AVILLION BERHAD ("AVILLION" OR THE "COMPANY")

(I) PROPOSED PRIVATE PLACEMENT OF UP TO 283,322,100 NEW ORDINARY SHARES IN AVILLION, REPRESENTING UP TO APPROXIMATELY 25% OF THE TOTAL NUMBER OF ISSUED SHARES OF AVILLION (EXCLUDING TREASURY SHARES, IF ANY) ("PROPOSED PRIVATE PLACEMENT"); AND

(II) PROPOSED VARIATION TO THE UTILISATION OF PROCEEDS RAISED FROM THE COMPANY'S PREVIOUS PRIVATE PLACEMENT OF NEW ORDINARY SHARES ("PROPOSED VARIATION")

(COLLECTIVELY, THE "PROPOSALS")

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1. INTRODUCTION

On behalf of the Board of Directors of Avillion ("**Board**"), RHB Investment Bank Berhad ("**RHB Investment Bank**") wishes to announce that the Company proposes to undertake the Proposals, the details of which are set out in the ensuing sections.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Private Placement

2.1.1 Placement size

The Proposed Private Placement will entail the issuance of up to approximately 25% of the total number of issued Shares. As at 30 April 2025, being the latest practicable date prior to this announcement ("**LPD**"), the Company has an issued share capital of RM236,095,362 comprising 1,133,288,100 ordinary shares ("**Shares**"). As at the LPD, the Company does not hold any treasury shares.

Accordingly, a total of up to 283,322,100 new Shares ("**Placement Shares**"), representing up to approximately 25% of the total number of issued Shares, may be issued pursuant to the Proposed Private Placement.

2.1.2 Placement arrangement

The Placement Shares will be placed out to independent third party investor(s) ("**Placees**") to be identified at a later date. The Placees shall be persons or parties who/which qualify under Schedules 6 and 7 of the Capital Markets and Services Act 2007. The Placement Shares are not intended to be placed to the following persons:

(i) a director, major shareholder or chief executive of Avillion or a holding company of Avillion (collectively, the "**Interested Persons**");

(ii) a person connected with the Interested Persons; and

(iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The identity of the Placees, the number of Placement Shares to be placed out to each of the Placees as well as the issue price for the Placement Shares will be determined and finalised by the Board at a later date.

Subject to, among others, the prevailing market conditions and investors' interest at the point of implementation, the Proposed Private Placement may be implemented in one or more tranches within 6 months from the date of approval from Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities, or any extended period as may be approved by Bursa Securities.

The implementation of the placement arrangement in multiple tranches, if any, would provide flexibility to the Company to procure interested investor(s) to subscribe for the Placement Shares within the approved period. In the event the Placement Shares are issued in multiple tranches, the issue price for each tranche of the Placement Shares will be determined separately.

2.1.3 Basis of determining the issue price of the Placement Shares

The issue price of the Placement Shares shall be determined and fixed by the Board and announced at a later date after obtaining the approval of Bursa Securities for the listing of and quotation for the Placement Shares.

The issue price of the Placement Shares may be fixed at a discount of not more than 10% to the 5-day volume weighted average market price of the Shares immediately before the price-fixing date.

For illustrative purposes throughout this announcement, the illustrative issue price of the Placement Shares is assumed to be RM0.0405 per Placement Share ("**Illustrative Issue Price**"), which represents a discount of approximately 9.4% to the 5-day volume weighted average market price of the Shares up to and including the LPD of RM0.0447.

2.1.4 Ranking of the Placement Shares

The Placement Shares shall, upon allotment and issuance, rank equally in all respects with the existing issued Shares, save and except that the Placement Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distribution where the entitlement date precedes the relevant date of allotment and issuance of the Placement Shares.

2.1.5 Listing and quotation for the Placement Shares

An application will be made to Bursa Securities for the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities.

2.1.6 Utilisation of proceeds

Based on the Illustrative Issue Price, the Company is expected to raise gross proceeds of approximately RM11.5 million which is expected to be utilised in the following manner:

Details of utilisation	RM'000	Expected time frame for utilisation from the date of listing of the Placement Shares
Refurbishment and maintenance of hotel[(1)]	4,000	Within 24 months
Repayment of bank borrowings[(2)]	3,000	Within 12 months
Working capital requirements[(3)]	3,937	Within 12 months
Estimated expenses for the Proposals[(4)]	538	Within 1 month
	11,475	

Notes:

(1) The Company has earmarked RM4.0 million of the proceeds from the Proposed Private Placement to part finance the refurbishment and maintenance of Avillion Hotel Port Dickson to ensure it remains competitive and continues to meet guests' expectations. This includes upgrading of rooms (with new furniture, bedding and smart technology) and restaurant as well as maintenance of hotel's facilities and landscape such as gymnasium, garden and swimming pool.

