



ABN 28 007 424 777

Retail Offer Booklet

Accelerated non-renounceable rights issue

For a fully underwritten accelerated non-renounceable rights issue of 10 New Shares for every 21 fully paid ordinary shares in Donaco International Limited held at 7.00pm (Sydney time) on Wednesday, 4 February 2015 at an offer price of \$0.60 per New Share.

Retail Entitlement Offer closes at 5.00pm (Sydney time) on Monday, 23 February 2015 (unless extended).

Donaco International Limited
ABN 28 007 424 777
(ASX Code: DNA)

THIS RETAIL OFFER BOOKLET IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Retail Offer Booklet is not a prospectus or other form of disclosure document. Accordingly, it does not contain all of the information that an investor may require to make an investment decision or the information which would otherwise be required by Australian law or any other law to be disclosed in a prospectus.

If you are an Eligible Retail Shareholder you should read this document in its entirety together with the personalised Entitlement and Acceptance Form which accompanies it. If you are in doubt about what to do, you should consult your professional adviser without delay.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSONS

Important Notices

This Retail Offer Booklet was prepared by Donaco International Limited (**Donaco** or **Company**) and is dated Monday, 2 February 2015.

This Retail Offer Booklet is not a prospectus

This Retail Offer Booklet contains an offer of New Shares to Eligible Retail Shareholders and has been prepared in reliance on section 708AA of the Corporations Act (as modified by ASIC Class Order 08/35) which allows rights issues to be conducted without a prospectus. This document is not a prospectus and does not contain all of the information which would be found in a prospectus, or which may be required by an investor in order to make a decision in respect of the Retail Entitlement Offer. This document has not been and will not be lodged with ASIC.

This is an important document and requires your immediate attention

It is important that you carefully read this Retail Offer Booklet in its entirety before making a decision in relation to the Retail Entitlement Offer.

In particular, you should consider the risk factors outlined in Appendix VI of the Investor Presentation set out in section 7 of this Retail Offer Booklet which could affect the financial and operating performance of Donaco or the value of your investment in Donaco.

Investment decisions

The information in this Retail Offer Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs. If after reading this document, you have any questions about the Retail Entitlement Offer, you should contact your stockbroker, accountant or other professional adviser.

The potential tax effects of the Retail Entitlement Offer will vary between investors. Investors should satisfy themselves of any possible tax consequences by consulting their professional tax advisor.

Publicly available information

Announcements released by Donaco in accordance with its periodic and continuous disclosure obligations under the Corporations Act and ASX Listing Rules are available from the ASX website (at www.asx.com.au) and Donaco's website (at www.donacointernational.com). Although these announcements are not incorporated into this Retail Offer Booklet, investors should have regard to them before making a decision whether or not to participate in the Retail Entitlement Offer, or to otherwise invest in the Company.

Donaco may release further announcements after the date of this Retail Offer Booklet and throughout the Offer Period which may be relevant to your consideration of the Retail Entitlement Offer. Investors should check whether any further announcements have been released by Donaco after the date of this Retail Offer Booklet prior to taking action or deciding to do nothing in relation to the Offer. These announcements will be available from the ASX website (at www.asx.com.au) and Donaco's website (at www.donacointernational.com).

Forward-looking statements

This Retail Offer Booklet may contain forward-looking statements. Forward-looking statements may generally be identified by the use of forward-looking words such as "believe", "aim", "expect", "anticipate", "intending", "foreseeing", "likely", "should", "planned", "may", "estimate", "potential", or other similar words. Statements that describe Donaco's objectives, plans, goals or expectations are or may be forward-looking statements.

Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that may cause the actual results, performance or achievements of Donaco to be materially different from the results, performance or achievements expressed or implied by such statements.

Any forward-looking statements in this Retail Offer Booklet are made, and reflect views held, only as at the date of this Retail Offer Booklet. Donaco makes no representation and gives no assurance or guarantee

that the occurrence of the events or the achievement of results expressed or implied in such statements will actually occur. You are cautioned not to place undue reliance on any forward-looking statement, and all forward-looking statements attributable to Donaco or any person acting on their behalf are qualified by this cautionary statement. Except to the extent required by law (including the ASX Listing Rules), Donaco does not give any undertaking to update or revise any forward looking statements after the date of the Retail Offer Booklet to reflect any changes in expectations in relation to forward looking statements or any change in events, conditions or circumstances on which any such statement is based.

Past performance

Investors should note that past performance, including past share price performance cannot be relied on as an indicator of, and provides no guidance as to, future Company performance, including future share price performance.

Foreign jurisdictions

This Retail Offer Booklet has been prepared to comply with the requirements of securities laws in Australia and New Zealand.

This Retail Offer Booklet does not, and is not intended to, constitute an offer, invitation or issue in any place in which, or to any person to whom, it would be unlawful to make such an offer, invitation or issue. By applying for New Shares, including by submitting the Entitlement and Acceptance Form or making a payment by BPAY® you represent and warrant that there has been no breach of such laws.

The distribution of this Retail Offer Booklet outside of Australia and New Zealand may be restricted by law and persons who come into possession of it should seek advice and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. Donaco disclaims all liabilities to such persons. Eligible Retail Shareholders who are not resident in Australia or New Zealand are responsible for ensuring that taking up New Shares under the Retail Entitlement Offer does not breach the selling restrictions set out in this Retail Offer Booklet or otherwise violate the securities laws in the relevant overseas jurisdictions.

No action has been taken to register or qualify this Retail Offer Booklet, the New Shares or the Retail Entitlement Offer, or otherwise to permit a public offering of the New Shares, in any jurisdiction outside Australia and New Zealand.

United States

This document may not be released or distributed in the United States of America. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

New Zealand

The New Shares being offered to Eligible Retail Shareholders in New Zealand under this Retail Offer Booklet are offered in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand). This Retail Offer Booklet is not an investment statement or prospectus under New Zealand law and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Time

Times and dates in this Retail Offer Booklet are indicative only and subject to change. Unless otherwise indicated, all times and dates refer to Sydney, New South Wales, Australia time.

Defined terms and abbreviations

Terms and abbreviations used in this Retail Offer Booklet are defined in section 6 of this Retail Offer Booklet.

References to **Australian dollars** or **\$** are references to the lawful currency of Australia. Any discrepancies between the totals and the sum of all individual components in the tables (if any) combined in this Retail Offer Booklet are due to rounding.

Corporate Directory

Company	Donaco International Limited Registered office: Suite 2.02, 55 Miller Street, Pyrmont, New South Wales, 2009, Australia Telephone: +61 2 9017 7000 Website: www.donacointernational.com ASX Code: DNA
Directors	Stuart James McGregor (Non-executive Chairman) Joey Lim Keong Yew (Managing Director and Chief Executive Officer) Benedict Paul Reichel (Executive Director, Group General Counsel, Company Secretary) Benjamin Lim Keong Hoe (Non-executive Director) Robert Andrew Hines (Non-executive Director)
Company Secretary	Benedict Paul Reichel
Solicitors	Watson Mangioni Lawyers Pty Limited ABN 56 120 091 394 Address: Level 13, 50 Carrington Street Sydney NSW 2000 Australia Telephone: 61 2 9262 6666
Lead Manager and Underwriter	Canaccord Genuity (Australia) Limited Address: Level 26, 9 Castlereagh Street, Sydney, New South Wales 2000, Australia Telephone: +61 2 9263 2700
Share Registry	Boardroom Pty Limited Address: Level 7, 207 Kent Street, Sydney, New South Wales, 2000, Australia Telephone: +61 2 9290 9600

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Enquiries

If you have any queries in relation to the Retail Entitlement Offer please contact Boardroom Pty Limited on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) between 8:15am and 5:30pm (Sydney time) Monday to Friday, or visit Donaco's website (at www.donacointernational.com), or contact your stockbroker, accountant or other professional adviser.

Key Entitlement Offer Details

Key Statistics

Offer Price	\$0.60 per New Share
Ratio	10 New Shares for every 21 Shares held at the Record Date
Maximum number of New Shares to be issued under the Entitlement Offer	220,002,963 (approximately)
Maximum amount to be raised under the Entitlement Offer	\$132,001,778 (before expenses) (approximately)
Number of Shares on issue following the Entitlement Offer	682,009,185 (approximately)

*Being the last trading day on the ASX, prior to announcement of the Entitlement Offer.

Key Dates

Announcement of the Entitlement Offer	Friday, 30 January 2015
Institutional Entitlement Offer: The period when the institutional component of the Entitlement Offer and the Institutional Shortfall Bookbuild were conducted	Friday, 30 January 2015
Shares resume trading: The date on which results of the Institutional Entitlement Offer was announced and Shares resumed trading on ASX on an ex-entitlement basis	Tuesday, 3 February 2015
Record Date: The date for determining the Entitlement of Eligible Shareholders to participate in the Entitlement Offer	7.00pm (Sydney time) on Wednesday, 4 February 2015
Despatch: Completion of despatch of Retail Offer Booklets and Entitlement and Acceptance Forms to Eligible Retail Shareholders	Monday, 9 February 2015
Opening Date: The first day for receipt of acceptances under the Retail Entitlement Offer	Monday, 9 February 2015
Settlement – Institutional Entitlement Offer: Settlement of the Institutional Entitlement Offer, Institutional Shortfall Bookbuild and underwriting of the Institutional Entitlement Offer occurs	Tuesday, 10 February 2015
Quotation – Institutional Entitlement Offer: Trading of New Shares issued under the Institutional Entitlement Offer, Institutional Shortfall Bookbuild and underwriting of the Institutional Entitlement Offer expected to commence on ASX	Wednesday, 11 February 2015
Closing Date: The last date for receipt of applications under the Retail Entitlement Offer	5.00pm (Sydney time) on Monday, 23 February 2015
Results of Retail Entitlement Offer: Announcement to ASX of the results of the Retail Entitlement Offer	Thursday, 26 February 2015
Issue/Allotment Date: New Shares issued under the Retail Entitlement Offer and underwriting of the Retail Entitlement Offer and entered into the security holder's holdings	Before 12:00pm, Monday, 2 March 2015
First Trading Date: Trading of New Shares issued under the Retail Entitlement Offer and underwriting of the Retail Entitlement Offer expected to commence on ASX	Tuesday, 3 March 2015
Despatch Date: Anticipated despatch of holding statements for New Shares issued under the Retail Offer and underwriting of the Retail Entitlement Offer	Wednesday, 4 March 2015

The above events, dates and times are indicative only and may be subject to change. Donaco reserves the right to amend any of these events, dates and times without notice, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Donaco reserves the right to extend closing dates, to accept late applications either generally. The commencement of quotation of New Shares is subject to confirmation by ASX.

Letter from the Chairman

2 February 2015

Dear Shareholder,

On behalf of the Board of Donaco, I am pleased to invite you to participate in the Entitlement Offer which provides Eligible Shareholders with the opportunity to subscribe for 10 New Shares for every 21 Shares held at the Record Date, being 7.00pm (Sydney time) on Wednesday, 4 February 2015, at the Offer Price of \$0.60 per New Share.

Donaco is seeking to raise \$132,001,778 under the Entitlement Offer (before costs), through the issue of up to approximately 220,002,963 New Shares.

Use of Funds

Net proceeds of the Entitlement Offer will be used to pay part of the consideration for the proposed acquisition of the Star Vegas Resorts & Club (**Star Vegas**) (**Acquisition**) and the expenses associated with the Acquisition and the Entitlement Offer.

The Acquisition

On 23 January, 2015 the Company entered into a binding agreement with the Vendors. Under that agreement Donaco's wholly-owned subsidiary, Donaco Hong Kong Limited, will acquire all the shares in a new company (NewCo) that the Vendors will incorporate, which owns or will own the hotel and casino business of Star Vegas located in Poipet, Cambodia, for a total Acquisition price of US\$360,000,000.

