway upgrades in China

The Company is also pleased to report that the new railway from Kunming, the capital city of Yunnan Province, is now open to passenger traffic as far as the city of Mengzi. The new railway, which is part of the National High Speed Rail network, will greatly reduce travel times from Kunming to Hekou on the Chinese border, just across the river from the Company's hotel and casino in Lao Cai.

Together with highway improvements in the region, this will increase the accessibility of the Company's existing and new casino properties for the target market in Yunnan Province, China.

The map below shows the location of the new railway line extending from Kunming to Mengzi. From there it is a short trip by car or bus to Hekou, and then across the border to Lao Cai.



Reduction of corporate income tax rates in Vietnam

Finally, the Company is also pleased to report that the National Assembly of Vietnam has passed a law to reduce corporate income tax rates. The current corporate income tax rate of 25% will be reduced to 22% on 1 January 2014, with a further reduction to 20% planned for January 2016.

For further information:

Ben Reichel
Director & Company Secretary
Phone: + 61 412 060 281



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 successful online and mobile technology businesses, including secure mobile banking and payment gateways across South East Asia. We also own and operate the Way2Bet wagering portal, whose customers include all major corporate bookmakers in Australia.

To learn more about Donaco visit www.donacointernational.com