The Company estimates that the total cost for refurbishment and maintenance of Avillion Hotel Port Dickson will be approximately RM15.0 million, out of which RM4.0 million will be funded via proceeds from the Proposed Private Placement, while the remaining RM11.0 million will be funded through internally generated funds and/or bank borrowings. Such refurbishment and maintenance works are expected to commence by the 3rd quarter of 2025 and is estimated to take approximately 24 months.

(2) As at the LPD, the total bank borrowings of the Company and its subsidiaries (collectively, the "**Group**") stood at approximately RM76.5 million. The Company intends to use RM3.0 million of the gross proceeds from the Proposed Private Placement to pare down the existing borrowings of the Group as follows:

Financier/ Type of borrowings	**Purpose**	**Outstanding amount as at the LPD (RM'000)**	**Proposed repayment amount (RM'000)**	**Interest rate per annum**
RHB Bank Berhad/ Term loan	Refinancing of existing borrowings	41,500	2,000	6.7%
OSK Capital Sdn Bhd/ Term loan	Refinancing of existing borrowings, purchase of land and hotel suite, and working capital	3,970	1,000	8.5%

Based on the above, the repayment of the above term loans under the Proposed Private Placement is expected to result in a total annual interest savings of approximately RM0.2 million.

(3) Approximately RM3.9 million of the gross proceeds to be raised from the Proposed Private Placement shall be used as the Group's working capital to finance its day-to-day operations including, among others, the payment of salaries, administrative, tax payment, finance costs and other operating expenses such as utilities, maintenance, advertising and business promotion expenses. The breakdown of proceeds to be used for each component of working capital has not been determined at this juncture.

(4) The estimated expenses for the Proposals comprise professional fees, placement fees, fees payable to the relevant authorities, cost to convene the extraordinary general meeting, printing and advertisement expenses as well as other miscellaneous expenses.

The actual gross proceeds to be raised from the Proposed Private Placement is dependent on the final issue price and the number of Placement Shares to be issued. In the event the actual gross proceeds from the Proposed Private Placement vary from the estimated gross proceeds as set out in the table above, such variance will be allocated to/from the Group's working capital requirements. Any shortfall in the gross proceeds raised from the Proposed Private Placement will be funded from internally generated funds of the Company.

Pending utilisation of the proceeds from the Proposed Private Placement, such proceeds will be placed in interest-bearing deposit(s) with licensed financial institution(s) and/or short-term money market instrument(s). The interest derived from such deposit(s) and/or any gain arising from such short-term money market instrument(s) will be utilised for the future working capital requirements of the Company.

2.1.7 Equity fundraising exercise undertaken in the past 12 months

The Company has not undertaken any other equity fund-raising exercise in the past 12 months prior to this announcement.

2.2 Proposed Variation

On 19 November 2021, the Company completed a placement of 188,881,350 new Shares (representing 20% of the total number of issued Shares immediately prior to the said placement), at an issue price of RM0.12 per Share, raising total gross proceeds of approximately RM22.7 million ("**Previous Private Placement**").

The proceeds raised from the Previous Private Placement were intended to be utilised by the Group for the following purposes:

(i) repayment of the Group's bank borrowings;

(ii) asset enhancement and refurbishment program for the Group's hotels and resort which entails extension works for Avillion Hotel Port Dickson and the construction of an eco-tourism park within Avillion Admiral Cove Hotel & Resort;

(iii) partially fund the Group's township development project known as 'Desa Impian';

(iv) the Group's working capital requirements; and

(v) expenses in relation to the Company's corporate exercises.

On 30 November 2021, the Company announced that the Board had resolved to vary the utilisation of the total gross proceeds raised from the Previous Private Placement by reallocating a total of RM5.5 million from the proceeds (which had been earmarked for the repayment of bank borrowings as well as asset enhancement and refurbishment program for its hotels and resort) to working capital requirements of the Group ("**Previous Variation**") due to uncertainties in the hotel and travel industries as a result of the COVID-19 pandemic.

As at the LPD, approximately RM3.0 million of the gross proceeds raised from the Previous Private Placement, which had been earmarked for the Group's asset enhancement and refurbishment program for its hotels and resort ("**Unutilised Proceeds**"), remains unutilised.

Under the Proposed Variation, the Board proposes to vary and reallocate the Unutilised Proceeds for the repayment of the Group's bank borrowings and working capital requirements. At the same time, the Board also resolved to extend the timeframe for the use of such proceeds of up to 6 months from the date of shareholders' approval for the Proposed Variation.

