

ASX RELEASE**6 May 2014****Chairman's Speech to EGM**

The attached Chairman's speech will be delivered at today's Extraordinary General Meeting of shareholders in Donaco International Limited (the **Company**).

The speech includes updates on the following:

1. Trading at our flagship business, the Lao Cai International Hotel in Vietnam, in the March 2014 quarter.
2. The construction of our new expanded five star hotel and casino, which continues to be on track for a soft opening on 18 May 2014.
3. The pipeline of investment opportunities being assessed by the Company's management team.
4. The spin-off of our iSentric mobile technology business.

For further information:

Ben Reichel
Executive Director
Phone: + 61 412 060 281

ABOUT DONACO INTERNATIONAL LIMITED (ASX: DNA)

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

Our flagship business is the Lao Cai International Hotel, a successful boutique casino in northern Vietnam. The Lao Cai International Hotel was established in 2002, and is located on the border with Yunnan Province, China. Donaco operates the business and owns a 95% interest, in a joint venture with the Government of Vietnam.

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

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

To learn more about Donaco visit www.donacointernational.com

Donaco International Limited
Extraordinary General Meeting
Tuesday 6 May 2014

Chairman's Address

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

I would like to start by introducing my fellow Board members: Mr Rob Hines, Non-Executive Director; and Mr Ben Reichel, Executive Director and Company Secretary. Also attending the meeting via telephone is our Managing Director, Mr Joey Lim, who unfortunately is unable to be here today in person. Finally we have apologies from our fifth Director, Mr Benjamin Lim.

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

All of the three items on our agenda today relate to approvals of share issues which have been undertaken to increase the Company's working capital, thus allowing us to open our new expanded gaming business in Vietnam, and to seize opportunities as they arise. I will discuss these opportunities further in a moment, but first I would like to provide an update on our recent trading performance.

March Quarter Trading Update

Trading at our flagship property, the Lao Cai International Hotel in Vietnam, continued to show pleasing growth in the March 2014 quarter. The current property consists of a small hotel, with 34 hotel rooms and eight licensed gaming tables, together with a small number of slot machines. The property continues to be a popular destination for VIP players from Yunnan Province, China.

In the March 2014 quarter, our average revenue per table per day reached a record high of USD5737. This is a 17% increase on the previous corresponding quarter (March 2013), when the equivalent figure was USD4888.

The figure also represents a 4% increase over the December half year figure of USD5526, and an increase of almost 20% over the full year figure to June 2013 (USD4801).

The property's performance during the quarter was underpinned by very strong months in January and February 2014. March was weaker, due to a general slowdown in tourism throughout China. That slowdown has been attributed to terrorist incidents, and to the disappearance of Malaysian Airlines MH370 (which was en route to Beijing and carrying many Chinese passengers). As a result of this slowdown in the March month, there was an overall decline in number of visitors to our property in the March quarter of 7%, compared to the March 2013 quarter.

More significantly, the VIP win rate turned against us in the March 2014 month. This is a normal feature of gaming operations, and fluctuations in the actual win rate are to be expected in future months. Once our new, much larger gaming business has opened and has established some trading history, the Company will give consideration to reporting normalised results, based on a theoretical win rate, which will help to smooth out the fluctuations in the actual win rate.

For the 2014 financial year to date, based on nine months to the end of March 2014, gaming turnover at the property is up by 21%, and net gaming revenue is up by 29%. This is a remarkable effort from our management team, considering that the existing property is essentially at – or over – full capacity.



Construction Update – New Hotel and Casino

The high levels of demand from our players have supported the Company's decision to build our new, much larger five star hotel and casino in Lao Cai. I'm pleased to report that construction of the new property continues on time and on budget. We are on track for the soft opening on Sunday 18 May.

With those brief remarks on our existing business, I now turn to the Company's plans for the future.

Update on Expansion Opportunities

The prospects for our expanded gaming business in Vietnam are exciting, and illustrate the enormous unsatisfied demand for quality gaming and hospitality offerings in Asia. However we have always made it clear that Donaco is not intended to be a single property company.

Our management team has been working on a strong pipeline of opportunities to create increased value for shareholders. All of these opportunities relate to our core area of expertise, being leisure and entertainment businesses in the Asia Pacific. The purpose of our recent capital raising, which is proposed for shareholder approval today, is to give us the balance sheet strength and firepower to move rapidly on these opportunities as they arise.

As we stated at the time that we announced the raising, we are extremely disciplined in our approach to potential investments. We will not overpay for any asset. We will not complete any deal unless it is on the right terms, and we are confident that it will provide strong returns to shareholders.

Due to this disciplined approach, we are not yet in a position to announce the completion of a deal. At the time we launched the raising, there were two opportunities in particular that were close to finalisation. However as we also made clear, we are engaged in competitive processes. Accordingly, there was no guarantee that a deal would be concluded in the short term. While both of those opportunities remain live possibilities, it no longer appears likely that they will be concluded soon, on terms that we would accept on behalf of our shareholders.

Shareholders should rest assured that our highest priority is to conclude the right deal, rather than a quick deal. Accordingly, we have moved our attention to other opportunities in our pipeline. There is no shortage of these, and we will maintain our focus on ensuring that any deal plays to our strengths, and taps the huge demand for gaming services from the expanding middle class in Asia.

Update on iSentric Transaction

I would also like to provide an update on our recent decision to spin off our mobile technology business, iSentric. We have been working hard behind the scenes to finalise the documentation and regulatory approvals needed for this transaction. Our shareholders will soon be asked to approve the transaction, at another EGM, likely to be held in early to mid June.

At this stage, it appears likely that the transaction will be concluded, and the newly listed iSentric business will be trading on the ASX, in July 2014. Full details of the prospects for this exciting business, and the benefits to be realised by our shareholders, will be provided soon.

