

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

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

#### **1. INTRODUCTION**

We refer to the circular to the shareholders of the Company in relation to, among others, the private placement of up to 20% of the total number of issued shares of Avillion ("**Placement**") dated 3 December 2019 ("**Circular**") as well as the previous announcements in relation to the Placement. Unless otherwise stated, the terms used herein shall have the same meaning as defined in the said announcements.

In the best interest of the Company, the Board wishes to announce that it has resolved to vary the use of proceeds raised from the Placement.

#### **2. DETAILS OF THE VARIATION**

To recapitulate, the Company had insofar placed out a total of 98,416,664 Placement Shares, the breakdown of which is set out below:

<b>Tranche</b>	<b>Date of listing</b>	<b>No. of Shares placed out</b>	<b>Issue price per Share</b>	<b>Amount raised</b>
			<b>(RM)</b>	<b>(RM)</b>
1	21 June 2021	2,083,334	0.12	250,000
2	24 August 2021	96,333,330	0.12	11,560,000
<b>Total</b>		<b>98,416,664</b>		<b>11,810,000</b>

As at the date of this announcement, the Company is still in the midst of identifying third party placee(s) for the remaining 90,464,686 Placement Shares which have yet to be placed out pursuant to the Placement.

Pursuant to the Variation and the total proceeds raised from the Placement to-date, 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 to-date	Revised	Variation	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(%)
Repayment of bank borrowings <sup>(a)</sup>	6,000	3,619	2,508	(1,111)	(9.40)
Asset enhancement and refurbishment program for the Group's hotels and resort <sup>(b)</sup>	10,000	6,032	4,203	(1,829)	(15.49)
Part funding of the Group's Desa Impian project	3,000	1,809	1,809	-	-
General working capital <sup>(c)</sup>	7,093	-	2,940	2,940	24.89
Estimated expenses in relation to the Proposals	350	350	350	-	-
<b>Total gross proceeds</b>	<b>26,443*</b>	<b>11,810</b>	<b>11,810</b>	<b>-</b>	<b>-</b>

**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 Company has decided to review and 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 Company has decided to defer a portion of the expenditure for the asset enhancement and refurbishment programme for the Group's hotels and resort in view of the uncertainties in the hotel business during the COVID-19 pandemic and to redeploy the proceeds raised from the Placement to meet the Group's immediate operational needs (i.e. working capital).

(c) Approximately RM2.94 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 closure 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 gross proceed raised from the Placement to-date.

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 net assets ("**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 29 October 2021