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The details of the Proposed Variation are as follows:

Details of utilisation	Proposed utilisation as set out in circular (RM'000)	(A) Original proposed utilisation (RM'000)	(B) Previous Variation (RM'000)	*(%)	(A) + (B) = (C) Revised proposed utilisation (RM'000)	(D) Actual utilisation as at the LPD (RM'000)	(C) – (D) = (E) Unutilised Proceeds as at the LPD (RM'000)	(F) Proposed Variation (RM'000)	*(%)	(E) + (F) = (G) Unutilised proceeds after the Proposed Variation (RM'000)	(6)Original time frame for utilisation	(7)Revised time frame for utilisation
Repayment of bank borrowings	6,000	6,000	(1,111)	(4.9)	4,889	4,889	-	(3)2,000	8.8	2,000	1 month	6 months
Asset enhancement and refurbishment program for hotels and resort	10,000	10,000	(4,389)	(19.4)	5,611	2,599	3,012	(4)(3,012)	(13.3)	-	36 months	-
Part funding of the Desa Impian township development project	3,000	3,000	-	-	3,000	3,000	-	-	-	-	6 months	-
General working capital	7,093	3,316	5,500	24.3	8,816	8,816	-	(5)1,012	4.5	1,012	6 months	6 months
Estimated expenses in relation to the Company's corporate exercises	350	350	-	-	350	350	-	-	-	-	1 month	-
Total gross proceeds	**(1)26,443**	**(2)22,666**	**-**	**-**	**22,666**	**19,654**	**3,012**	**-**	**-**	**3,012**		

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Notes:

* Computed as a percentage of the total gross proceeds raised from the Previous Private Placement of approximately RM22.7 million.

(1) The estimated gross proceeds expected to be raised as set out in the Company's circular to its shareholders dated 3 December 2019 in relation to, among others, the Previous Private Placement ("**Previous Circular**") was illustrated based on an indicative issue price of RM0.14 per Share.

(2) The Previous Private Placement was completed on 19 November 2021 at the final issue price of RM0.12 per Share. As the actual gross proceeds raised from the Previous Private Placement was lower than the estimated gross proceeds disclosed in the Previous Circular, the shortfall was adjusted against the proceeds allocated for working capital requirements, in accordance with the disclosure in the Previous Circular.

(3) As at the LPD, the total bank borrowings of the Group stood at approximately RM76.5 million. The Company intends to use RM2.0 million of the Unutilised Proceeds to pare down the existing borrowing of the Group as follows:

			Proposed repayment amount under the		
Financier/ Type of borrowings	**Purpose**	**Outstanding amount as at the LPD (RM'000)**	***Proposed Private Placement (RM'000)**	**Proposed Variation (RM'000)**	**Interest rate per annum**
RHB Bank Berhad/ Term loan	Refinancing of existing borrowings	41,500	2,000	2,000	6.7%

Sub-note:

* Refer to Note (ii) in Section 2.1.6 of this announcement.

Based on the above, the repayment of the above term loan under the Proposed Variation is expected to result in an annual interest savings of approximately RM0.1 million.

(4) Proceeds raised from the Previous Private Placement which were allocated to fund the Group's asset enhancement and refurbishment initiatives, in particular, for the extension of the Avillion Hotel Port Dickson and construction of an eco-tourism park within the Avillion Admiral Cove Hotel & Resort.

(5) Proceeds allocated for working capital purposes will be used by the Group to finance its day-to-day operations at the hotels and resort which include, among others, staff related expenses such as salaries, wages and allowances, staff training, as well as other operating expenses such as general upkeep and maintenance costs, energy and utilities expenses, advertising and marketing, maintenance of security systems, landscape maintenance and office supplies.

(6) From the date of listing of each tranche of placement shares.

(7) From the date of shareholders' approval for the Proposed Variation.

The Unutilised Proceeds have been placed in interest-bearing deposits with licensed financial institutions and/or short-term money market financial instruments as the Board deems fit. Interest income from such deposits or instruments is also used for the Group's working capital purposes.

3. RATIONALE AND JUSTIFICATION FOR THE PROPOSALS

3.1 Proposed Private Placement

The Proposed Private Placement will enable the Company to raise funds for the purposes as detailed in Section 2.1.6 of this announcement.

Part of the proceeds to be raised from the Proposed Private Placement will be set aside for the refurbishment and maintenance of Avillion Hotel Port Dickson, one of the Group's flagship hotels, to allow the Group to remain competitive in the hotel business segment. Regular refurbishment and maintenance is essential to maintain the hotel's appeal and meet the expectations of the guests. Typically, a well-maintained hotel generally is expected to improve occupancy rates of the hotel and sustain favourable room rates.

