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MALAYSIA CORPORATE

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Avillion locks in 10-year contract to manage upcoming Johor Bahru hotel

Sulhi Azman / theedgemarkets.com July 05, 2018 19:21 pm +08



KUALA LUMPUR (July 5): Avillion Bhd announced it had signed a 10-year hotel management agreement with Bintang Kencana Sdn Bhd to manage and provide a direct day-to-day operation of an upcoming 153-room hotel in Bandar Baru Uda, Johor Bahru.

Once the new hotel opens, Avillion said the hospitality facility will be managed by its wholly-owned subsidiary Avillion Hotels International Sdn Bhd.

"The hotel management agreement is in line with Avillion group's strategy to grow the chain of Avillion-managed hotels," Avillion said in a filing with Bursa Malaysia today, adding that the contract comes with a five-year renewal option.

According to Avillion, it will commence to manage and operate the hotel, once construction of the facility has been completed, and once it has received all required business licenses.

As for the financial impact, Avillion said the hotel management agreement is not expected to have any material impact on its share capital, net assets, gearing and substantial shareholders' shareholdings for the current financial year ending March 31, 2019 (FY19).

"However, the appointment by Bintang Kencana is expected to contribute positively to the future earnings of Avillion group, particularly during the operating period and the extended period, if granted," the filing added.

Justifying the rationale to lock in the 10-year contract, Avillion said: "Its board of directors is of the opinion that the hotel management agreement is in the best interest of the company."

Currently, Avillion operates a chain of beach resorts, hotels and spa in Malaysia and Indonesia.

In Malaysia, Avillion's operations are spread across Negeri Sembilan, Cameron Highlands in Pahang, Melaka and Bali in Indonesia.

Listed on the Main Market of Bursa Malaysia, Avillion shares dropped 0.5 sen or 2% and settled at 24.5 sen today, for a market capitalisation of RM210.35 million.



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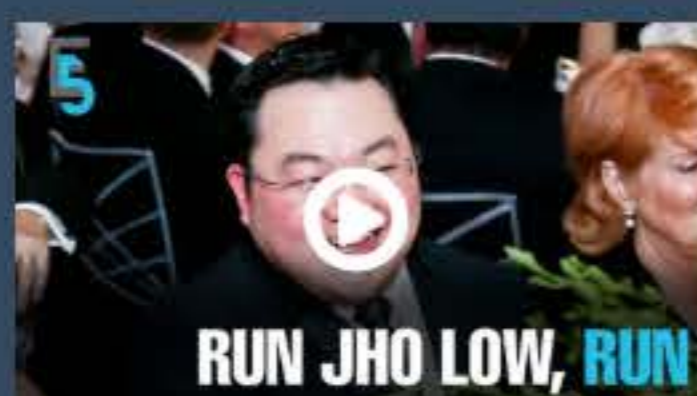
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