

ASX : DNA

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Coronavirus Impact

Donaco International Limited (“the Company”) notes the general impact on the global economy of the coronavirus originating in Hubei Province, China. The virus has also had a specific impact on Donaco’s business operation at the Aristo International Hotel in Lao Cai, Vietnam, which borders Yunnan Province, China.

The border crossing at Lao Cai is currently tightly restricted, with crossing allowed only for visitors with an “urgent” or “official” business reason. This has led to a substantial reduction in players visiting the Aristo casino hall, and consequent reduction in gaming turnover.

For the first 11 days of February 2020, total casino visitation was 1,374 players, averaging approximately 125 players per day. This is a decline of 75% from the first 11 days of January 2020, when casino visitation was 5,510 players, averaging approximately 501 players per day.

Rolling chip turnover in the first 11 days of February declined by 82%, compared to the first 11 days of January 2020. The decline was from RMB317 million to RMB58 million.

Currently there is no time frame on the partial closure of the border crossing, which is likely to depend on the success of the broader efforts being undertaken within China and around the world to contain the virus.

In response to the slowdown in the business, Aristo management have arranged unpaid leave for many staff members in February, and have also reduced total headcount, as well as deferring various capital expenditure projects.

In relation to the Company’s largest business, the DNA Star Vegas casino in Poipet, Cambodia, there is no direct impact noticed as yet from the coronavirus. The border crossing from Thailand into Poipet remains open as usual. In the longer term, if efforts to contain the virus are unsuccessful, there is likely to be an impact on the Thai economy generally, which has a strong tourism element. This may lead to an overall reduction in demand from Thai visitors to the Poipet casino.

Authorised by the Board

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