The repayment of bank borrowings using the proceeds to be raised from the Proposed Private Placement will enable the Group to lower its gearing which in turn is expected to contribute positively to the future earnings of the Group in terms of interest savings.

After due consideration of the various methods of fundraising, the Board is of the view that the Proposed Private Placement is the most appropriate avenue for the Company to raise funds as the Proposed Private Placement will:

(i) allow the Group to raise funds expeditiously and cost effectively as compared to other forms of fundraising such as a rights issue which is likely to take a longer time to complete, involves additional costs and may involve financial support from shareholders and/or underwriting arrangement;

(ii) raise the required funding for the Group without incurring further finance cost as compared to bank borrowings, thereby minimising any potential cash outflow in respect of interest servicing;

(iii) allow the Group to raise funds in tranches based on market conditions and the prevailing market price of the Shares; and

(iv) strengthen the financial position and capital base of the Company and potentially enhance the liquidity of the Shares.

3.2 Proposed Variation

The Group commenced its asset enhancement and refurbishment program in August 2019 with the aim of revitalising its hotel business, in particular, the Avillion Hotel Port Dickson and Avillion Admiral Cove Hotel & Resort, both located in Port Dickson, Negeri Sembilan.

In October 2019, the Company announced the Previous Private Placement which was subsequently completed in November 2021. The Company raised total proceeds of approximately RM22.7 million from the Previous Private Placement, out of which RM10.0 million was earmarked for the Group's asset enhancement and refurbishment initiatives which involves the extension of the Avillion Hotel Port Dickson and construction of an eco-tourism park within the Avillion Admiral Cove Hotel & Resort. The Company has utilised approximately RM2.6 million out of the allocated RM10.0 million as at the LPD for the refurbishment, upgrading and repair works of the ballroom and function spaces as well as resort facilities and amenities at Avillion Hotel Port Dickson. For information purposes, the construction of the eco-tourism park within the Avillion Admiral Cove Hotel & Resort has not commenced as at the LPD.

Moving forward, the Group will focus on the refurbishment and maintenance of its existing rooms and facilities at the Avillion Hotel Port Dickson rather than pursuing asset enhancement projects. Efforts will be directed towards upgrading accommodations, modernising amenities, and preserving the overall upkeep of the Avillion Hotel Port Dickson to maintain its appeal and competitiveness. Meanwhile, the Group remains committed to its asset enhancement initiatives, albeit at a more moderate pace and a more measured approach in tandem with the recovery in its market segments. Implementation of such asset enhancement initiatives would be funded by bank borrowings and/or joint venture.

Accordingly, the Board has decided to raise fresh funds solely for refurbishment and maintenance initiatives via the Proposed Private Placement and vary the intended use of the Unutilised Proceeds for:

(i) the Group's repayment of bank borrowings which is expected to result in interest savings that would improve its overall cash flow management; and

(ii) the Group's working capital requirements to provide the Group with sufficient financial flexibility to stabilise its current operations by increasing hotel yield, controlling and scheduling capital expenditures for upgrades and maintenance, and optimising operating costs. This would include, among others, hotel overheads, marketing and advertising, and salary costs and compensation to attract and retain hospitality talents.

4. INDUSTRY OUTLOOK AND PROSPECTS

4.1 Overview and outlook of the Malaysian economy

Despite challenges from the global macroeconomic environment, Malaysia's economy performed well in 2024. The economy recorded a stronger growth, expanding by 5.1% (2023: 3.6%) on the back of robust domestic demand with strong investments, as well as a rebound in exports. Malaysia's sound financial system also provided a strong buffer against the effects of volatile global financial markets. This ensured that domestic financial conditions remained conducive to financial intermediation, with sustained credit growth supporting the economy.

Positive labour market conditions amid continued employment and wage growth provided underlying support to resilient household spending. An improvement in household wealth, along with policy measures such as targeted cash transfers, also provided an additional lift to private consumption. 2024 marked a further advancement of an investment upcycle in Malaysia as the economy experienced a significant boost in investments across both private and public sectors. The country's expansion in semiconductor manufacturing and rise as a data centre hub in Southeast Asia spurred investment projects in the E&E and ICT sub-sectors. Further, ongoing multi-year private and public sector projects continued to progress well during the year.

(Source: Bank Negara Malaysia Annual Report 2024)

The global economy is expected to grow steadily in 2025. This positive outlook is also anticipated to indirectly help boost trade and local demand for goods and services. Malaysia's inbound tourists are expected to surpass pre-COVID-19 levels, supported by various regional and international programmes as well as in preparation for Visit Malaysia 2026 ("**VM2026**"). Additionally, domestic economic development is expected to be more vigorous with robust domestic private investment, particularly the implementation of GEAR-uP, to support ongoing projects and programmes under the National Energy Transition Roadmap, New Industrial Master Plan 2030 and National Semiconductor Strategy. Malaysia's economy is poised to expand between 4.5% and 5.5% in 2025, anchored by the implementation of the outlined strategic initiatives.