The purchase price for the Acquisition will be partially funded from the net proceeds of the Entitlement Offer and a new bank debt facility of \$US100 million made available by a major international commercial bank.

If the Acquisition does not complete for any reason, net proceeds of the Entitlement Offer will be used for working capital purposes of the Company and to repay existing debt.

Further details of the Acquisition can be found in the Investor Presentation set out in section 7 of this Retail Offer Booklet.

The Entitlement Offer

Under the Entitlement Offer, Eligible Shareholders will be entitled to acquire 10 New Shares for every 21 Shares held at the Record Date, being 7.00pm (Sydney time) on Wednesday, 4 February 2015, at the Offer Price of \$0.60 per New Share. New Shares issued under the Entitlement Offer will rank equally with existing Shares on issue.

The Offer Price per New Share is a premium of 10.1% to the closing price of Donaco's Shares on 22 January 2015 (being the last day before the announcement of the Entitlement Offer) and is a discount of 19.4% to the 30 day volume weighted average price on ASX for the period prior to the date of suspension prior to announcement of the Entitlement Offer.

The Entitlement Offer is being fully underwritten by Canaccord Genuity (Australia) Limited under the Underwriting Agreement, described in section 5.1 of this Retail Offer Booklet.

If Eligible Retail Shareholders do not take up their pro rata Entitlements, the remaining Shares will be issued to the Underwriter.

The Entitlement Offer comprises an institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**). The Institutional Entitlement Offer was announced on 30 January 2015 and together with the associated Institutional Shortfall Bookbuild and underwriting of the Institutional Entitlement Offer raised approximately \$95.1 million (before costs).

Donaco is seeking to raise approximately \$36.9 million (before costs) under the Retail Entitlement Offer. The Offer Price under Retail Entitlement Offer is the same as the Offer Price under the Institutional Entitlement Offer. This Retail Offer Booklet relates to the Retail Entitlement Offer.

The Retail Entitlement Offer closes at **5:00 pm (Sydney time) on Monday, 23 February 2015**, unless extended. To participate you need to ensure that either your completed Entitlement and Acceptance Form and Application Money, or your Application Money submitted by BPAY[®], is received before this time in accordance with the instructions set out on the Entitlement and Acceptance Form and section 2.2 of this Retail Offer Booklet.

Entitlements are non-renounceable and therefore will not be tradeable on the ASX or otherwise transferable. Eligible Retail Shareholders who do not take up some or all of their Entitlements will not receive any value in respect of those Entitlements and their shareholding in the Company will be diluted.

This Retail Offer Booklet contains details of the Entitlement Offer, instructions on how to participate in the Retail Entitlement Offer and information on risk factors relevant to an investment in Donaco. Please read this Retail Offer Booklet in full and consult your stockbroker, accountant or other professional adviser before making a decision in relation to the Retail Entitlement Offer.

For more information on recent developments of the Company, please refer to the Company's public announcements that are released to the ASX, which are available from the ASX's website (at www.asx.com.au) and the Company's website (at www.donacointernational.com).

On behalf of the Directors, I thank you for your support of the Company to date, and commend the Retail Entitlement Offer to you.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Stuart McGregor', written in a cursive style.

Stuart McGregor
Non-Executive Chairman

1 Details of the Entitlement Offer

1.1 Overview of the Entitlement Offer

Under the Entitlement Offer, Donaco is seeking to raise approximately \$132,001,778 (before costs) through a fully underwritten accelerated non-renounceable pro rata offer of 10 New Shares for every 21 Shares held at the Record Date, being 7.00pm (Sydney time) on Wednesday, 4 February 2015, at the Offer Price of \$0.60 per New Share.

The Entitlement Offer consists of:

- the Institutional Entitlement Offer, which has completed and is discussed immediately below at section 1.2 of this Retail Offer Booklet; and
- the Retail Entitlement Offer, which is the subject of this Retail Offer Booklet.

Donaco has already raised approximately \$95.1 million (before costs) under the Institutional Entitlement Offer and associated Institutional Shortfall Bookbuild.

New Shares issued under the Entitlement Offer will be fully paid and will rank equally with existing Shares on issue.

Please refer to the Investor Presentation in section 7 of this Retail Offer Booklet for information regarding the purpose of the Entitlement Offer and use of proceeds, the effect of the Entitlement Offer and acquisition of the Star Vegas Resort & Club in Poipet, Cambodia on the Company's financial position and capital structure, and the key risks associated with an investment in Donaco. You should also consider the key risks set out in Section 4 of this Retail Offer Booklet along with other publicly available information about Donaco available at www.asx.com.au and www.donacointernational.com.

1.2 Institutional Entitlement Offer

On Friday, 30 January 2015 Donaco announced the launch of the Institutional Entitlement Offer. The Institutional Offer provided Eligible Institutional Shareholders with the opportunity to subscribe for 10 New Shares for every 21 Shares held at the Record Date, at an Offer Price of \$0.60 per New Share.

New Shares not taken up under the Institutional Entitlement Offer, and New Shares that would have otherwise been offered to Ineligible Institutional Shareholders had they been eligible to participate in the Institutional Entitlement Offer, were offered under the Institutional Shortfall Bookbuild completed 30 January 2015. The offer price under the Institutional Shortfall Bookbuild was \$0.60 per New Share, being the same as the Offer Price under the Entitlement Offer.

New Shares not issued under the Institutional Entitlement Offer or the Institutional Shortfall Bookbuild are to be taken up by the Underwriter subject to the terms and conditions of the Underwriting Agreement, detailed further in section 5.1 of this Retail Offer Booklet.

Donaco raised an aggregate amount of approximately \$95.1 million (before costs) under the Institutional Entitlement Offer and Institutional Shortfall Bookbuild.

Settlement of the Institutional Entitlement Offer and Institutional Shortfall Bookbuild is expected to occur on Tuesday, 10 February 2015. The New Shares issued are expected to commence trading on Wednesday, 11 February 2015.

1.3 Retail Entitlement Offer

Under the Retail Entitlement Offer, Donaco is providing Eligible Retail Shareholders with the opportunity to subscribe for 10 New Shares for every 21 Shares held at the Record Date, being 7.00pm (Sydney time) on Wednesday, 4 February 2015 at the Offer Price of \$0.60 per New Share.

The Offer Price under the Retail Entitlement Offer is the same as for the Institutional Entitlement Offer.

The Retail Entitlement Offer opens on Monday, 9 February 2015 and will close at 5.00pm (Sydney time) on Monday, 23 February 2015, unless extended. Settlement of the Retail Offer is expected to occur on Friday, 27 February 2015, with New Shares issued under the Retail Offer expected to commence trading Tuesday, 3 March 2015.

1.4 Your Entitlements under the Retail Entitlement Offer

Your Entitlement to participate in the Retail Entitlement Offer is shown on the accompanying Entitlement and Acceptance Form and has been calculated based on 10 New Shares for every 21 Shares you held at the Record Date.

Fractional Entitlements have been rounded down to the nearest whole number.

If you have more than one holding of Shares, you will be sent separate personalised Entitlement and Acceptance Forms and will receive a separate Entitlement for each holding.

1.5 Closing Date

Donaco will accept applications under the Retail Entitlement Offer from the date of this Retail Offer Booklet until 5:00pm (Sydney time) on Monday, 23 February 2015 (or such other date as the Directors in their absolute discretion determine, in consultation with the Underwriter, subject to the requirements of the ASX Listing Rules).

1.6 Eligibility to participate in the Retail Entitlement Offer

Eligible Retail Shareholders are those Shareholders who at the Record Date for the Retail Entitlement Offer:

- have a registered address listed on Donaco's share register in Australia or New Zealand;
- were not invited to participate (other than a nominee, in respect of underlying holdings) under the Institutional Entitlement Offer and are not being treated as an Ineligible Institutional Shareholder under the Institutional Entitlement Offer;
- are not in the United States and are not a US person or acting for the account of or benefit of a person in the United States or a US Person; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer, without the use of a prospectus, disclosure document or other lodgement, filing, registration or qualification.

The Entitlement Offer is not being extended to Shareholders who do not meet the above criteria unless Donaco otherwise determines.

1.7 Effects on control

The potential effect the Entitlement Offer will have on the control of Donaco, and the consequences of that effect, will depend on a number of factors, including investor demand and existing shareholdings. Given the structure of the Entitlement Offer as a pro-rata issue, the ratio and terms of the Entitlement Offer, the current level of holdings of substantial holders (based on substantial holding notices that have been given to the Company and lodged with ASX on or prior to the date of this Retail Offer Booklet), the Entitlement Offer is not expected to have any material effect or consequence on the control of Donaco.

However, Eligible Retail Shareholders who do not take up their rights for New Shares under the Retail Entitlement Offer will have their percentage shareholding in Donaco diluted to the extent they do not take up their Entitlement in full. Each Ineligible Shareholders' percentage shareholding in Donaco will be diluted by the Entitlement Offer.

1.8 Underwriting

The Entitlement Offer is being fully underwritten by Canaccord Genuity (Australia) Limited. Any New Shares not taken up under the Institutional Entitlement Offer and associated Institutional Shortfall Bookbuild, the Retail Entitlement Offer, or which would have been taken up by Ineligible Retail Shareholders had they been entitled to participate in the Entitlement Offer, will be taken up by the Underwriter, or by sub-underwriters, subject to the terms and conditions of the Underwriting Agreement summarised in section 5.1.

1.9 Non-Renounceable

The Entitlement Offer is non-renounceable. Eligible Retail Shareholders are not able to sell or transfer their Entitlements. Any Entitlements not taken up by Eligible Retail Shareholders will lapse and the corresponding New Shares, to the extent not placed with Institutional investors, will be taken up by the Underwriter or by sub-underwriters, subject to the terms and conditions of the Underwriting Agreement summarised in section 5.1.

1.10 Ineligible Shareholders

All Shareholders who do not satisfy the criteria to be Eligible Retail Shareholders or Eligible Institutional Shareholders are Ineligible Shareholders. Ineligible Shareholders are not entitled to participate in the Entitlement Offer, unless Donaco otherwise determines.

The restrictions upon eligibility to participate in the Entitlement Offer arise because Donaco has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Corporations Act, that it would be unreasonable to extend the Entitlement Offer to Ineligible Shareholders. This decision has been made after taking into account the relatively small number of Shareholders in the jurisdictions in which the Ineligible Shareholders are located, the relatively small number and value of New Shares to which those Shareholders would otherwise be entitled and the potential costs of complying with legal

and regulatory requirements in the jurisdictions in which the Ineligible Shareholders are located in relation to the Entitlement Offer.

Donaco, in its absolute discretion, may extend the Entitlement Offer to any Shareholder if it is satisfied that the Entitlement Offer may be made to the Shareholder in compliance with all applicable laws. Donaco, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Retail Shareholder, Eligible Institutional Shareholder or an Ineligible Shareholder. To the maximum extent permitted by law, Donaco disclaims all liability in respect of such determination.

New Shares that would have been offered under the Entitlement Offer to Ineligible Institutional Shareholders, had they been entitled to participate in the Institutional Entitlement Offer (**Ineligible Institutional Shares**), were offered for issue under the Institutional Shortfall Bookbuild and to the extent not taken up under the Institutional Shortfall Bookbuild, will be taken up by the Underwriter, subject to the terms and conditions of the Underwriting Agreement. New Shares that would have been offered under the Entitlement Offer to Ineligible Retail Shareholders, had they been entitled to participate in the Retail Entitlement Offer (**Ineligible Retail Shares**), will be taken up by the Underwriter, subject to the terms and conditions of the Underwriting Agreement.

The price at which Ineligible Institutional Shares will be issued under the Institutional Shortfall Bookbuild and the price at which Ineligible Institutional Shares and Ineligible Retail Shares will be taken up by the Underwriter, subject to the terms and conditions of the Underwriting Agreement is the same as the Offer Price. Accordingly, there will be no proceeds to distribute to Ineligible Shareholders in respect of those New Shares.

