



7 June 2019

Dear Shareholder

It is my pleasure to invite you to an Extraordinary General Meeting (**EGM**) of Donaco International Limited (the **Company**), which has been called in response to a requisition by shareholders given under section 249D of the *Corporations Act 2001* (Cth).

The EGM will commence at 10:00am (Sydney time) on Thursday, 18 July 2019, at Level 12, 225 George Street, Sydney NSW 2000.

I enclose your Notice of Meeting, together with the following documents:

- A detailed Explanatory Memorandum; and
- A personalised Proxy Form.

*What you need to do*

All shareholders should carefully read the attached documents, and decide whether to vote on the resolutions contained in the Notice of Meeting.

Your vote is important, but it is not compulsory to vote. If you would like to vote, you may either attend the meeting, or alternatively appoint a proxy to vote for you at the meeting by using the attached Proxy Form. If you intend to appoint a proxy, please complete the Proxy Form and return it to us in accordance with the directions on the reverse side of the form by **10:00am (Sydney time) on Tuesday, 16 July 2019**.

*Attendance*

If you wish to attend the meeting:

- please bring your proxy form with you to assist us to process your registration efficiently; and
- if convenient, email us on [enquiries@donacointernational.com](mailto:enquiries@donacointernational.com) to confirm your attendance.

Your Directors and the Company's management look forward to welcoming you to the EGM.

Yours faithfully,

A handwritten signature in black ink, appearing to read "S. J. McGregor".

Stuart J McGregor  
Chairman

PLEASE BRING YOUR PROXY FORM TO THE EXTRAORDINARY GENERAL MEETING

Donaco International Limited

Level 18, 420 George Street  
Sydney, NSW 2000 Australia

[TEL] +61 (02) 9106 2149 [FAX] +61 (02) 9106 2106

[ABN] 28 007 424 777



**Donaco International Limited**

ABN 28 007 424 777

Registered Office: Level 18  
420 George Street  
SYDNEY NSW 2009

**Notice of Extraordinary General Meeting**

Donaco International Limited (the **Company**) gives notice that an Extraordinary General Meeting of members (**EGM**) will be held at 10:00am (Sydney time) on Thursday, 18 July 2019 at:

Level 12  
225 George Street  
SYDNEY NSW 2000

Registration commences at 9:00am (Sydney time). Representatives of corporate shareholders should present satisfactory evidence of appointment when registering.

**Items of Business**

**Item 1: Removal of Mr Joey Lim Keong Yew as a director of the Company**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That, pursuant to section 203D of the Corporations Act 2001 (Cth) and clause 12.11 of the Company's constitution, Mr Joey Lim Keong Yew be removed as a director of the Company with effect from the close of the meeting."*

**Item 2: Removal of Mr Benjamin Lim Keong Hoe as a director of the Company**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That, pursuant to section 203D of the Corporations Act 2001 (Cth) and clause 12.11 of the Company's constitution, Mr Benjamin Lim Keong Hoe be removed as a director of the Company with effect from the close of the meeting."*

By order of the Board

A handwritten signature in black ink, appearing to read "Ben Reichel".

Ben Reichel  
Company Secretary

**7 June 2019**

### Important Notes on the Resolutions

1. For further information and explanation on all resolutions, please refer to the Explanatory Memorandum which is **attached** and forms part of this Notice of Extraordinary General Meeting.
2. **The Board (other than Mr Joey Lim and Mr Benjamin Lim) recommends that all shareholders vote in favour of both resolutions**, on the basis set out in the attached Explanatory Memorandum.

### Entitlement to vote

The Directors have decided that, for the purpose of determining entitlements to attend and vote at the EGM, shares will be taken to be held by the persons who are the registered holders at 7:00pm (Sydney time) on Tuesday, 16 July 2019. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the EGM.

The Chairman will put both resolutions at the EGM to a poll. On a poll, each Shareholder present (in person, by proxy, attorney or representative) has one vote for each Share they hold.

