

ASX RELEASE**12 May 2014****Binding Agreement to Spin Off Mobile Technology Business**

Donaco International Limited (**Donaco**) announces that it has now signed a binding Share Sale Agreement to complete the spin-off of its mobile technology business, iSentric Sdn Bhd (**iSentric**).

The spin-off will reward Donaco shareholders for their support, and provide eligible shareholders with a direct opportunity to benefit from iSentric's growth path in the mobile commerce space in South-East Asia. Donaco will become a pure play leisure and hospitality business, and will continue to focus on opportunities to generate shareholder wealth from its existing assets, and from new investments tapping the huge demand for gaming and entertainment in Asia.

The agreement to implement the transaction was signed by Donaco and OMI Holdings Limited (**OMI**). It provides for the sale by Donaco of its shares in iSentric to OMI, in return for the issue of \$12 million worth of new shares in OMI. This will give Donaco 89.9% of the new combined entity, after the conversion of existing notes and prior to any share issue which may take place to satisfy ASX requirements. The new entity will be renamed when it relists on the ASX.

Donaco proposes to distribute its holding of shares in the new entity to Donaco shareholders, on a pro rata basis. Full details of the planned distribution will be provided in a Shareholder Booklet, which will be mailed to shareholders in the near future. The Shareholder Booklet will include a notice of an Extraordinary General Meeting of Donaco, which is currently expected to be convened in June 2014. At the EGM, shareholders will be given full opportunity to ask questions, and if thought fit, to approve the transaction.

In addition, OMI shareholders will also be asked to approve the transaction, at their own EGM. The notice of meeting for that EGM will include an independent expert's report on the transaction.

Completion of the transaction is subject to the completion of due diligence investigations, and to receipt of all required regulatory approvals. These regulatory approvals have been sought, or will be sought at the appropriate time.

Donaco currently expects that the spin-off will be completed, and the new iSentric business will be trading on the ASX, in July 2014.

Finally, Donaco refers to the announcement of the original acquisition of iSentric, issued to the ASX on 15 April 2013. That announcement stated that the deal also included an agreement to acquire a separate company called iSentric (Australia) Pty Ltd (**IAPL**). The conditions precedent to complete that separate agreement were not satisfied, and the agreement has now been terminated. Accordingly, Donaco will not proceed to issue the purchase price of 657,894 shares (approved by shareholders at the 2013 EGM) to the vendors of IAPL.

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