1.11 Option holders

Option holders are not entitled to participate in the Entitlement Offer in respect of their Options, unless they exercise the Options and they are registered as the holder of the resulting Shares by the Record Date, and also satisfy the other criteria detailed in section 1.6 to be an Eligible Retail Shareholder.

1.12 Minimum Subscription

There is no minimum subscription under the Entitlement Offer. ASX Quotation

Donaco has made an application to ASX for quotation of the New Shares on ASX. If ASX does not grant official quotation of the New Shares, Donaco will not issue any New Shares and all Application Money will be refunded, without interest.

1.13 Issue of New Shares

Donaco expects to issue the New Shares under the Retail Entitlement Offer on Monday, 2 March 2015 and despatch holding statements for the New Shares on Wednesday, 4 March 2015. No issue of New Shares will be made unless permission is granted for quotation of the New Shares on ASX.

1.14 Application Money

Application Money will be held in trust for applicants in a subscription account until New Shares are allotted. Interest earned on Application Monies will be for the benefit of Donaco and will be retained by Donaco irrespective of whether New Shares are issued.

1.15 Enquiries

Enquiries concerning the Entitlement Offer, and the Entitlement and Acceptance Form, should be directed to Boardroom Pty Limited on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) between 8:15am and 5:30pm (Sydney time) Monday to Friday,.

2 Choices and How to Apply

2.1 What choices do Eligible Retail Shareholders have?

Your Entitlement is shown on the accompanying Entitlement and Acceptance Form. Before taking any action in relation to the Retail Entitlement Offer, you should read this Retail Offer Booklet in its entirety and, if required, seek professional advice from your accountant, stockbroker or other professional adviser.

Choice	Details
1 Take up all or part of your Entitlement	<p>If you wish to take up all or part of your Entitlement, please:</p> <ul style="list-style-type: none">complete and return the Entitlement and Acceptance Form together with a cheque, bank draft or money order for the applicable amount of Application Money (for the number of New Shares you wish to take up), so that it is received by the Closing Date (5.00pm, (Sydney time) on 23 February 2015, unless extended); ormake payment of the applicable amount of Application Money (for the number of New Shares you wish to take up) using BPAY[®], so that it is received by the Closing Date. If you use BPAY[®] you do not need to complete and return the Entitlement and Acceptance Form, <p>in each case in accordance with the instructions in section 2.2 and on the Entitlement and Acceptance Form.</p> <p>You cannot withdraw your application once it has been submitted.</p> <p>If you take no action or your application is not supported by cleared funds, you will be deemed not to have taken up all of your Entitlement.</p>
2 Do nothing	<p>If you do nothing in respect of all or part of your Entitlements, those Entitlements will lapse.</p> <p>New Shares in respect of lapsed Entitlements may be taken up by the Underwriter.</p>

2.2 How to Apply

If you wish to take up all or part of your Entitlement, you have two options, which are described below.

Cash payments will not be accepted. Receipts for Application Money will not be issued.

Option 1 - Acceptance and payment by cheque, bank draft or money order

You should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque, bank draft or money order in Australian currency drawn on an Australian branch of an Australian bank for the Offer Price multiplied by the number of New Shares that you are applying for. All cheques must be made payable to **'Donaco International Limited'** and crossed **'Not Negotiable'**.

Completed Entitlement and Acceptance Forms and accompanying cheques, bank drafts or money orders must be returned to the following address and received no later than the Closing Date (5.00pm (Sydney time) on Monday, 23 February 2015 unless extended).

By mail:

Donaco International Limited
C/- Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

A reply paid envelope is enclosed for your convenience. If mailed in Australia, no postage stamp is required.

If the amount of your cheque, bank draft or money order (or the amount which clears in time for allocation) is insufficient to pay for the full number of New Shares you have applied for (including any Additional New Shares), you will be taken to have applied for such lower number of New Shares as your cleared Application Money will pay for (and to have specified that number of New Shares on your Entitlement and Acceptance Form). Alternatively your application may not be accepted, in which case any Application Money will be refunded to you (without interest).

Please note that if you have more than one holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. A separate Entitlement and Acceptance Form and payment of Application Money must be completed for each separate Entitlement you hold.

Option 2 - Acceptance and payment by BPAY®

For payment by BPAY®, you must follow the instructions on the personalised Entitlement and Acceptance Form (which includes the Biller Code and your unique Reference Number). You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

Please note that should you choose to pay by BPAY®:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form;

if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of the whole number of New Shares which is covered in full by your Application Money. You must ensure that you use the specific Biller Code and unique Reference Number on your personalised Entitlement and Acceptance Form. Your application may not be accepted if you choose to pay by BPAY® and you do not use the correct Biller Code and/or unique Reference Number on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, please only use the Reference Number specific to the Entitlement on that form.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than the Closing Date (5.00pm (Sydney time) on Monday, 23 February 2015 unless extended). You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment, in order to ensure your payment is received by the Closing Date.

2.3 Refunds

Any Application Money received in excess of your final allocation of New Shares will be refunded as soon as possible after allotment. If the Entitlement Offer is withdrawn, Application Money will be refunded as soon as possible. Refund payments will be by cheque made payable to the registered holder and will be sent to the address last recorded on Donaco's register of Shareholders. No interest will be paid to applicants on any Application Money which is refunded and any interest earned on Application Money will belong to Donaco.

2.4 Effect of applying

Submitting an Entitlement and Acceptance Form or making payment through BPAY® constitutes a binding offer to acquire New Shares on the terms and subject to the conditions set out in this Retail Offer Booklet and, once lodged, cannot be withdrawn. The Entitlement and Acceptance Form does not need to be signed to be binding.

If an Entitlement and Acceptance Form is not completed or submitted correctly it may still be treated as a valid application. The Company's decision whether to treat an application as valid and how to construe, amend, complete or submit the application is final.

By completing and returning an Entitlement and Acceptance Form, or making a payment through BPAY®, or otherwise applying to participate in the Retail Entitlement Offer, you, on your behalf and on behalf of and in relation to any person on whose account you are acting:

- agree to be bound by the terms of this Retail Entitlement Offer, the Retail Offer Booklet and the provisions of the Company's constitution;
- authorise the Company to register you as the holder(s) of the New Shares (including, if applicable, Additional New Shares) allotted to you;
- declare that all details and statements made in the Entitlement and Acceptance Form are complete and accurate (even if you are applying by paying through BPAY®);

- declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement Offer;
- acknowledge that once the Company receives the Entitlement and Acceptance Form or your payment by BPAY[®], you may not withdraw it except as allowed by law;
- agree to apply for, and be issued with up to, the number of New Shares (including, if applicable, Additional New Shares) specified in the Entitlement and Acceptance Form, or for which you have submitted payment through BPAY[®] at the Offer Price (of \$0.60 per New Share);
- authorise the Company and its officers or agents to do anything on your behalf necessary for the New Shares (including, if applicable, Additional New Shares) to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- agree that the allotment of New Shares (including, if applicable, Additional New Shares) to you constitutes acceptance of your application;
- declare that you were the registered holder(s) of the Shares indicated in the Entitlement and Acceptance Form as being held by you at the Record Date;
- acknowledge that the information contained in this Retail Offer Booklet is not investment advice or a recommendation that New Shares (including Additional New Shares) are suitable for you, given your investment objectives, financial situation or particular needs;
- acknowledge that you understand that this Retail Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in Donaco and is given in the context of Donaco's past and ongoing periodic and continuous disclosure announcements to ASX;
- acknowledge the statement of risks set out in section 4 and Appendix 1 of the Investor Presentation in section 7 of this Retail Offer Booklet and that an investment in Donaco is subject to risk;
- acknowledge that none of Donaco or its directors, officers, employees, representatives, agents, consultants or advisers guarantee the performance of Donaco, nor do they guarantee the repayment of capital, or payment of any dividends or distributions;
- have authorised Donaco, or any of its delegates, to correct any errors in your Entitlement and Acceptance Form;
- represent and warrant that you are an Eligible Retail Shareholder and that the Retail Entitlement Offer can be made to you in accordance with this Retail Offer Booklet, in accordance with all applicable securities laws;
- represent and warrant that the law of any other place (other than Australia or New Zealand) does not prohibit you from being given this Retail Offer Booklet or making an application for, or being issued, New Shares (including, if applicable, Additional New Shares);
- represent and warrant that you have read and understood this Retail Offer Booklet and the Entitlement and Acceptance Form and that you acknowledge the matters, and make the warranties and representations and agreements and provide the authorisations, contained in this Retail Offer Booklet and the Entitlement and Acceptance Form; and
- will also be deemed to have acknowledged, represented and warranted on your behalf and on behalf of and in relation each person on whose account you are acting that:
 - you are not in the United States and you are not a U.S. Person and you are not acting for the account or benefit of a U.S. Person;
 - you are not subscribing for or purchasing New Shares in an “offshore transaction” (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S under the U.S. Securities Act;
 - neither the Entitlements nor the New Shares have been, nor will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdictions in the United States, or in any other jurisdiction outside Australia or New Zealand. In addition, you acknowledge that the Company has not been, and will not be, registered under the U.S. Investment Company Act in reliance on the exception from the definition of “investment company” provided by Section 3(c)(7) thereof. You acknowledge that, accordingly, the Entitlements may only be taken up by, and the New Shares may only be offered and sold to, directly or indirectly, persons outside the United States that are not U.S. Persons and are not acting for the account or benefit of U.S. Persons;

- if in the future you decide to sell or otherwise transfer the New Shares you will only do so only outside the United States in a standard (regular way) brokered transaction on the ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or person that is a U.S. Person or that is acting for the account or benefit of a U.S. Person, in accordance with Regulation S under the U.S. Securities Act; and
- you have not, and will not, send any materials relating to the Entitlement Offer to any person in the United States or that is, or is acting for the account or benefit of, a U.S. Person.

3 Purpose and effect of the Offer

3.1 Overview

The New Shares issued pursuant to the Entitlement Offer will constitute approximately 32.25% of the total number of issued Shares immediately after the allotment of the New Shares.

The total number of Shares on issue after the Entitlement Offer will be 682,009,185 Shares.

The Entitlement Offer will provide the Company with net proceeds of up to approximately \$132,001,778 before total issue expenses of approximately \$7 million. Please refer to Section 3.3 for further information regarding the effect on the capital structure.

3.2 Use of Funds

The net proceeds raised from the Entitlement Offer will be used to pay part of the consideration for the proposed Acquisition.

3.3 Impact on the Company's capital structure

The table below shows the current structure of the Company and the capital structure following issue of the New Shares:

	Number of Shares	Percentage of post- Offer Shares
Existing Shares	462,006,222	67.75%
New Shares	220,002,963	32.25%
Total immediately after Entitlement Offer	682,009,185	100%
Total	682,009,185	100%

3.4 No impact on control

The issue of New Shares under the Offer is not expected to have a material effect on the control of the Company assuming that all Shareholders participate in the offer.

4 Risk Factors

4.1 Overview

There are a number of risks, some specific to the Group and some of a general nature, which may either individually or in combination materially and adversely affect the future operating and financial performance of the Company, its investment returns and the value of the Shares. Many of these risks are outside the control of the Company.

There can be no guarantee that the Group will achieve its objectives or that any forward looking statements or forecasts will eventuate. This section 4 describes certain, but not all, areas that the Company believes are the major risks associated with investment in the Company.

This is not an exhaustive list and it should be considered in conjunction with other information disclosed in this Retail Offer Booklet or other information that you are otherwise aware. You should have regard to your own investment objectives and financial circumstances, and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest.

