

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

VARIATION TO THE USE OF PROCEEDS RAISED FROM THE PLACEMENT ("VARIATION")

1. INTRODUCTION

We refer to the announcement dated 29 October 2021 in relation to the Variation. Unless otherwise stated, the terms used herein shall have the same meaning as defined in the said announcement.

Following the completion of the private placement of 20% of the total number of issued shares of Avillion on 19 November 2021 ("**Placement**") and in the best interest of the Company, the Board wishes to announce that it has resolved to vary the use of total proceeds raised from the Placement.

2. DETAILS OF THE VARIATION

To recapitulate, the Company had placed out a total of 188,881,350 Placement Shares, representing 20% of the total number of issued shares of Avillion prior to the Placement, in three (3) tranches as follows:

Tranche	Date of listing	No. of Shares placed out	Issue price per Share	Amount raised
			(RM)	(RM)
1	21 June 2021	2,083,334	0.12	250,000
2	24 August 2021	96,333,330	0.12	11,560,000
3	19 November 2021	90,464,686	0.12	10,855,762
Total		188,881,350		22,666,762

Pursuant to the Variation and the total proceeds raised from the Placement, the Board wishes to vary the use of proceeds raised from the Placement in the following manner:

Purpose	Original proposed utilisation (as per the Circular)	Based on the actual Placement proceeds raised	Revised	Variation	
	(RM'000)	(RM'000)		(RM'000)	(%)
Repayment of bank borrowings ^(a)	6,000	6,000	4,889	(1,111)	(4.90)
Asset enhancement and refurbishment program for the Group's hotels and resort ^(b)	10,000	10,000	5,611	(4,389)	(19.36)
Part funding of the Group's Desa Impian project	3,000	3,000	3,000	-	-
General working capital ^(c)	7,093	3,316	8,816	5,500	24.26
Estimated expenses in relation to the Proposals	350	350	350	-	-
Total gross proceeds	26,443*	22,666	22,666	-	-

Notes:

* The gross proceeds raised as set out in the Circular was illustrated based on the indicative issue price of RM0.14 per Placement Share.

- (a) The Board has resolved to vary the amount allocated for repayment of bank borrowings in order to meet the Group's immediate operational needs (i.e. working capital).
- (b) The Board has resolved to reallocate a portion of the proceeds raised from the Placement that was intended to be used for the asset enhancement and refurbishment programme for the Group's hotels and resort and to redeploy the difference to meet the Group's immediate operational needs (i.e. working capital).
- (c) Approximately RM8.82 million has been reallocated for working capital purposes as depicted in the table above in order to meet the Group's immediate operational needs as per notes (a) and (b).

3. RATIONALE FOR THE VARIATION

The COVID-19 pandemic has given rise to an array of uncertainties for the hotel and travel industry such as border closures and travel restrictions.

The Company's initial plans to spend up to RM10 million on asset enhancement and refurbishment programme for the Group's hotels and resort, and RM6 million on

repayment of borrowing needed to be reviewed and varied based on the current pandemic situation and the lower total gross proceed raised from the Placement.

In view of this, the Board, after due deliberation has resolved to vary the use of proceeds raised from the Placement by redeploying such proceeds raised to meet the Group's immediate operational needs.

4. APPROVALS REQUIRED

The Variation is not subject to the approval of any regulatory authority nor the approval of the Company's shareholders as the amount varied is less than 25% of the total proceeds raised from the Placement.

5. EFFECTS OF THE PROPOSED VARIATION

The Variation will not have any effect on the issued share capital and substantial shareholders' shareholdings of the Company. The Variation is also not expected to have any material effect on the NA, NA per Share, gearing, earnings and earnings per Share of the Group.

6. DIRECTORS' STATEMENT

The Board, after having considered all aspects of the Variation, including but not limited to the rationale of the Variation, is of the opinion that the Variation is in the best interest of the Company.

This announcement is dated 30 November 2021.