### How to vote

Shareholders entitled to vote at the EGM may vote:

- by attending the meeting and voting in person; or
- by appointing an attorney to attend the meeting and vote on their behalf or, in the case of corporate members or proxies, a corporate representative to attend the meeting and vote on its behalf; or
- by appointing a proxy to attend and vote on their behalf, using the Proxy Form accompanying this Notice. A proxy may be an individual or a body corporate.

### Voting in person (or by attorney)

Shareholders or their proxies, attorneys or representatives (including representatives of corporate proxies) wishing to vote in person should attend the EGM and bring a form of personal photographic identification (such as their driver's licence).

To vote by attorney at this meeting, the original or a certified copy of the power of attorney or other authority (if any) under which the instrument is signed must be received by the Registry before 10:00am (Sydney time) on Tuesday, 16 July 2019.

To vote in person, you or your proxy, attorney, representative or corporate proxy representative must attend the EGM to be held at Level 12, 225 George Street, Sydney on 18 July 2019 commencing at 10:00am (Sydney time).

A vote cast in accordance with the appointment of a proxy or power of attorney is valid even if before the vote was cast the appointor:

- died;

- became mentally incapacitated;
- revoked the proxy or power; or
- transferred the Shares in respect of which the vote was cast,

unless the Company received written notification of the death, mental incapacity, revocation or transfer before the meeting or adjourned meeting.

### **Voting by proxy**

Shareholders wishing to vote by proxy at this meeting must:

- complete and sign or validly authenticate the Proxy Form, which is enclosed with this Notice of Extraordinary General Meeting; and
- deliver the signed and completed Proxy Form to the Company by 10:00am (Sydney time) on Tuesday, 16 July 2019 in accordance with the instructions below.

A person appointed as a proxy may be an individual or a body corporate.

### **Submitting proxy votes**

Shareholders wishing to submit proxy votes for the EGM must return the enclosed Proxy Form to the Company in any of the following ways:

- by post at: **GPO Box 3993, Sydney NSW 2001**
- by hand delivery: **Boardroom Pty Limited, Level 12, 225 George Street, Sydney NSW 2000**
- by facsimile to: **+61 2 9290 9655**

Note: proxies may not be returned by email, nor is internet voting available.

### **Notes**

#### *Proxies*

1. A Shareholder entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote at the meeting on that Shareholder's behalf.
2. A proxy need not be a Shareholder.
3. A proxy may be an individual or a body corporate. A proxy that is a body corporate may appoint a representative to exercise the powers that the body corporate may exercise as the Shareholder's proxy.
4. If a Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half the votes.
5. An appointment of a proxy may specify the way the proxy is to vote on a particular resolution. If it does:
  - The proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
  - If the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands.

6. A proxy may vote or abstain as he or she chooses except where the appointment of the proxy directs the way the proxy is to vote on a particular resolution. If an appointment directs the way the proxy is to vote on a particular resolution:
  - if the proxy is the chair – the proxy must vote on a poll and must vote in the way directed; and
  - if the proxy is not the chair – the proxy need not vote on a poll, but if the proxy does so, the proxy must vote in the way directed.
7. If a proxy appointment is signed or validly authenticated by the Shareholder but does not name the proxy or proxies in whose favour it is given, the Chairman may either act as proxy or complete the proxy appointment by inserting the name or names of one or more Directors or of the Company Secretary. If:
  - a Shareholder nominates the Chairman of the meeting as the Shareholder's proxy; or
  - the Chairman is to act as proxy if a proxy appointment is signed by a Shareholder but does not name the proxies in whose favour it is given or otherwise under a default appointment according to the terms of the Proxy Form,then the person acting as Chairman in respect of an item of business at the meeting must act as proxy under the appointment in respect of that item of business.
8. Proxy appointments in favour of the Chairman of the meeting, the Company Secretary or any Director which do not contain a direction will be voted in support of the resolutions.