(Source: Economic Outlook 2025, Ministry of Finance Malaysia)

4.2 Overview and outlook of the Malaysian tourism and hospitality market

The services sector grew by 5.4% in the first half of 2024, driven by robust household spending coupled with vibrant tourism and travel-related activities. Overall, the services sector is projected to expand by 5.3% in 2024 and 5.5% in 2025. The growth in 2025 will mainly emanate from continuous consumer spending as well as robust business and tourism-related activities.

Within the services sector, the food and beverages and accommodation subsector (being tourism-related industries) grew by 5.6% in the first half of 2024 supported by high hotel occupancy rates and patronage at eateries, in tandem with the increase in tourist arrivals to 14.1 million. Overall, the subsector is projected to register a growth of 5.8% in 2024.

In 2025, the food and beverages and accommodation subsector is poised to grow by 6.2%, in anticipation of higher tourist arrivals for business and leisure as well as meetings, incentives, conferences and exhibitions activities. The tourism industry will benefit from Malaysia's 2025 ASEAN Chairmanship, as well as nationwide hosting of numerous meetings, incentives, conferences and exhibitions events at international and regional scales. In addition, the visit state campaign by Kedah, Perlis and Selangor as well as intensive promotion for the VM2026 are expected to contribute to the growth of the subsector.

VM2026 was launched in January 2025 to drive the country's tourism sector. It targets 35.6 million tourist arrivals and aims to generate RM147.1 billion in tourism receipts.

(Source: Economic Outlook 2025, Ministry of Finance Malaysia; Launch of Visit Malaysia 2026 Campaign: A Milestone for Tourism Growth, Tourism Malaysia's website)

4.3 Prospects of the Group

Malaysia aims to attract 31.4 million visitors generating RM125.5 billion in tourism revenue for 2025. This optimism is expected to continue with VM2026 targeting to attract 35.6 million tourist arrivals and RM147.1 billion in revenue. As Malaysia continues to attract international visitors, the Group stands to benefit from sustained opportunities in the tourism and hospitality sector. To capitalise on such opportunities, the Group will intensify its efforts in increasing its hotels' yield, targeting new market segments, upgrading its hotel properties, and optimising operating costs.

The Group has proactively embarked on refurbishment program for its hotels and resorts to ensure that they maintain their image and appeal to hotel guests and customers, especially with the emergence of newer hotels and resorts in the surrounding areas. Through its refurbishment program, the Group aims to (a) reclaim its position as the preferred hotel and resort in Port Dickson, and all the other locations where its hotels and resorts are located, and (b) improve overall occupancy rates, as well as to create a better lodging experience for its hotel guests.

To complement such efforts, the Group is also adopting more aggressive marketing strategies to boost business volume and drive revenue growth in its hotel business segment, including:

(i) offering accommodation promotions at the best available rate, providing conference and corporate packages, hosting events and partnering with local attractions to offer packaged deal;

(ii) leveraging social media platform to build brand awareness and drive more user traffic to its hotel website;

(iii) maintaining communication with hotel guests via follow-up emails or feedback surveys, and offering personalised program based on guest preferences to drive repeat bookings;

(iv) implementing eco-friendly practices to attract environmentally conscious travellers and foster loyalty; and

(v) continuous staff training to deliver high quality service standards for its hotel guests and customers, so as to elevate guest experience and drive loyalty.

In the medium to long term, the Group will continue to actively manage its capital deployed in its businesses with regular reviews of the financial performance and returns. Assets that are non-core to its strategy, non-revenue-generating or underperforming will be monetised to recycle the capital for purposes of reducing debts and supporting other growing businesses.

Looking ahead, the Group is committed to refining its strategies, actively seeking ways to boost operating revenue, closely monitoring market trends and managing costs effectively without compromising service quality. The competitive landscape remains intense, and the management will continuously evaluate and enhance its offerings and services to remain competitive.

(Source: Management of Avillion)

5. EFFECTS OF THE PROPOSALS

5.1 Issued share capital

The Proposed Variation will not have any effect on the issued share capital of the Company.

The pro forma effect of the Proposed Private Placement on the issued share capital of the Company is as follows:

	No. of Shares ('000)	**RM'000**
Issued share capital as at the LPD	1,133,288	236,095
To be issued in relation to the Proposed Private Placement	283,322	(1)11,475
Enlarged issued share capital	**1,416,610**	**247,570**

Note:

(1) Assuming 283,322,100 Placement Shares are issued at the Illustrative Issue Price.

