

ASX : DNA

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3 July 2020

Donaco launches \$14.4m capital raising

Donaco International Limited (ASX: DNA) (“Donaco” or “Company”) is pleased to announce an equity raising to strengthen the Company’s balance sheet to provide immediate capital.

The capital raising is being undertaken by way of a fully underwritten pro rata non-renounceable entitlement offer on the basis of 1 new share for every 2 existing shares held by eligible holders at an issue price of \$0.035 per new share, to raise approximately \$14.41 million (**Entitlement Offer**).

The Entitlement Offer is fully underwritten by Mr Lee Bug Huy and Lee Bug Tong who currently have a relevant interest of 17.99% in the Company (**Underwriters**).

The Directors of the Company have determined that the Company is in urgent need of capital as a result of the impact of COVID-19 on the Company's gaming operations and the requirement to make repayments under the Company's debt facilities with Mega Bank. As part of the capital raising process, Donaco has approached a number of parties and assessed various options available for underwriting or other funding options.

However, due to the COVID-19 financial environment and the current status of the Company’s borrowing with covenant waivers being required, the Company was not able to identify any appropriate alternative sources of capital. In the circumstances, the Company has decided to proceed with the Entitlement Offer providing eligible shareholders with an opportunity to invest in the Company and whilst ensuring funding certainty by having the Entitlement Offer fully underwritten by the Underwriters.

Non-Executive Chairman Mel Ashton said the funding aligned with Donaco’s key objectives of limiting debt, preserving shareholder value and providing immediate financial stability for the Company.

“COVID-19 travel restrictions, the consequent closing of international borders, and the closure of casinos in Vietnam and Cambodia (with the casino in Vietnam now partially operational), has significantly impacted the financial position of the Company. This capital

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injection will enable us to stabilise our immediate financial needs, and meet the upcoming repayment requirements on our borrowings,” Mr Ashton said.

“The implementation of our proactive cost reduction strategy and the additional equity from the capital raising will help stabilise the Company’s balance sheet at a critical time.”

Subject to completion of the Entitlement Offer and associated underwrite, the Company will appoint Mr Lee Bug Huy and Mr Paul Porntat Amatavivadhana as Non-Executive Directors of the Company.

It is the intention of current Non-Executive Directors Mr Mel Ashton and Mr Simon Vertullo will retire from the Board at the completion of the Entitlement Offer or shortly thereafter. The Company is engaging in a recruitment process for additional directors (including Australian residents) to join the Board at completion of the Entitlement Offer.

Full details of the capital raising are set out in a Prospectus lodged today with the ASX and ASIC.

[ENDS]

Authorised for release by the Board.

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