#### *Corporate representatives*

1. To vote in person at the EGM, a Shareholder or proxy which is a body corporate may appoint an individual to act as its representative.
2. To vote by corporate representative at the EGM, a corporate Shareholder or proxy should obtain an Appointment of Corporate Representative Form from the Registry, complete and sign the form in accordance with the instructions on it. The appointment should be lodged at the registration desk on the day of the meeting.
3. The appointment of a representative may set out restrictions on the representative's powers.
4. The original form of appointment of a representative, a certified copy of the appointment, or a certificate of the body corporate evidencing the appointment of a representative is prima facie evidence of a representative having been appointed.
5. The Chairman of the meeting may permit a person claiming to be a representative to exercise the body's powers even if he or she has not produced a certificate or other satisfactory evidence of his or her appointment.

## Explanatory Memorandum

**The Board (other than Mr Joey Lim and Mr Benjamin Lim) recommends that all Shareholders vote in favour of both resolutions.**

### **Introduction**

This Explanatory Memorandum has been prepared to assist Shareholders with their consideration of all resolutions contained in the Notice of Extraordinary General Meeting (**EGM**) of Shareholders of Donaco International Limited ABN 28 007 424 777 (**the Company**) to be held at 10:00am (Sydney time) on Thursday, 18 July 2019 at Level 12, 225 George Street, Sydney NSW 2000.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting.

If you are in doubt of what to do in relation to any of the resolutions, you should consult your financial or other professional advisors as soon as possible.

### **Background**

The EGM has been called pursuant to a notice requisitioning a general meeting under section 249D of the Corporations Act 2001 (Cth) (**Corporations Act**), from shareholders holding at least 5% of the votes that may be cast at the meeting. The notice was received from three shareholders (**the Requisitioning Shareholders**):

- (1) Spenceley Management Pty Ltd as trustee for Spenceley Family Trust;
- (2) Spenceley Management Pty Ltd as trustee for Spenceley Family Superannuation; and
- (3) Antonia Caroline Collopy.

Under section 249D of the Corporations Act, the Board must call and arrange to hold a general meeting on the request of Shareholders with at least 5% of the votes that may be cast at the general meeting. The Board must call the meeting within 21 days after the request is given, and the meeting must be held not later than 2 months after the relevant notice has been received.

The Requisitioning Shareholders hold 5.04% of the votes that may be cast at a general meeting of the Company (as determined as at the time required by section 249D(4) of the Corporations Act). Accordingly the EGM has been called in accordance with the Company's legal obligations.

### **Item 1: Removal of Mr Joey Lim Keong Yew as a director of the Company**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That, pursuant to section 203D of the Corporations Act 2001 (Cth) and clause 12.11 of the Company's constitution, Mr Joey Lim Keong Yew be removed as a director of the Company with effect from the close of the meeting."*



The Requisitioning Shareholders have provided a statement under section 249D of the Corporations Act, setting out their reasons supporting the resolution. This statement is attached to this Explanatory Memorandum. Please note that the Company takes no responsibility for the content of this statement.

The Board has not received any statement from Mr Joey Lim in relation to this resolution for circulation to Shareholders.

The Board is also aware of other information that is not public and cannot be disclosed to the market at this time, relating to the conduct of Mr Joey Lim. This includes information relating to incomplete and confidential proposals considered as part of the Company's strategic review, which is referred to in the statement from the Requisitioning Shareholders.

The Board notes also that Mr Joey Lim's employment contract was terminated with immediate effect on 19 March 2019. However, Mr Joey Lim has not resigned as a Director.

Having considered all of these matters, the Board (other than Mr Joey Lim and Mr Benjamin Lim) recommends that all Shareholders vote in favour of this resolution.