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5.2 Substantial shareholders' shareholdings

The Proposed Variation will not have any effect on the substantial shareholders' shareholdings in the Company.

The pro forma effect of the Proposed Private Placement on the shareholdings of the substantial shareholders of Avillion is set out below:

	As at the LPD				[(1)]After the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Ibu Kota Developments Sdn Bhd	247,298	21.8	-	-	247,298	17.5	-	-
Daza Holdings Sdn Bhd	-	-	[(2)]247,298	21.8	-	-	[(2)]247,298	17.5
Datuk Md Wira Dani Bin Abdul Daim	-	-	[(3)]247,298	21.8	-	-	[(3)]247,298	17.5

Notes:

(1) Based on the enlarged number of issued Shares of 1,416,610,200, assuming full issuance of Placement Shares pursuant to the Proposed Private Placement.

(2) Deemed interested by virtue of its shareholding in Ibu Kota Developments Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016.

(3) Deemed interested by virtue of his shareholding in Daza Holdings Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016.

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5.3 Net assets ("NA") and gearing

The pro forma effects of the Proposals on the consolidated NA and gearing of the Company based on its audited consolidated statement of financial position as at 31 March 2024 are as follows:

	Audited as at 31 March 2024 (RM'000)	(I) After the Proposed Private Placement (RM'000)	(II) After (I) and the Proposed Variation (RM'000)
Share capital	236,095	[(1)]247,570	247,570
Reserves	(14,093)	[(2)](14,631)	(14,631)
NA attributable to owners of the Company	**222,002**	**232,939**	**232,939**
Number of Shares in issue ('000)	1,133,288	1,416,610	1,416,610
NA per Share (sen)	19.6	16.4	16.4
Total borrowings	83,528	[(3)]80,528	[(4)]78,528
Gearing ratio (times)	0.4	0.3	0.3

Notes:

(1) Assuming 283,322,100 Placement Shares are issued at the Illustrative Issue Price.

(2) After deducting the estimated expenses of approximately RM0.5 million in relation to the Proposals.

(3) After the repayment of bank borrowings amounting to RM3.0 million as set out in Section 2.1.6 of this announcement.

(4) After the repayment of bank borrowings amounting to RM2.0 million as set out in Section 2.2 of this announcement.

5.4 Earnings and earnings per Share

The Proposals are not expected to have any material effect on the consolidated earnings of the Company for the financial year ending 31 March 2026. However, the earnings per Share of the Company is expected to be diluted upon completion of the Proposed Private Placement as a result of the increase in the number of Shares in issue arising from the Proposed Private Placement. The Proposed Variation is expected to contribute positively to the future earnings of the Group as and when the benefits of the revised utilisation of the proceeds are realised.

5.5 Convertible securities

The Company does not have any convertible securities as at the LPD.

6. APPROVALS REQUIRED

The Proposals are subject to approval being obtained from:

(i) Bursa Securities for the listing of and quotation for up to 283,322,100 Placement Shares on the Main Market of Bursa Securities;

(ii) the shareholders of Avillion at an extraordinary general meeting to be convened; and

(iii) any other relevant authorities and/or parties, if required.

The Proposed Variation is subject to the approval being obtained from the shareholders of the Company as the Proposed Variation, when aggregated with the Previous Variation, would be a material change that exceeds 25% of the total proceeds raised from the Previous Private Placement pursuant to Paragraph 8.22(1)(a) of the Main Market Listing Requirements of Bursa Securities.

For the avoidance of doubt, the Previous Variation was not subjected to the approval of the shareholders of the Company as such variation was below the said 25% threshold.

The Proposals are not inter-conditional with each other. The Proposals are not conditional upon any other corporate exercise/scheme of the Company.

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED

None of the Directors, major shareholders and/or chief executive of Avillion, and/or persons connected with them have any interest, direct or indirect, in the Proposals.

8. DIRECTORS' STATEMENT

The Board, after having considered all aspects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company.

9. PRINCIPAL ADVISER AND PLACEMENT AGENT

RHB Investment Bank has been appointed as the Principal Adviser for the Proposals. RHB Investment Bank has also been appointed as the Placement Agent for the Proposed Private Placement.

10. APPLICATION TO THE RELEVANT AUTHORITIES

Barring any unforeseen circumstances, the application to Bursa Securities in relation to the Proposed Private Placement is expected to be made within 2 months from the date of this announcement.

11. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposals are expected to be completed by the 3rd quarter of 2025.

The Proposed Variation shall be effective upon obtaining the approval from the shareholders of the Company at an extraordinary general meeting to be convened and the Unutilised Proceeds are expected to be fully utilised within the revised time frame as set out in Section 2.2 of this announcement.