The Group's Business could be materially and adversely affected by a number of risks. The following matters, as well as others described elsewhere in this Retail Offer Booklet, should be carefully considered in evaluating the Group and its prospects:

- (a) **Emerging market** – Cambodia is an emerging market. Gaming regulations in Cambodia are not as sophisticated as in Western markets. However, the Government of Cambodia is exploring the revision of gaming laws to attract additional foreign investment. Any adverse changes will likely impact on the Business.
- (b) **Relationship with the Governments of Cambodia and Thailand**– Any breakdown of the relationship between the Vendors, management of the Business and NewCo and the Governments of Cambodia and Thailand could adversely affect the business of NewCo. To minimise this risk, the Vendors will be entering into a two year management agreement with Somboon Sukcharoenkraisri (a Vendor).
- (c) **Government** - Changes in legislation and government policy in Cambodia, Thailand and Australia and internationally (including taxation and monetary policies and corporation laws) could materially affect the operating results of the Company.
- (d) **Geopolitical** - NewCo will be subject to the risks associated with operating in Cambodia. Such risks can include economic, social or political instability or change, hyperinflation, currency non-convertibility and instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, exchange control, repatriation of income or return of capital, environmental protection, and labour relations.
- (e) **Laws and Regulations** - The laws and regulations in Cambodia and Thailand differ to those that exist in Australia. Laws may unexpectedly change, and could have an impact on the operational activities of the Group in Cambodia.
- (f) **Jurisdictional Risk** - The assets the Group will hold after completion of the transfer of Assets by Star Vegas to NewCo will be located in Vietnam and Cambodia and are therefore subject to different regulatory requirements than Australia. Sovereign risk may arise in the event that there are changes to any Vietnamese, Chinese, Cambodian or Thai regulatory requirements, particularly relating to ownership of shares in Vietnamese or Cambodian companies or relating to the operation of businesses in the casino and gaming and hotel and hospitality sectors in Vietnam, China, Cambodia and/or Thailand.
- (g) **Competition Risk** - The industry in which the Group is involved is subject to domestic and global competition. While the Group will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Group's business.
- (h) **Reliance on Key Personnel** - Skilled employees and consultants are essential to the successful delivery of the Group's strategy. Upon changing the nature and scale of its activities, the Company will rely to a large extent on the services of certain key management personnel, in particular, executives of the Vendor who will manage the day to day operation of the Business, the loss of any of which could delay the pursuit of the Group's strategy.
- (i) **General Economic Conditions** - A variety of general economic and business conditions may affect the price at which Shares trade on ASX, including the level of inflation, interest rates and government fiscal, monetary and regulatory policies. Prolonged deterioration in general economic conditions, including an increase in interest rates, could also have an adverse effect on the Group.

- (j) **Taxation Risks** - A change to the current taxation regime in Australia, Vietnam or Cambodia may affect the Group and its Shareholders. The Business will operate in Vietnam and Cambodia, and will be subject to the taxation laws that apply to transactions with foreign entities and the interaction of tax laws and allocation of taxes between Australia, Vietnam and Cambodia.
- (k) **Personal Tax Liabilities** are the responsibility of each Shareholder. The Company is not responsible for taxation or penalties incurred by Shareholders.
- (l) **Unforeseen Risks** - There may be other risks which the Directors are unaware of at the time of issuing this Retail Offer Booklet which may impact on the Company and its operations, and on the valuation and performance of the Company's Shares.
- (m) **Currency Risk** - . NewCo will conduct its business using Thai baht. Any conversion and payment of profits to Australian dollars will be subject to currency exchange rate fluctuations. The Group does not currently intend to hedge these currency risks.
- (n) **Financing** – Completion of the Acquisition is subject to financing and regulatory approvals.

4.2 Risks Associated with Holding Shares

Shareholders will continue to be exposed to certain risks through holding Shares. These include the following:

- (a) **Investment Risk** - There are several types of investment risk that may affect your investment in the Company, including a decline in the market price of the Shares (the initial capital value may decrease especially if you are investing for the short term), the amount you receive as income may vary over time or the value of your investment may not keep pace with inflation. This includes the possibility that the Group may not be able to achieve the medium to long term capital growth objectives.
- (b) **Economic Conditions** - The operating and financial performance of the Company is influenced by a variety of general economic and business conditions including the level of inflation, international share markets, interest rates and exchange rates, government fiscal, monetary and regulatory policies. A prolonged deterioration in general economic conditions, including an increase in interest rates, may have a material adverse impact on the Company's business or financial situation.
- (c) **Government** — Changes in government, monetary policies, taxation and other laws can have a significant influence on the outlook for companies and investor returns.

4.3 Investor Considerations

Before deciding to apply for Shares, you should consider whether the Shares are a suitable investment for you.

There may be tax implications arising from the application for Shares, the receipt of dividends (both franked and unfranked) from the Company, and on the disposal of Shares. You should carefully consider these tax implications and obtain your own advice from an accountant or other professional tax adviser in relation to the application of tax legislation.

If you are in doubt as to whether you should subscribe for Shares you should seek advice on the matters contained in this Retail Offer Booklet from a stockbroker, solicitor, accountant or other professional adviser immediately.

5 Additional Information

5.1 Underwriting

The Entitlement Offer is managed and fully underwritten by Canaccord Genuity (Australia) Limited.

The Underwriter will receive the following fees:

- (a) a management and capital raising fee equal to 4.00% of Underwritten Amount; and
- (b) an underwriting fee equal to 1.00% of the Underwritten Amount.

The Underwriting Agreement includes a number of warranties and undertakings provided by Donaco in favour of the Underwriter which are customary for these types of arrangements, and Donaco has indemnified the Underwriter and associated persons against losses in connection with the Entitlement Offer.

5.2 Termination Events - Retail Offer

The Underwriter can terminate its obligations under the Underwriting Agreement on the happening of a number of customary events.

If any of the following events occur at any time in the period up to 10.00am on the Retail Settlement Date then at any time up to 10.00am on the Retail Settlement Date the Underwriter may Terminate (without cost or liability to itself) by notice in writing to the Company specifying the relevant event:

- (a) **(Offer Documents)** the Offer Documents contain (whether by omission or otherwise) any statement which is false, misleading or deceptive;
- (b) **(ASIC action)**
 - (i) ASIC applies for an order under sections 1324 or 1325 in relation to the Offer or the Offer Documents or gives notice of an intention to prosecute the Company; or
 - (ii) an application is made by ASIC for an order under Part 9.5 in relation to the Offer or the Offer Documents, and any such application becomes public or is not withdrawn within 2 Business Days after it is made or where it is made less than 2 Business Days before the Retail Settlement Date it has not been withdrawn by the Retail Settlement Date, as the case may be; or
 - (iii) ASIC commences any investigation or hearing under Part 3 of the Australian Securities and Investments Commission Act 2001 (Cth) in relation to the Offer or the Offer Documents and any such investigation or hearing becomes public or is not withdrawn within 2 Business Days after it is commenced or where it is commenced less than 2 Business Days before the Retail Settlement Date it has not been withdrawn by the Retail Settlement Date, as the case may be;
- (c) **(regulatory action)** there is an application to a Government Agency for an order, declaration or other remedy, or a Government Agency commences any investigation or hearing or announces its intention to do so, in each case in connection with the Offer (or any part of it) or any agreement entered into in respect of the Offer (or any part of it);
- (d) **(unable to issue Offer Securities)** the Company is prevented from allotting and issuing the Offer Securities within the time required by the Timetable, Listing Rules, applicable laws, an order of a court of competent jurisdiction or a Government Agency;
- (e) **(ASX approval)** unconditional approval (or conditional approval, provided such condition would not, in the reasonable opinion of the Underwriter, have a material adverse effect on the success of the Offer) by ASX for official quotation of the Offer Securities is refused, or is not granted in the case of the Retail Entitlement Securities, by the Retail Settlement Date (or such later date agreed in writing by the Underwriter in its absolute discretion) or is withdrawn on or before the Retail Settlement Date, or ASX makes an official statement to any person or indicates to the Company or the Underwriter that official quotation of the Offer Securities will not be granted;
- (f) **(Certificate)** a Certificate which is required to be furnished by the Company under the agreement is not furnished when required or a statement in that Certificate is untrue, incorrect or misleading or deceptive in a material respect;

- (g) **(Timetable)** any event specified in the Timetable is delayed for more than 1 Business Day without the prior written approval of the Underwriter (acting reasonably) except where such delay is a result of an act or omission of the Underwriter;
- (h) **(Listing)** the Company ceases to be admitted to the official list of ASX or the ordinary shares in the Company are suspended from trading on, or cease to be quoted on, ASX (which does not include the existing trading halt or trading halt requested by the Company for the purposes of conducting the Retail Offer or the Retail Bookbuild);
- (i) **(Director)** a director of the Company:
 - (i) is charged with an indictable offence relating to any financial or corporate matter;
 - (ii) any regulatory body commences any public action against the director in his or her capacity as a director of the Company or announces that it intends to take any such action; or
 - (iii) is disqualified from managing a corporation under the Corporations Act;
- (j) **(withdrawal)** the Company withdraws the Offer;
- (k) **(ASIC Modifications)** ASIC withdraws, revokes or amends the ASIC Modifications (if any);
- (l) **(Insolvency)** the Company or a member of the Group is Insolvent or there is an act or omission that may result in the Company or a member of the Group becoming Insolvent;
- (m) **(index change)** the ASX/S&P 200 Index of ASX:
 - (i) falls at any time before the close of the Retail Bookbuild on the Retail Bookbuild Closing Date, to a level that is 10% or more below the level at market close on the trading day immediately preceding the date of the agreement (ASX 200 Starting Level);
 - (ii) closes on any Business Day before the Retail Settlement Date at a level that is 10% or more below the ASX 200 Starting Level and closes at 10% or more below that ASX 200 Starting Level for at least 3 consecutive Business Days; or
 - (iii) closes on any of the 3 Business Days immediately before the Retail Settlement Date at a level that is 10% or more below the ASX 200 Starting Level and closes at or below that level on each subsequent Business Day (if any) before the Retail Settlement Date;
- (n) **(ASX announcements)** the Company fails to lodge:
 - (i) the ASX Announcement; or
 - (ii) Investor Presentation; or
 - (iii) the Cleansing Notice,
 by 9.30am on the Announcement Date;
- (o) **(future matters)** any material statement or estimate in an Offer Document which relates to a future matter is or becomes incapable of being met;
- (p) **(defective Cleansing Notice)** the Cleansing Notice is or becomes Defective or any amendment or update to the Cleansing Notice is issued or is required to be issued under the Corporations Act and where the Defective Cleansing Notice or amendment or update to the Cleansing Notice is adverse from the point of view of an investor;
- (q) **(material adverse change)** other than as fully set out in the Offer Documents or otherwise disclosed to ASX prior to the date of the agreement, there is a material adverse change, or there is a development involving a prospective material adverse change, in the business, assets, liabilities, financial position or performance, profits, losses, operations, results or prospects of the Company or the Group;
- (r) **(Managing director's commitment)** Joey Lim Keong Yew, the managing director of the Company:
 - (i) does not submit a Valid Application in respect of US\$27 million of his Entitlement; or
 - (ii) submits a Valid Application in respect US\$27 million of his Entitlement and subsequently withdraws that Valid Application;

- (s) ***(disruption in financial markets or trading)** there is:
- (i) a suspension or material limitation in trading in securities generally or any adverse change or disruption to the existing financial markets, political or economic conditions of Australia, Japan, Hong Kong, the Republic of China, the United Kingdom, the United States of America or the international financial markets or any change in national or international political, financial or economic conditions; or
 - (ii) any adverse change or disruption to the existing financial markets, political or economic conditions of Australia, Japan, Hong Kong, the Republic of China, the United Kingdom, the United States of America or the international financial markets or any change in national or international political, financial or economic conditions;
- (t) ***(misrepresentation)** a representation or warranty made or given by the Company under the agreement proves to be, or has been, or becomes, untrue or incorrect;
- (u) ***(change in law)** there is introduced into the Parliament of the Commonwealth of Australia or any State or Territory of Australia a law or any new regulation is made under any law, or a Government Agency adopts a policy, or there is any official announcement on behalf of the Government of the Commonwealth of Australia or any State or Territory of Australia or a Government Agency that such a law or regulation will be introduced or policy adopted (as the case may be);
- (v) ***(disclosures in Due Diligence Results)** the Due Diligence Results or any other information supplied by or on behalf of the Company to the Underwriter in relation to the Group or the Offer is or becomes false or misleading or deceptive, including by way of omission;
- (w) ***(breach)** the Company fails to perform or observe any of its obligations under this agreement;
- (x) ***(unauthorised alterations)** without the prior written consent of the Underwriter, the Company alters its share capital or its constitution;
- (y) ***(hostilities)** hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of the United States, Australia, Ukraine, Cambodia, Thailand, Laos, Cambodia, Vietnam, Myanmar, Malaysia, the Philippines, Taiwan, New Zealand, the United Kingdom, the United Kingdom, France, Germany, Russia, North Korea, South Korea, China or Japan or the declaration by any of these countries of a national emergency or war or a major terrorist act is perpetrated anywhere in the world; or
- (z) ***(change in directors or management)** a change (other than a change which has been disclosed prior to the date of this agreement) in:
- (i) the senior management of the Company; or
 - (ii) the directors of the Company,
- is announced or occurs.