## **Item 2: Removal of Mr Benjamin Lim Keong Hoe as a director of the Company**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That, pursuant to section 203D of the Corporations Act 2001 (Cth) and clause 12.11 of the Company's constitution, Mr Benjamin Lim Keong Hoe be removed as a director of the Company with effect from the close of the meeting."*

The Requisitioning Shareholders have provided a statement under section 249D of the Corporations Act, setting out their reasons supporting the resolution. The statement is attached to this Notice of Meeting.

The Board has received a statement from Mr Benjamin Lim in relation to this resolution for circulation to Shareholders. The statement is also attached to this Explanatory Memorandum. Please note that the Company takes no responsibility for the content of this statement.

Different considerations arise for Mr Benjamin Lim compared to Mr Joey Lim, including the matters set out in the statement received from Mr Benjamin Lim. However Mr Benjamin Lim was also involved in the response to the incomplete and confidential proposals considered as part of the Company's strategic review, referred to above. On balance, the Board considers that passing this resolution is also in the best interests of Shareholders, primarily due to the beneficial effect of a fresh start for the Company if both resolutions are passed.

Having considered all of these matters, the Board (other than Mr Joey Lim and Mr Benjamin Lim) recommends that all Shareholders vote in favour of this resolution.

## **End of Explanatory Memorandum**

**Attached:**

**Statement from Requisitioning Shareholders**

**Statement from Mr Benjamin Lim**

## Statement from Requisitioning Shareholders

We are of the opinion that members of the Company should be given the opportunity to vote on the appropriateness of Mr Joey Lim and Mr Benjamin Lim remaining on the board of Donaco International Limited for the reasons stated below.

- On 6 May 2019, the Takeovers Panel made a declaration of unacceptable circumstances in relation to the affairs of Donaco. Among other matters, the declaration noted the following:
  - On 5 May 2017, Mr Joey Lim and certain associates of his (who are also associates of Mr Benjamin Lim) granted a security interest over 27% of Donaco shares on issue to secure a US\$34,285,000 loan from OL Master (Singapore Fund 1) Pte. Limited (**OCP**) to Alpha, a company of which Mr Joey Lim is the principal shareholder and sole director.
  - From 5 November 2018 onwards, Alpha was in default under the loan and on 16 January 2019 received a formal notice of default from OCP. While Alpha was in default, OCP had the right to control the exercise of the voting power attached to the 27% interest. This was not disclosed to the market until 1 March 2019 after OCP appointed receivers to take control of the 27% interest.
  - At no time between 5 May 2017 and 1 March 2019 was Donaco or any of its directors (other than Mr Joey Lim and Mr Benjamin Lim), or the market generally, aware of the security or lending arrangements.
- The Company has noted the following consequences of the appointment of receivers over the 27% interest:
  - On 4 March 2019, the Company noted in an ASX announcement that the appointment of receivers over the 27% interest may have an impact on the company's loan agreement with Megabank and the loan may become due and payable sooner than the current scheduled repayment dates.
  - On 26 April 2019, the Company noted in an ASX announcement that Donaco was actively considering a number of strategic options and that the strategic review process was expected to complete in March, but had been delayed by shareholder matters, specifically the appointment of receivers over the shares formerly held by the Lim family.
- On 19 March 2019, the Company announced that the employment of Mr Joey Lim as an executive of Company had been terminated with immediate effect.
- Mr Joey Lim did not appear at the Company's most recent AGMs in 2017 and 2018 and did not deliver his own Managing Director's address.

In conclusion, the Donaco business has material assets (with a net tangible asset backing of ~\$0.149 per share as per the half year report), and produces significant earnings and cashflow, yet currently trades at a material discount to similar businesses in the region. Further, the operational performance of the Company has deteriorated over the last two years. In our view, for the business to trade at a level closer to its peers, which would imply a level well above its NTA, the business must demonstrate: (i) decision making in the interests of all shareholders, (ii) strong governance principles, and (iii) a culture of transparent, regular and reliable interaction with its shareholders.