This announcement is dated 16 May 2025.

ADDITIONAL INFORMATION

1. Historical financial information of the Group

A summary of the key financial information of the Group based on its audited financial statements for the past 3 FYE 2022 to FYE 2024 and its latest unaudited financial statements for the 9-month financial period ended 31 December ("**FPE**") 2024 are as follows:

	<------------------ Audited	------------------	------------------>	<------- Unaudited	------->
	FYE 2022 (RM'000)	**FYE 2023 (RM'000)**	**FYE 2024 (RM'000)**	**FPE 2023 (RM'000)**	**FPE 2024 (RM'000)**
Revenue	32,075	66,653	72,987	56,863	47,299
Loss before tax	(10,779)	(5,294)	(5,508)	(2,111)	(4,881)
Loss after tax	(8,960)	(4,762)	(5,756)	(2,128)	(5,615)
NA	210,544	206,225	222,002	204,644	215,688
Total borrowings	89,249	90,491	83,528	86,002	81,324
Total current assets	69,773	77,200	68,753	72,310	67,601
Total current liabilities	58,242	64,697	64,721	61,936	65,691
Total number of Shares in issue ('000)	1,133,288	1,133,288	1,133,288	1,133,288	1,133,288
Loss per Share (sen)[(1)]	(0.8)	(0.4)	(0.5)	(0.2)	(0.5)
NA per Share (sen)[(2)]	18.6	18.2	19.6	18.1	19.0
Current ratio (times)[(3)]	1.2	1.2	1.1	1.2	1.0
Gearing ratio (times)[(4)]	0.4	0.4	0.4	0.4	0.4

Notes:

(1) Computed based on loss after tax ("**LAT**") divided by total number of Shares in issue.

(2) Computed based on NA divided by total number of Shares in issue.

(3) Computed based on total current assets divided by total current liabilities.

(4) Computed based on total borrowings divided by NA.

<u>Commentaries on financial performance</u>

Comparison between the FYE 2023 and FYE 2022

Revenue of the Group increased by approximately RM34.6 million or 107.8% to approximately RM66.7 million for the FYE 2023 (FYE 2022: RM32.1 million) mainly due to the improved performance across the Group's business divisions which was mainly attributed to:

(i) the easing of COVID-19-related travel restrictions and the reopening of international borders; and

(ii) higher construction activities for the Group's Desa Impian township development project in Johor, as set out below:

Business division	FYE 2022 (RM'000)	FYE 2023 (RM'000)	Variance
Hotel division	21,767	38,909	78.8%
Property division	7,774	13,606	75.0%
Travel division	2,534	14,138	457.9%
Total	**32,075**	**66,653**	

Despite recording an increase in revenue of approximately RM34.6 million as explained above, the Group recorded a decrease in LAT of approximately RM4.2 million or 46.7% to approximately RM4.8 million for the FYE 2023 (FYE 2022: RM9.0 million) which was mainly attributed to:

(i) higher cost of sales and administrative expenses mainly due to the increase in staff costs as a result of the implementation of the increase in minimum wage from RM1,200 a month to RM1,500 a month, which came into effect in May 2022, and higher headcount for its hotel division;

(ii) higher finance costs due to higher interest expenses on term loan as a result of the increase in Malaysia's overnight policy rate during the FYE 2023; and

(iii) provision for liquidated ascertained damages of approximately RM1.2 million arising from the delay in completing its Desa Impian township development project.

Comparison between the FYE 2024 and FYE 2023

Revenue of the Group increased by approximately RM6.3 million or 9.4% to approximately RM73.0 million for the FYE 2024 (FYE 2023: RM66.7 million) mainly due to the improved performance from:

(i) its travel division which was derived primarily from inbound, outbound and domestic travel services. This was mainly attributed to higher tourism demand pursuant to the recovery of the tourism industry from the COVID-19 pandemic; and

(ii) its property division which was mainly attributed to higher construction activities for the Group's Desa Impian township development project in Johor,

as set out below:

Business division	FYE 2023 (RM'000)	FYE 2024 (RM'000)	Variance
Hotel division	38,909	37,852	(2.7%)
Property division	13,606	15,060	10.7%
Travel division	14,138	20,075	42.0%
Total	**66,653**	**72,987**	

Despite the increase in revenue, the Group recorded an increase in LAT of approximately RM1.0 million or 20.8% to approximately RM5.8 million for the FYE 2024 (FYE 2023: RM4.8 million). This was mainly attributed to higher administrative expenses which increased by approximately RM2.7 million to approximately RM41.5 million for the FYE 2024 (FYE 2023: RM38.8 million) due to higher staff costs arising from higher headcount for its hotel division.