Each of the termination events which are marked with an * allow the underwriter to terminate where the event occurs and the underwriter determines on reasonable grounds that the event will have a material adverse effect on the Offer or Donaco.

5.3 Estimated expenses of the Entitlement Offer

The total estimated expenses of the Entitlement Offer (excluding GST) are \$7 million, comprising underwriting fees of approximately \$6.5 million and ASX fees, legal costs, printing and share registry costs.

5.4 This Retail Offer Booklet is not a disclosure document

This Retail Offer Booklet contains an offer of New Shares to Eligible Retail Shareholders and has been prepared in reliance on section 708AA of the Corporations Act (as modified by ASIC Class Order 08/35) which allows rights issues to be conducted without a prospectus or other disclosure document for the purposes of the Corporations Act.

This Retail Offer Booklet does not contain all information that would be included in a prospectus or other disclosure document or which investors ought to have regard to in deciding whether or not to subscribe for New Shares. This Retail Offer Booklet is made in the context of the periodic and continuous disclosure announcements which Donaco has released to ASX. In making a decision whether or not to invest, investors should have regard to the announcements which have been released by Donaco to ASX, including in the period after the date of this Retail Offer Booklet. This information is available at ASX's website (at www.asx.com.au) and Donaco's website (at www.donacointernational.com).

The information in this Retail Offer Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs. Before deciding whether to invest, you should consider whether this investment is suitable for you in light of your personal circumstances (including financial and taxation issues) and consult your stockbroker, accountant or other professional adviser.

Information contained in this Retail Offer Booklet is subject to change without notice and to the extent permitted by law Donaco is not responsible for updating you about these changes. Donaco may release further announcements to ASX after the date of this Retail Offer Booklet and throughout the Offer Period which are relevant to your consideration of whether to subscribe for New Shares. You should check whether Donaco has released any such further announcements before making a decision whether or not to invest.

5.5 Nominees, Trustees and Custodians

Persons acting as nominees, trustees or custodians for other persons must not take up or exercise any Entitlements on behalf of, or send any documents related to the Entitlement Offer to, any person in the United States or any jurisdiction where it is unlawful to do so, or any person that is acting for the account or benefit of a person in the United States or in any jurisdiction where it is unlawful to do so. By applying for New Shares, including by submitting the Entitlement and Acceptance Form or making a payment by BPAY[®] you represent and warrant that this is the case.

Donaco is not required to determine whether or not a registered holder or investor is acting as a nominee, trustee or custodian or the identity or residence of any beneficial holder of Shares or Entitlements. Where any person is acting as a nominee, trustee or custodian for a foreign person, that person, in dealing with its beneficiary, will need to assess whether indirect participation in the Entitlement Offer by the beneficiary, complies with applicable foreign laws. Donaco is not able to advise on foreign laws.

5.6 Disclosing Entity

Donaco is a 'disclosing entity' under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

Donaco is required to periodically and on a continuous basis notify the ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the securities markets conducted by the ASX. In particular, the Company has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its shares. That information is available to the public from the ASX (at www.asx.com.au) and Donaco's website (at www.donacointernational.com).

Investors should have regard to this information in making a decision whether or not to subscribe for New Shares.

5.7 Privacy

If you apply for New Shares, you are providing information to Donaco that may be personal information for the purpose of the *Privacy Act 1988* (Cth). Donaco (and the Share Registry on its behalf) collects, holds and uses personal information in order to assess applications for New Shares, service the needs of Shareholders, provide facilities and services and to administer the Company.

Access to information may also be provided to the Donaco's related bodies corporate, agents and service providers, regulatory bodies, mail houses and the Share Registry.

If you do not provide the information requested of you in the Entitlement and Acceptance Form, the Share Registry will not be able to process your application for New Shares or administer your holding of Shares appropriately.

5.8 Taxation

Shareholders should be aware that there may be taxation implications of participating in the Retail Entitlement Offer. Shareholders should consult a professional taxation adviser to obtain advice in relation to the taxation laws and regulations applicable to their personal circumstances.

Neither Donaco, nor any of its directors, officers, employees, agents or advisers accepts any liability or responsibility with respect to the taxation consequences connected with participating in the Retail Entitlement Offer.

5.9 Disclaimer of Representations

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Retail Offer Booklet. Any information or representation that is not in this Retail Offer Booklet may not be relied on as having been authorised by Donaco or its related body corporates in connection with the Entitlement Offer.

Except as required by law, and only to the extent so required, none of Donaco or any other person warrants or guarantees the future performance of Donaco or any return on any investment made pursuant to this Retail Offer Booklet.

5.10 Cooling Off Rights

Cooling off rights do not apply to an investment in New Shares. Except where permitted by law, you cannot withdraw your application once it has been accepted.

5.11 Broker Handling Fees

No handling fees will be paid to stockbrokers for acceptances lodged by them on behalf of Eligible Retail Shareholders.

5.12 Alteration of Terms

Donaco reserves the right, at its discretion, to vary all or part of the Entitlement Offer at any time, subject to the Corporations Act, the ASX Listing Rules and any other law or regulation to which the Company is subject.

Any variation does not give rise to any liability on the part of or any action against, Donaco or any Director and will be binding on all Eligible Shareholders.

5.13 Governing Law

This Retail Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of applications are governed by the law applicable in New South Wales, Australia. Each Applicant submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

6 Definitions

Terms and abbreviations used in this Retail Offer Booklet have the following meaning:

\$	Australian dollars (and references to cents are to Australian cents) unless otherwise indicated
Acquisition	Acquisition by a wholly owned subsidiary of the Company of 100% of the issued capital in NewCo from the Vendor for US\$360 million, following completion of the transfer of the Business to NewCo
Applicant	A person who subscribes for New Shares (and Additional New Shares, if applicable) under the Retail Entitlement Offer
Application Money	Money paid by Applicants in respect of the New Shares they apply for under the Retail Entitlement Offer
ASIC	Australian Securities and Investments Commission
Assets	The assets that will be transferred by Star Vegas to NewCo in accordance with the terms of the Share Sale Agreement dated 23 January 2015
ASX	ASX Limited ABN 98 008 624 691, or the Australian Securities Exchange, as the context requires
ASX Listing Rules	The official listing rules of ASX as waived or modified from time to time
Board	The board of directors of Donaco
Business	The casino and gaming business, hotel/hospitality business and the food and beverage business in the casino, currently conducted by Star Vegas Resort & Club Co., Limited located in Poipet, Cambodia
Business Day	Has the meaning ascribed to it in Chapter 19 of the ASX Listing Rules
Closing Date	The time the Retail Entitlement Offer closes, being 5.00pm (Sydney time) on Monday, 23 February 2015 (unless extended)
Company or Donaco	Donaco International Limited ABN 28 007 424 777
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Debt Facility	The up to US\$100 million debt facility between Donaco and a major international commercial bank
Director	A director of Donaco
Eligible Institutional Shareholder	An Institutional Shareholder who: <ul style="list-style-type: none">• as at the Record Date had a registered address on Donaco's share register in Australia or New Zealand; and• was invited by the Company to participate in the Institutional Entitlement Offer
Eligible Retail Shareholder	A Shareholder who meets the requirements set out in section 1.6 of this Retail Offer Booklet
Eligible Shareholder	A person who is an Eligible Institutional Shareholder or an Eligible Retail Shareholder
Entitlements	The entitlement of an Eligible Shareholder to subscribe for New Shares under the Institutional Entitlement Offer or the Retail Entitlement Offer (as applicable)
Entitlement Offer	The pro rata non-renounceable rights issue offering Eligible Shareholders the opportunity to subscribe for 10 New Shares for every 21 Shares held at the Record Date at the Offer Price

Entitlement and Acceptance Form	The entitlement and acceptance form that accompanies this Retail Offer Booklet
Group	The Company and its wholly owned subsidiaries from time to time
Ineligible Institutional Shareholder	A Shareholder determined by the Company to be an Institutional Shareholder who is not an Eligible Institutional Shareholder
Ineligible Retail Shareholder	A Shareholder determined by the Company not to be an Institutional Shareholder and not to be an Eligible Retail Shareholder
Ineligible Shareholder	A Shareholder who is not an Eligible Retail Shareholder or an Eligible Institutional Shareholder
Ineligible Institutional Shares	Has the meaning given in section 1.10
Ineligible Retail Shares	Has the meaning given in section 1.10
Institutional Entitlement Offer	The offer of New Shares to Eligible Institutional Shareholders under the Entitlement Offer
Institutional Shareholder	A Shareholder who is an “exempt investor” for the purposes of section 9A of the Corporations Act (as modified by ASIC CO 08/35)
Institutional Shortfall Bookbuild	The bookbuild process conducted in relation to the Institutional Entitlement Shortfall and the New Shares which would have been offered to Ineligible Institutional Shareholders, had they been eligible to participate in the Institutional Entitlement Offer, described in section 1.2
NewCo	The Company incorporated by the Vendors for the purpose of acquiring the going concern of the Business and assets of the Business in accordance with the terms of the Share Sale Agreement entered into by the Company and the Vendors on 23 January 2015.
New Share	A new Share
Offer Period	The period when the Entitlement Offer is open
Offer Price	The price payable per New Share under the Entitlement Offer, being \$0.60 per New Share
Option	An option to subscribe for a Share
Option holder	A registered holder of Options
Record Date	7.00pm (Sydney time) on Wednesday, 4 February 2015
Registry or Share Registry	Boardroom Pty Limited
Retail Entitlement Offer	The offer of New Shares to Eligible Retail Shareholders under the Entitlement Offer
Retail Offer Booklet	This offer booklet dated 2 February 2015, in relation to the Retail Entitlement Offer
Shareholder	A registered holder of Shares
Shares	Fully paid ordinary shares in the capital of Donaco
Underwriter	Canaccord Genuity (Australia) Limited
Underwriting Agreement	The underwriting agreement dated 30 January 2015 between Donaco and the Underwriter, described in section 5.1
Underwritten Amount	\$132,001,778
Vendors	Somboon Sukcharoenkraisri and Lee Bug Tong

7 Investor Presentation



Donaco International Limited

Transformational Acquisition of Star Vegas Resort & Club

January, 2015



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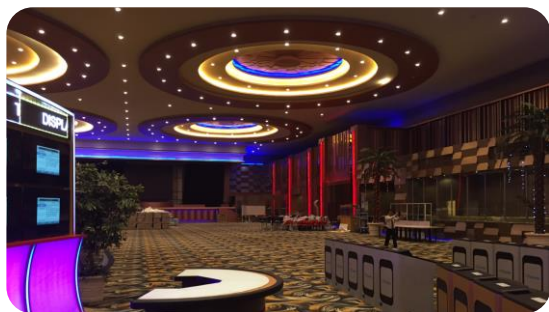
Main Section Contents:

-  Acquisition Overview
-  Star Vegas Resort & Club
-  Enhanced Scale & Diversification
-  Cambodian Gaming Market
-  Poipet Gaming Market
-  Star Vegas Trading Stats
-  Transaction Status
-  Financing Overview
-  Aristo International Hotel Trading Update
-  Acquisition Highlights
-  Contact Information

Appendix Contents:

-  Key Corporate Information
-  Pro Forma Income Statement & Balance Sheet
-  Key Risks

Acquisition Overview



- ⚙ Donaco is pleased to announce that it has executed a binding acquisition agreement with the Star Vegas Resort & Club (the “Star Vegas”) 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
 - Due diligence is close to completion, with no major issues identified at this stage
- ⚙ Acquisition price of US\$360 million, representing < 6.0x CY14E EBITDA
 - The Star is expected to generate robust EBITDA of ~US\$60.5 million for CY14
 - Consideration is US\$240 million in cash and 147,199,529 new shares¹
- ⚙ The vendor has provided a warranty that EBITDA will total at least US\$60 million per year for the 2 full years following completion of the acquisition
 - Any EBITDA shortfall to be provided by the vendor in cash
- ⚙ The purchase consideration will be financed through a combination of the below:
 - Equity to the vendor: US\$120 million (~147m shares);
 - Existing cash-on-hand: US\$40 million;
 - New bank debt facility: US\$100 million; and
 - Equity financing: US\$100 million.
- ⚙ The acquisition provides enhanced scale and diversification, as well as meaningful and immediate earnings per share accretion
 - Combined LTM revenue of ~A\$214 million (increase of 613%)²
 - Combined LTM EBITDA of ~A\$92 million (increase of 468%)
 - Combined LTM NPAT of ~A\$82 million (increase of 609%)

Note: Donaco LTM figures based on FY audited accounts, and analyst forecasts; Star Vegas' LTM figures based on management accounts

1. 147m in Donaco shares in exchange for US\$120m in equity has been pre-agreed between Donaco and the vendor

2. Donaco Revenue figure is net of junket commission and gaming tax; Star Vegas' Revenue figure is gross of junket commission and gaming tax

Star Vegas Resort & Club

Star Vegas Key Stats

385

Hotel Rooms

109

Gaming Tables

1,264

Electronic Gaming Machines

5,000+

Average Daily Visitors

400,000+

Slots Players / Year

1,448

Resort & Club Staff

A\$76 million¹
CY2014E EBITDA

- Established in 1999, Star Vegas is the highest quality and most luxurious of the Poipet casino hotels
 - Resort consists of 4 hotels with 385 rooms in total
 - Sports bar with wagering licence (sports and racing), plus lotto licence
 - Multiple restaurants, shops, health spa, nightclub, swimming pool
 - Fleet of buses and vans
- Impressive casino facilities
 - Star Vegas welcomes over 5,000 visitors on average to its casino per day
 - 109 gaming tables (predominantly baccarat), including electronic tables
 - Comprehensive records on 3,500 premium rated players
 - 1,264 Electronic Gaming Machines (EGMs), of which 288 are owned outright and 976 are subject to profit share agreements
 - VIP bet sizes minimum THB10,000 (A\$350), up to THB800,000 (A\$28,000)
- Scalable operations
 - Ability to double table capacity with relatively short notice
 - Available equipment and space for an additional 105 gaming tables
 - Online gaming licence
- Highly professional, well-run business
 - Key casino management are ex-Genting
 - 1,448 staff with 64% Cambodian and 33% Thai nationals
 - Sophisticated CCTV system with 700 cameras for the casino alone

Note 1: Based on the January 23, 2015 THB / AUD exchange ratio of 26.019

Star Vegas Location



Key Property Stats:

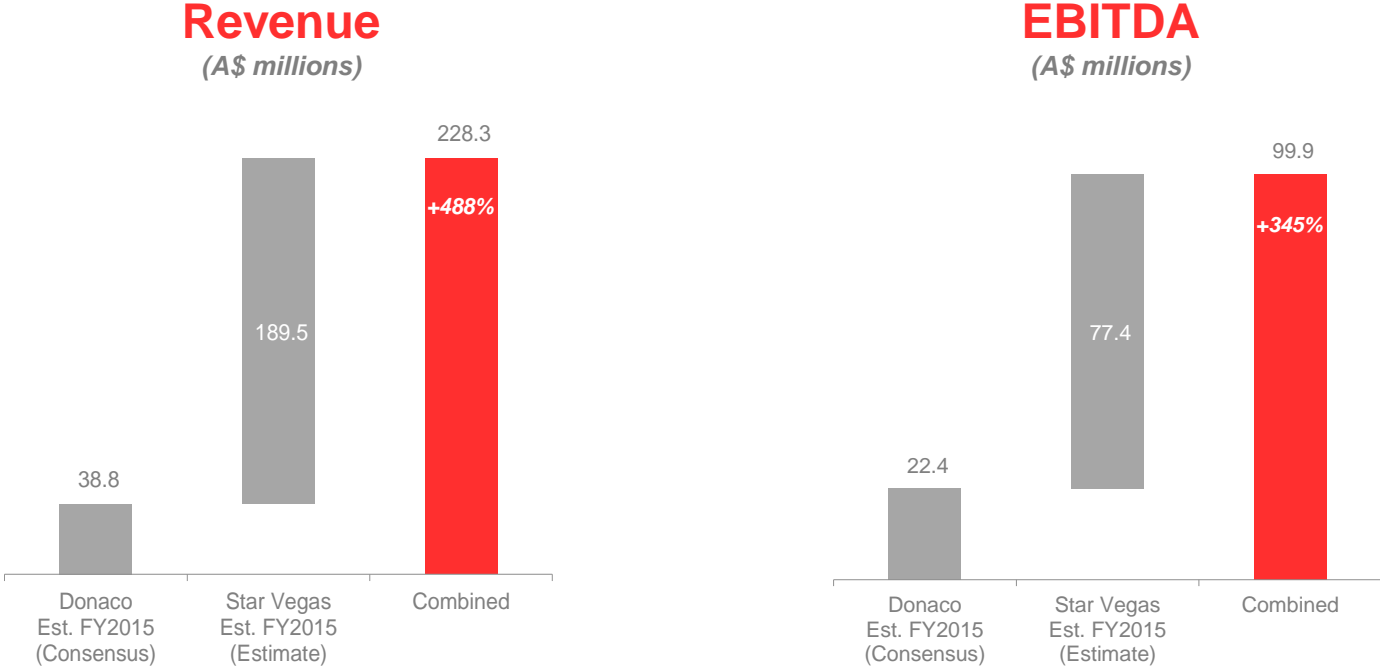
- 🏠 57,000 square metres of useable building space
- 🏠 126,000 square metres of land
- 🏠 70 year leasehold (55 years remaining)
- 🏠 On-site water and power infrastructure
- 🏠 Minimal capex expected in the coming 5 years
- 🏠 Land in the Poipet casino strip is in very short supply, limiting future competition

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 (Cambodian tourist destination)
- 🏠 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 – significantly increasing visitor numbers

Enhanced Scale & Diversification

- Transformational impact on the size and scale of Donaco
- Revenues to increase >480% and EBITDA set to increase by >300%
- Significant diversification effect, with Star Vegas contributing more than 80% of revenues



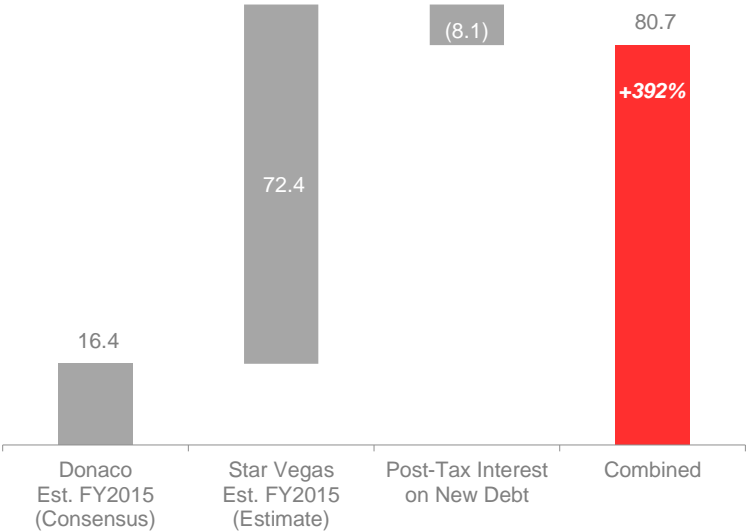
Note: Fiscal year equal to June 30; Star Vegas numbers adjusted to June 30 fiscal year
Star Vegas figures above based on the January 23, 2015 THB / AUD exchange ratio of 26.019
Donaco revenue figure is net of junket commission and gaming tax; Star Vegas' revenue figure is gross of junket commission and gaming tax



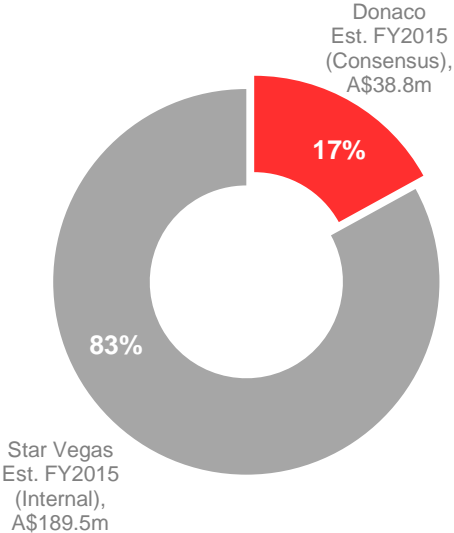
Enhanced Scale & Diversification

- Donaco management expects the transaction to be immediately EPS accretive
- Significant confidence in Star Vegas earnings supported by Star Vegas vendor warranty that EBITDA will total at least US\$60 million per year for the 2 full years following acquisition

NPAT (A\$ millions)



Diversification (Pro-Forma Revenue)



Note: Fiscal year equal to June 30; Star Vegas numbers adjusted to June 30 fiscal year
 Star Vegas figures above based on the January 23, 2015 THB / AUD exchange ratio of 26.019

Cambodian Gaming Market



Cambodian Demographic Information:

- Population of ~15 million people
- GDP / capita of US\$1,007
- GDP growth forecasts for '14-'15 are 7.0%-7.3%*

Casinos in Cambodia:

- More than 50 licensed casinos across the country
- Most casinos are located on the Thai and Vietnamese borders, as Cambodians are not permitted to enter casinos
- The largest listed Cambodian casino operator is NagaWorld in Phnom Penh, owned by NagaCorp Ltd. (SEHK:3918) with a market cap of ~US\$1.8Bn

Tourism to Cambodia:

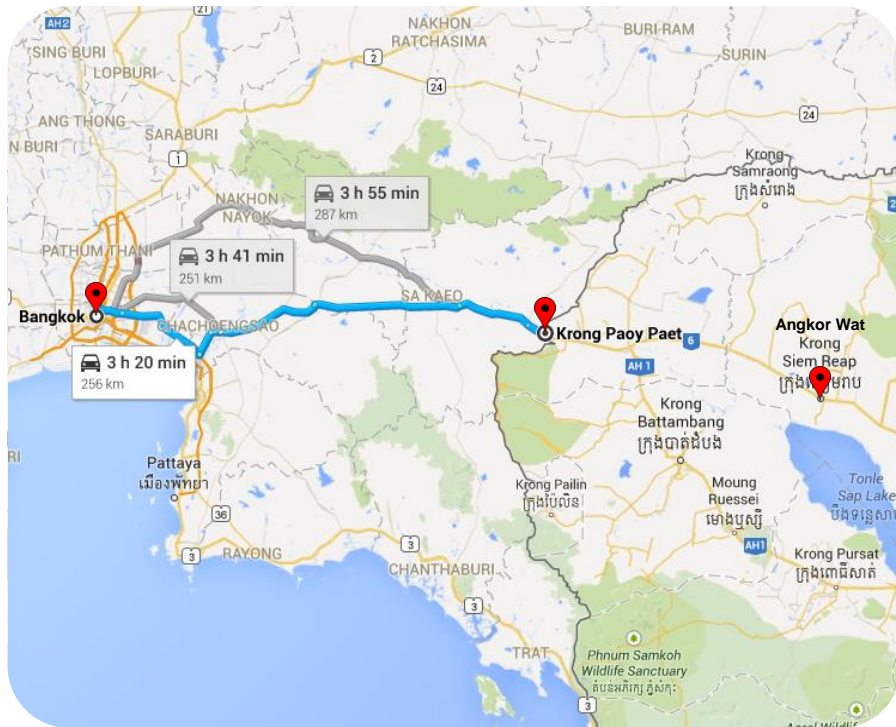
- Visitor numbers show CAGR of 18% from 2000-2013, with 4.7 million tourists expected in 2014*
- Chinese visitor numbers to Cambodia grew 19% in the six months to June 2014*

Taxes in Cambodia:

- Casinos have concessional tax arrangements
 - No gaming tax or corporate tax payable
 - Low fixed monthly royalties payable

* Sources: World Bank, IMF, ADB, and Cambodian Ministry of Tourism

Poipet Gaming Market



Casinos in Thailand:

- ❌ Casinos are illegal in Thailand
- ❌ As a result, Poipet services the Bangkok market, which has a metropolitan area population of ~15 million people
- ❌ Thai military government has cracked down on illegal gambling, leading to strong growth at Poipet casinos
- ❌ Poipet is a 3-hour drive and the gateway from Bangkok to the primary Cambodian tourist destination, Angkor Wat

Casinos in Poipet:

- ❌ 9 casinos in the city with approximately:
 - 2,200 hotel rooms
 - 3,874 EGMs
 - 768 gaming tables
- ❌ Casinos are located in a special zone. Thai nationals do not need a Cambodian visa to enter the casinos, which use Thai baht

“What most people do not appreciate is that it is the sole casino district within a three-hour drive from a city with 10 million people. With incremental improvements to these properties and more aggressive mass marketing, Poipet has the potential to grow gaming revenues substantially.”

As the transport infrastructure improves, the city has the potential to emerge as a regional gaming destination whose gaming revenues are expected to exceed those found in most US regional markets.”

-Steve Gallaway and Andrew Klebanow, Gaming Market Advisers, from Global Gaming Business Magazine, May 2014

* Sources: World Bank, IMF, ADB, and Cambodian Ministry of Tourism

Star Vegas Trading Stats

Key Statistics

H1 2014 CY2013 CY2012

Visitor Numbers	25,575	47,680	46,606
VIP Turnover – Tables	\$1,205m	\$2,516m	\$2,747m
Gross Gaming Revenue – Tables	\$45.9m	\$87.1m	\$103.5m
Gross Win / EGM / Day	\$81	\$80	\$113
Net Revenue – Tables	\$18.8m	\$30.3m	\$43.2m
Net Revenue – EGMs	\$17.1m	\$33.4m	\$31.7m

Note: \$ figures in US\$



Transaction Status

- 📍 On 23 January, 2015 Donaco signed a binding Sale and Purchase agreement with Star Vegas
- 📍 Agreed acquisition price of US\$360 million
 - Based on current earnings estimates, the acquisition price is expected to be < 6.0x CY2014 EBITDA, which is expected to be ~US\$60.5 million
 - EBITDA calculation based on full audit of H1 2014, with H2 2014 currently undergoing audit review
- 📍 A deposit of US\$5.0 million has been paid by Donaco towards the purchase price
 - Refundable if the conditions are not satisfied, except if funding is not secured due to Donaco's act or omission
- 📍 Satisfaction of final condition precedents required for completion of the acquisition
- 📍 The vendor of Star Vegas will manage the property for two years post completion of the acquisition
 - Donaco will appoint a CFO for Star Vegas and will have full oversight of operations
 - Vendor will not be paid the usual fees for management services, which are typically based on a flat monthly fee plus a share of revenue. However, if the property reaches its target of US\$60m EBITDA per year, vendor will be paid 25% of NPAT as a management fee
 - Vendor has agreed to provide a non-compete with the Star Vegas
- 📍 Anticipated closing of the acquisition in April 2015

Financing Overview

Financing Package:

- ⊕ Purchase price consideration is comprised of US\$240 million in cash and ~147m Donaco shares¹
- ⊕ Consideration will be financed through a combination of the below:
 - Equity to the vendor: US\$120 million(~147m shares¹);
 - New bank debt facility: US\$100 million;
 - Equity financing: US\$100 million; and
 - Existing cash-on-hand: US\$40 million.

Overview of Equity to the Vendor:

- ⊕ US\$120 million equity component of consideration to be satisfied through the issuance of approximately ~147 million ASX:DNA shares¹
- ⊕ Issue of equity to vendor is subject to shareholder approval at an EGM to be held in early 2015. Notice of meeting will include an independent expert's report
- ⊕ Issued shares will be subject to a lock-up period; one-third to have no lock up period, one-third to be locked up for 12 months, one-third to be locked up for 24 months

Overview of New Bank Debt Facility:

- ⊕ Senior term loan of US\$100 million to be provided by major international commercial bank
- ⊕ Pro-forma total debt / combined EBITDA of ~1.4x
- ⊕ Interest rate of 6.85%
- ⊕ Amortization over three years
- ⊕ Includes customary bank debt covenants

Overview of Equity Financing:

- ⊕ US\$100 million pro rata entitlement offer lead by Canaccord Genuity (Australia) Limited

1. 147m in Donaco shares in exchange for US\$120m in equity has been pre-agreed between Donaco and the vendor

Equity Raising

- 10:21 accelerated non-renounceable entitlement offer (the “Entitlement Offer”) to Donaco shareholders to raise approximately A\$132 million
- The Entitlement Offer will be conducted at an offer price of A\$0.60 per New Share, representing:
 - 6.6% premium to TERP¹
 - 19.4% discount to the 30 day VWAP of A\$0.74/share²
 - 10.1% premium to the last closing price of A\$0.545/share on 22 January 2015
- Proceeds raised under the Entitlement Offer will be used to fund the purchase price of Star Vegas and to pay the costs and expenses of the Capital Raising. If the Acquisition does not proceed for any reason, the funds raised under the Capital Raising will be used for working capital purposes of the Company and to repay existing debt
- The Entitlement Offer is fully underwritten by Canaccord Genuity (Australia) Limited

Pro-forma Shares	Shares
Current Basic Shares Outstanding	462,006,222
Shares Issued In Entitlement Offer	220,002,963
Pro-Forma Shares Post-Entitlement Offer	682,009,185

1. Theoretical ex-rights price (“TERP”) calculated on a Post-Entitlement Offer basis
2. Volume weighted average price for the 30 trading days prior to 22 January 2015

Offer Timetable

Capital Raising	Date
Institutional Entitlement Offer opens	Friday, 30 January 2015
Institutional shortfall bookbuild	Friday, 30 January 2015
Institutional Entitlement Offer closes	Friday, 30 January 2015
Announce results of Institutional Entitlement Offer; shares recommence trading	Tuesday, 3 February 2015
Retail Record date for Entitlement Offer (Sydney time)	7:00pm Wednesday, 4 February 2015
Retail Entitlement Offer booklet dispatched	Monday, 9 February 2015
Retail Entitlement Offer opens	Monday, 9 February 2015
Settlement of Institutional Entitlement Offer	Tuesday, 10 February 2015
Allotment of New Shares issued under the Institutional Entitlement Offer	Wednesday, 11 February 2015
Quotation of New Shares issued under the Institutional Entitlement Offer	Wednesday, 11 February 2015
Retail Entitlement Offer closes, unless extended (Sydney time)	7:00pm Monday, 23 February 2015
Retail Entitlement Offer Settlement Date	Friday, 27 February 2015
Allotment of New Shares issued under the Retail Entitlement	Monday, 2 March 2015
Quotation of New Shares issued under the Retail Entitlement Offer	Tuesday, 3 March 2015

Aristo International Hotel Trading Update

- ❶ Aristo trading rebounded strongly in the December quarter, with a substantial improvement over the September quarter as win rates returned to theoretical levels
- ❶ Table game turnover continues to grow steadily, up 10% for the December half. Slot machine turnover was up 700%, and revenue up 600% whilst non-gaming revenue was up 800%
- ❶ Normalised results for the Aristo for the December half, using a theoretical win rate of 2.85% for table games (based on preliminary unaudited management accounts):

	Dec' 2014	Dec' 2013	Increase
Revenue	US\$11.7m	US\$7.8m	↑ 50%
EBITDA	US\$6.6m	US\$4.9m	↑ 33%

- ❶ The estimates above are in constant currency (US\$) terms. Reported results will also benefit from the decline in the Australian dollar
- ❶ Due to the abnormally low win rate in the September quarter, actual revenues were substantially lower than normalised, at US\$7.7m
- ❶ Based on actual revenues, Aristo is expected to post a small profit for the December half. For the group as a whole, non-recurring costs associated with corporate activity means that a small loss is expected

Aristo International Hotel Trading Update (cont'd)

- ❶ Casino visitation was up 15% for the half, and up 45% in December
- ❶ Increased investment in marketing is planned for Yunnanese players, now that the property is completed and five star certification has been granted
- ❶ China's travel warning for Vietnam now downgraded (from red to amber), but anti-corruption campaign continues to deter some VIP players
- ❶ New Hanoi highway provides a more convenient route for players from outside Yunnan province, as well as expat players from Hanoi
- ❶ Three new junket operators (from Malaysia) signed up in December, and have already brought groups of players to the property
- ❶ Two more junkets (from Macau and Shanghai) commenced operations in January. There are now 33 approved junkets and more in the pipeline
- ❶ Management aims to more than double the number of approved junkets. This will drive substantial growth in visitation and turnover in the June 2015 half and beyond

Acquisition Highlights

- Star Vegas Resort & Club is a well-established and successful business, with solid growth prospects as Poipet continues to develop
- The acquisition is expected to provide strong EPS accretion for Donaco shareholders
- Scale benefits are expected to be experienced in the areas of procurement (e.g. gaming equipment), recruitment, and retention
- The diversification benefits for Donaco are substantial. The Thailand facing target market of the Star Vegas is distinct from the China-facing target market of the Aristo International Hotel
- The Star Vegas acquisition represents a major first step in Donaco's strategy of acquiring boutique gaming businesses to expand existing operations

Contact Information

For further information please contact:



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Chief Financial Officer

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Ben Reichel

Executive Director

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Appendix:
Additional Information



donaco
INTERNATIONAL

Key Corporate Information

Capital Structure

	Current Capital Structure
ASX Ticker	DNA
Ordinary shares on issue	~460.5m
Options on issue	~3.0m
Current share price (25-Jan-15)	A\$0.545
Current market capitalisation	A\$251m
Cash & cash equivalents	A\$98m ¹
Indebtedness	A\$12m ¹

1. As at FY2014 year end

Board of Directors (Post Acquisition)