We think it is time for a fresh approach to running the business and to allow the incoming permanent CEO the ability to transform the business and deliver shareholder value free from the legacy of the past.



## **Statement from Mr Benjamin Lim**

I acknowledge the monumental chain of events that has taken place with the receivers holding the security interest over the block of shares belonging to the Lim family, particularly mine. However, I feel that my duty should not be impacted as the interim CEO/Managing Director appointed by the board of directors, as well as my position as a member of the board. I can assure that I am continuously holding the interest of the company with utmost priority despite losing my personal block of shares to the receivers.

Upon engaging a permanent and qualified CEO I will gladly step down from the interim role, while the board continuously searches for an appropriate candidate.

However, I strongly believe if my appointment is retained, I will be able to continuously add value to the company and aid to maintain a solid course of direction to the company and enhance our current market position and cash flow. Since my appointment as interim CEO, I have achieved the following:

- Eliminated the gangster issues at the border of China. Thus enabling our customers and players to cross the border and visit our premise without any difficulties.
- Seek out a new General Director to oversee all operations in The Aristo, Lao Cai, Vietnam.
- Enforce and tighten new SOPs in gaming and improving operations across both assets. Leading to operational costs being cut-back and tighter gaming procedures, mitigating potential scammers and cheats. We can see already significant improvement in Lao Cai in our gaming results.
- Introduce new junkets and customers in both assets.
- Maximise the capital spent on the online gaming platform in Star Vegas which is due to accept bets by the third week of June. This in return will generate a new revenue stream from the online market.

I would like to take this opportunity to emphasise, that my involvement in stepping in for Joey Lim's role has been critical in maintaining the lead point of contact and relationship with both, the province leaders in Lao Cai and the government in Cambodia. I am also considered a key figure for liaising with government bodies for the company's litigation affairs in Cambodia. If I can continue to assist the board in seeing this through with the Cambodian government, I believe we can start unlocking and realise a more realistic NTA.

Although the timing itself to call for an EGM to remove myself is not on my side. I strongly urge at this crucial moment, shareholders to allow me to pursue and see this through. I sincerely hope I can regain your trust once the above objectives are complete.

In conclusion, a fresh approach has in fact already begun. We are already well underway with our strategic review in place, with new independent directors and key executives already being considered.

I am already seeing great improvements especially in Aristo. The future of Star Vegas is getting clearer with more certainty and diverse opportunities.

My management practice is certainly not the same as Joey Lim's and I thoroughly encourage transparency and strong governance which is already showing in many of our management practices.

Despite not having any personal interest in shareholdings for the time being I can assure that all decisions made will be for the benefit of shareholders moving forward. Even as an executive or a non-executive, I will still persevere to retain and increase the value for all shareholders.



#### All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** www.boardroomlimited.com.au
- ☎ **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00 (Sydney time) on Tuesday 16 July 2019.**

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

##### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities, your vote on that item will be invalid.

##### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders should sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, 10:00 (Sydney time) on Tuesday 16 July 2019. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged in the following method:

- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited  
Level 12, 225 George Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

**Donaco International Limited**

ABN 28 007 424 777

**Your Address**

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note you cannot change ownership of your securities using this form.**

**PROXY FORM**

**STEP 1 APPOINT A PROXY**

I/We being a member/s of **Donaco International Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Extraordinary General Meeting of the Company to be held at the offices of **Boardroom Pty Ltd, Level 12, 225 George Street, Sydney NSW 2000, on Thursday 18 July 2019 at 10:00 (Sydney time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

**The Chair of the Meeting will vote all undirected proxies in favour of all Items of business.**

**STEP 2 VOTING DIRECTIONS**

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Item 1	Removal of Mr Joey Lim Keong Yew as a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2	Removal of Mr Benjamin Lim Keong Hoe as a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**STEP 3 SIGNATURE OF SECURITYHOLDERS**

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2019