Comparison between the FPE 2024 and FPE 2023

Revenue of the Group decreased by approximately RM9.6 million or 16.9% to approximately RM47.3 million for the FPE 2024 (FPE 2023: RM56.9 million) mainly due to weak performance across the Group's business divisions which was mainly attributed to:

(i) weaker domestic tourism demand which led to lower revenue for its hotel division;

(ii) slower progress of construction activities for its property division for its Desa Impian township development project in Johor; and

(iii) cessation of the Group's travel division in Singapore during the financial period,

as set out below:

Business division	**FPE 2023 (RM'000)**	**FPE 2024 (RM'000)**	**Variance**
Hotel division	29,519	26,523	(10.1%)
Property division	11,723	9,690	(17.3%)
Travel division	15,621	11,086	(29.0%)
Total	**56,863**	**47,299**	

In line with the lower revenue as explained above, the Group recorded an increase in LAT of approximately RM3.5 million or 166.7% to approximately RM5.6 million for the FPE 2024 (FPE 2023: RM2.1 million).

2. Value creation and impact of the Proposed Private Placement to the Group and its shareholders

The proceeds to be raised from the Proposed Private Placement will provide Avillion with additional financial resources for the refurbishment and maintenance of its hotel as well as working capital requirements as set out in Section 2.1.6 of this announcement. Regular refurbishment and maintenance is essential to maintain the hotel's appeal and meet the expectations of the guests, and enable the Group's hotel to remain competitive in the hotel business segment. This, coupled with the Group's marketing strategies to drive revenue (as set out in Section 4.3 of this announcement and Section 4 below), is aimed at improving the financial position and performance of the Group and enhancing shareholders' value moving forward.

In addition, the proceeds to be raised from the Proposed Private Placement do not incur additional interest expense as compared to bank borrowings, which will minimise any potential cash outflow in respect of interest servicing and principal repayment by the Group. Further, the repayment of bank borrowings is also expected to result in an annual interest savings of approximately RM0.2 million.

The resultant increase in the number of issued Shares may potentially improve the trading liquidity of the Shares. However, the shareholdings of the existing shareholders of the Company will be diluted in proportion to the actual number of Placement Shares to be issued pursuant to the Proposed Private Placement. The effect of the Proposed Private Placement on the issued share capital, substantial shareholders' shareholdings, NA, gearing, earnings and earnings per Share of the Company are set out in Section 5 of this announcement.

Despite the dilutive effect on the existing shareholders' shareholdings in the Company, the Proposed Private Placement is expected to contribute positively to the future earnings of the Group when the benefits of the use of proceeds are realised.

3. Adequacy of the Proposed Private Placement in addressing the Group's financial concerns

The Board is of the view that the Proposed Private Placement is an adequate interim funding proposal as it allows the Company to raise approximately RM11.5 million in fresh capital for purposes as set out in Section 2.1.6 of this announcement, which include the refurbishment and maintenance of hotel. The refurbishment and maintenance of the hotel is aimed at maintaining the hotel's appeal to allow the Group to remain competitive and, coupled with the Group's marketing strategies to drive revenue, the Group expects the occupancy rate of the hotel to improve, enabling it to generate operating cash flows which can be ploughed back to meet its working capital requirements.

The Group will continuously assess its financial position and condition moving forward and will address its financial requirements at the relevant point in time.

4. Steps taken by the Group to improve its financial position

As part of its efforts to improve its financial performance and strengthen its financial position, the Group is also adopting more aggressive marketing strategies to boost business volume and drive revenue growth in its hotel business segment, including:

(i) offering accommodation promotions at the best available rate, providing conference and corporate packages, hosting events and partnering with local attractions to offer packaged deal;

(ii) leveraging social media platform to build brand awareness and drive more user traffic to its hotel website;

(iii) maintaining communication with hotel guests via follow-up emails or feedback surveys, and offering personalised program based on guest preferences to drive repeat bookings;

(iv) implementing eco-friendly practices to attract environmentally conscious travellers and foster loyalty; and

(v) continuous staff training to deliver high quality service standards for its hotel guests and customers, so as to elevate guest experience and drive loyalty.

In the medium to long term, the Group will continue to actively manage its capital deployed in its businesses with regular reviews of the financial performance and returns. Assets that are non-core to its strategy, non-revenue-generating or underperforming will be monetised to recycle the capital for purposes of reducing debts and supporting other growing businesses.

Looking ahead, the Group is committed to refining its strategies, actively seeking ways to boost operating revenue, closely monitoring market trends and managing costs effectively without compromising service quality. The competitive landscape remains intense, and the management will continuously evaluate and enhance its offerings and services to remain competitive.