

ASX RELEASE

26 February 2014

Donaco to Spin Off Mobile Technology Business

Donaco International Limited (**Donaco**) announces that it plans to spin off its mobile technology business, which trades under the name **iSentric**, into a new company separately listed on the ASX. Shares in the new company will be distributed in specie to Donaco shareholders.

Background on Mobile Technology Business

The iSentric business was acquired by Donaco in June 2013. It is a successful and profitable company based in Kuala Lumpur, Malaysia. Founded by ex-Accenture consultants Aaron Lee and Roy Ng on 1 April 2003, iSentric has evolved from a two man operation to a company with 30 employees and a business presence in Malaysia, Singapore and Indonesia.

iSentric has significant interests and expertise in almost every segment of the mobile services sector, including mobile content distribution, mobile payment aggregation, mobile banking and bespoke corporate mobility solutions.

iSentric specialises in mobile micropayments for digital content, via partnerships with telco operators. Key clients for the mobile content distribution business include Huawei, Digi and Celcom. The business also focusses on the mobile enterprise segment, with clients for its mobile banking arm including CIMB, Citibank, and Maybank.

Rationale for the Transaction

Since its acquisition by Donaco, iSentric personnel have been engaged in providing technology services to Donaco's core hotel and casino business in Vietnam. This includes advising on the property management system, loyalty program, third party system integration, and network design.

However, the core mobile technology arm of the iSentric business has continued to develop, and has been presented with many opportunities for growth in the areas of mobile commerce, content publishing, and location-based services.

Managing Director and CEO of Donaco, Mr Joey Lim, said "We feel that the time is right to allow iSentric to pursue its own growth path in the rapidly evolving m-commerce space. Establishing iSentric as a separate ASX-listed company will enable it to receive the proper focus from investors, who have been eager to follow similar businesses operating in this space. The transaction will also confirm Donaco as a pure play entertainment and leisure business, tapping the huge demand for gaming services from the expanding middle class in Asia."

Details of the Transaction

To implement the spin off of the iSentric mobile technology business (the **Transaction**), Donaco has signed a Transaction Implementation Deed with OMI Holdings Limited, an ASX listed company (ASX:OMI) with previous operations in the medical device field.

The Transaction values iSentric at \$12 million. Donaco purchased iSentric for \$8.5 million in scrip, with the acquisition completed on 1 June 2013. The Transaction therefore represents an increase in value for Donaco of 41% on its investment, over a period of approximately 11 months (assuming that the Transaction completes by May 2014).

To implement the Transaction, OMI will issue 228,604,384 shares to Donaco. In return, Donaco will transfer its 100% ownership of iSentric Sdn Bhd to OMI.

The combined entity is expected to have a total of 254,430,619 shares on issue, following the conversion of all OMI convertible notes. Donaco will own 89.85% of the combined entity, and current OMI shareholders and convertible note investors will own 10.15%.

Donaco then intends to distribute its shares in the combined entity to Donaco shareholders in specie. This will be done essentially on a pro rata basis, subject to discussions with ASX. Holders of Donaco shares worth more than a minimum threshold (to be announced), at a date to be set, will receive shares in the new entity at no cost.

ASX Requirements

OMI intends to seek the relisting of its shares on the ASX, and will undertake such actions as are required to comply with chapters 1 and 2 of the Listing Rules. This may include undertaking a consolidation of its capital, on a basis to be agreed, to meet the minimum price of 20 cents per share.

OMI may also issue further shares under a prospectus, to ensure that it meets the minimum spread requirements.

Exclusivity

Under the Transaction Implementation Deed, OMI has agreed not to enter into discussions with any other party relating to any proposal which would result in OMI issuing shares (except under the convertible notes referred to above), or enter into an agreement which would result in a change of control of OMI, until the earlier of 25 June 2014 or the termination of the Transaction Implementation Deed. Donaco has agreed to similar restrictions in relation to any sale of iSentric for a price below \$12 million in cash.

Due Diligence

Under the Transaction Implementation Deed, Donaco will conduct due diligence investigations on the assets and the businesses of OMI, and OMI will conduct similar investigations in relation to iSentric.

Indicative timetable

The parties intend to execute a Share Sale and Purchase Agreement covering the transfer of iSentric shares to OMI, and the issue of OMI shares to Donaco.



The Transaction will be subject to approval by OMI shareholders at an Extraordinary General Meeting, currently proposed to be held in May 2014.

The notice of meeting for the EGM will be accompanied by an independent expert's report on the Transaction, as required.

For further information:

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ABOUT DONACO INTERNATIONAL LIMITED (ASX: DNA)

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

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