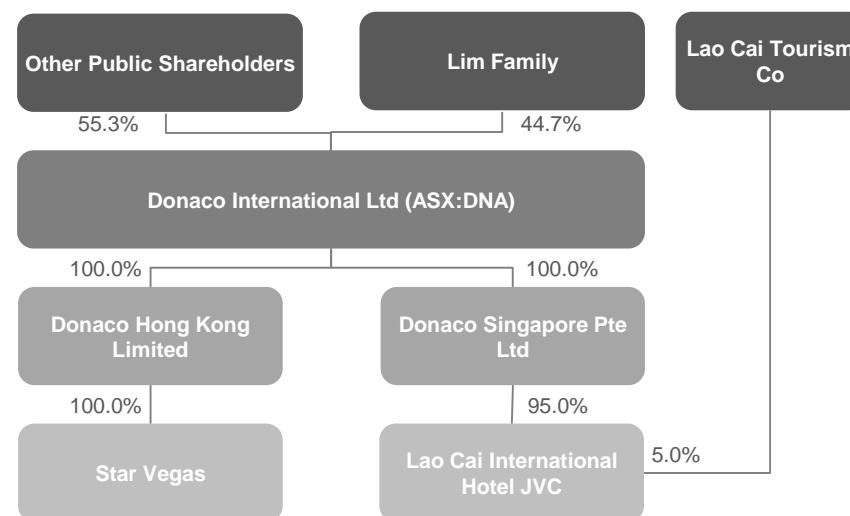
Stuart James McGregor	Chairman
Joey Lim Keong Yew	Managing Director & CEO
Benedict Paul Reichel	Executive Director
Benjamin Lim Keong Hoe	Non-Executive Director
Robert Andrew Hines	Non-Executive Director
Ham Techatut Sukjaroenkraisri	Non-Executive Director
Paul Porntat Amatavivadhana	Non-Executive Director

Source: IRESS as at January 25, 2015

Major Shareholders

	Current
Lim Controlled Shareholding	44.7%
Perpetual Limited	6.46%
Van Eck Associates	6.12%

Current Corporate Structure



Pro Forma Income Statement & Balance Sheet

Income Statement

	Donaco AUD'000	Star Vegas AUD'000	Post Acquisition Pro-Forma AUD'000
<i>Figures as at FY2014 (June 30 year end)</i>			
Revenue	21,112	133,797	154,909
Other income	122	-	122
Expenses	<u>(11,642)</u>	<u>(83,119)</u>	<u>(94,761)</u>
Profit before income tax from continuing operations	9,592	50,678	60,270
Income tax expense	<u>(2,892)</u>	<u>(1,939)</u>	<u>(4,831)</u>
Profit after income tax from continuing operations	6,700	48,739	55,439
Profit after income tax from discontinued operations	<u>1,570</u>	-	-
Profit after income tax for the year	<u>8,270</u>	<u>48,739</u>	<u>55,439</u>

Note: Exchange rate of 12 months average of AUD1.0939/USD for the period from July 2013 to June 2014

Star Vegas' figures based on management accounts, adjusted for June 30 year end

Balance Sheet

	Donaco AUD'000	Post Acquisition Pro-Forma AUD'000
<i>Figures as at FY2014 (June 30 year end)</i>		
Assets		
Current assets		
Cash and cash equivalents	98,035	52,616
Trade and other receivables	771	771
Inventories	1,406	1,599
Prepaid construction costs	18,816	18,816
Other	2,238	2,238
Assets of disposal groups classified as held for sale	5,707	5,707
Total current assets	<u>126,973</u>	<u>81,747</u>
Non-current assets		
Property, plant and equipment	4,886	102,739
Goodwill	9,797	67,849
Intangibles	-	286,270
Construction in progress	39,152	39,152
Other	1,061	1,061
Investment in subsidiaries	-	-
Total non-current assets	<u>54,896</u>	<u>497,071</u>
Total assets	<u>181,869</u>	<u>578,818</u>
Liabilities		
Current liabilities		
Trade and other payables	12,635	16,368
Borrowing	1,447	1,447
Income tax	4,852	4,852
Employee benefits	71	71
Liabilities directly associated with assets classified as held for sale	2,999	2,999
Total current liabilities	<u>22,004</u>	<u>25,737</u>
Non-current liabilities		
Borrowings	10,608	133,488
Employee benefits	20	20
Total non-current liabilities	<u>10,628</u>	<u>133,508</u>
Total liabilities	<u>32,632</u>	<u>159,245</u>
Equity		
Issued capital	129,965	400,301
Reserves	(478)	(478)
Retained profits	18,691	18,691
Equity attributable to the owners of Donaco International Limited	148,178	418,514
Non-controlling interest	1,059	1,059
Total equity	<u>149,237</u>	<u>419,573</u>

Note: Exchange rate of AUD1.2288/USD as at 15 Jan 2015

Key Risks

Star Vegas accounts do not meet IFRS standards

- Donaco has appointed a firm of Thai accountants to prepare accounts to meet IFRS standards
- Accounts are also being audited by Crowe Horwarth (also appointed by Donaco)

Cambodia is an emerging market. Gaming regulation is not as sophisticated as Western markets

- Casino licences issued by Ministry of Economy and Finance
- Government exploring revision of gaming laws, to attract additional foreign investment. Also considering allowing locals to gamble*
- Strong gaming management team in place (many of which are ex-Genting)

Relationships with Cambodian and Thai governments are important

- Vendor taking significant equity and a 2 year management contract

Completion is subject to financing and regulatory approvals

- Debt financing discussions are close to completion, with agreed term sheet in place, subject to credit committee approval

* Sources: GGR Asia, 12 September and 24 June 2014

Key Risks (cont'd)

Changes in Government policy

- Changes to government policy in Cambodia and Thailand could materially affect the operating results of the Company (including those impacting corporate laws, tax and monetary policies)

Geo-political risk

- The Company will be subject to the risks associated with operating in Cambodia (as well as Vietnam). Such risks include economic, social or political instability
- For example, the Company may be subject to hyperinflation or currency instability

Changes to local laws and regulations

- The laws and regulations in Cambodia and Thailand differ to those that exist in Australia. Laws may unexpectedly change, and could have an adverse impact on activities in Cambodia
- For example, changes of law affecting foreign ownership and/or government participation, taxation, working conditions, exchange control, repatriation of income or return of capital, environmental protection, and labour relations may have an adverse impact on the Company

Key Risks (cont'd)

Competition risk

- The casino industry is subject to both domestic and global competition
- Whilst it will seek to undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors. Such activities or actions may adversely affect the operating and financial performance of its business

Jurisdictional risk

- The assets the Group will hold after Completion are located in Cambodia and are therefore subject to different regulatory requirements than Australia
- Sovereign risk may arise in the event that there are changes to any Cambodian or Thai regulatory requirements, particularly relating to ownership of shares in Cambodian companies or relating to the operation of businesses in casino, gaming, hotel and hospitality sectors (both in Cambodia and/or Thailand)

Entitlement No.
Subregister
SRN/HIN.
**Number of Shares held at 7pm
 AEDST on 4 February 2015**
Offer Closes: 5pm (Sydney time) 23 February 2015

An accelerated non renounceable rights issue of 10 New Shares for every 21 Existing Shares held at an issue price of \$0.60 per New Share to raise approximately \$36.9 million.

A Rights Offer Acceptance

If you wish to accept your **FULL ENTITLEMENT** please complete and return this form **WITH YOUR PAYMENT FOR THE AMOUNT SHOWN BELOW**. The return of this form by the close date with payment will constitute acceptance of the Offer. Your signature is only required when an alteration to your address is indicated by you over the page.

Entitlement to New Shares on the basis of 10 New Share for 21 Ordinary Existing Shares held	Price Per New Share	Amount Payable for Full Acceptance, at \$0.60 per New Share
	\$0.60 per New Share =	

If you wish to accept **PART OF YOUR ENTITLEMENT ONLY** please complete this form showing in the box below the **NUMBER OF NEW SHARES BEING ACCEPTED** and the appropriate amount payable.

Number of New Shares Accepted	Price Per New Share	Amount Enclosed
	\$0.60 per New Share =	\$

B Payment

Payment may only be made by BPAY or cheque. Cash will not be accepted via the mail or at the Donaco International Limited Share Registry. Payments cannot be made at any bank.

Payment Option 1 - BPAY

Billers Code: 13391
 Ref:

Telephone & Internet Banking - BPAY®

Contact your bank, credit union or building society to make this payment from your cheque or savings account.

 More info: www.bpay.com.au

© Registered to BPAY Ltd ABN 69 079 137 518

- To pay via BPAY please contact your participating financial institution
- **If paying by BPAY you do not need to return this Entitlement and Acceptance Form**
- If paying by BPAY the amount of your payment received in the account divided by the Issue Price will be deemed to be the total number of New Shares you are applying for..

Payment Option 2 – Cheque (Record cheque details below)

DRAWER	CHEQUE NO.	BSB NO.	ACCOUNT NO.	AMOUNT \$AUD
				\$

- Only cheques or bank drafts in Australian dollars and drawn on a bank or financial institution in Australia will be accepted.
- Your cheque or bank draft must be made payable to **Donaco International Limited** and crossed Not Negotiable.
- Please ensure that you submit the correct amount. Incorrect payments may result in your application being rejected.

D Contact Details

CONTACT NAME	TELEPHONE WORK	TELEPHONE HOME	EMAIL ADDRESS
	()	()	

THIS FORM CONTINUES OVERLEAF

By submitting this Entitlement and Acceptance Form or by using the BPAY facility to accept the Offer, I/We represent and warrant that I/we have read and understood the Retail Offer Booklet to which this Entitlement and Acceptance Form relates and declare that this Application is completed and lodged according to the Retail Offer Booklet and the instructions on the reverse of the Entitlement and Acceptance Form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of Donaco International Limited and agree to the terms and conditions of the Offer under the Prospectus. I/We represent and warrant that I/we have not relied on any other information provided by the Company other as set out in the Prospectus when making my/our decision to invest.

LODGEMENT INSTRUCTIONS TO APPLICANTS

Please read these instructions carefully

ACCEPTANCE OF YOUR ENTITLEMENT IN FULL OR PART

Multiply the number of New Shares for which you are accepting by \$0.60 then fill in the acceptance details, where necessary, in the space provided on the front of this form. Complete your cheque details on the front of this form and send your cheque/draft and completed form to:

Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Telephone No. 02 9290 9600
Facsimile No. 02 9279 0664

If you do not deal with your entitlement it will lapse at 5.00 pm (Sydney time) on 23 February 2015.

PAYMENT

Cheque or Draft

All cheques or drafts (expressed in Australian currency) are to be made payable to "Donaco International Limited" and crossed "Not Negotiable".

BPAY

If you make payment using BPAY you must contact your Australian bank, credit union or building society to make this payment from your cheque or savings account. For more information: www.bpay.com.au. Refer to the front of this form for the Biller Code and Customer Reference Number. Payments must be received by BPAY before 5.00 pm (Sydney time) on 23 February 2015.

PAYMENT - OVERSEAS RESIDENTS

Overseas Shareholders who are permitted to apply for New Shares must obtain a draft in Australian currency payable on a bank in Australia, or where the shareholder has an account with a bank in Australia, by a cheque drawn on that bank within Australia.

The Australian currency draft should be attached to your completed form and the document mailed to:

Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

OVERSEAS SHAREHOLDERS ARE ADVISED TO ENSURE THEIR DOCUMENTS ARE POSTED TO AUSTRALIA BY AIRMAIL.

Personal cheques drawn on overseas banks in Australian or any foreign currency will not be accepted. These will be returned and the acceptance deemed to be invalid.

INTERPRETATION

Terms used in this Entitlement and Acceptance Form have the same meaning as defined in the Prospectus.

CHANGES OF ADDRESS SUPPORTED BY YOUR SIGNATURE(S)

If your address is not exactly as shown, please provide details below. This is only relevant for Issuer Sponsored registered holdings. CHES holders must notify your sponsoring broker for amendments to holdings on the CHES Subregister.

CHANGE OF ADDRESS DETAILS – ISSUER SPONSORED ONLY		
SIGN HERE FOR ADDRESS AMENDMENTS:		

Shareholder 1 (Individual) /
Sole Director & Sole Company
Secretary

Joint Shareholder 2 (Individual) /
Director

Joint Shareholder 3 (Individual) /
Director/Company Secretary
(Delete one)

Privacy Statement:

Boardroom Pty Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form.

Our privacy policy is available on our website (<http://www.boardroomlimited.com.au/privacy.html>).