

**AVILLION BERHAD (“AVILLION” OR “COMPANY”)  
MATERIAL UNCERTAINTY RELATED TO GOING CONCERN IN RESPECT OF AVILLION'S  
AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

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Pursuant to Paragraph 9.19(37) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of Avillion Berhad (“the Company”) wishes to announce that the Company’s External Auditors, Messrs. Baker Tilly Monteiro Heng PLT, despite stating their opinion that the Financial Statements give a true and fair view of the financial position of the Group and of the Company, had indicated the existence of a material uncertainty related to going concern in respect of the Company’s Audited Financial Statements for the Financial Year Ended 31 March 2023.

**A. DETAILS OF THE MATERIAL UNCERTAINTY RELATED TO GOING CONCERN  
DISCLOSED IN THE INDEPENDENT AUDITORS’ REPORT AND NOTE 2.6 TO THE  
FINANCIAL STATEMENTS**

The details of the Material Uncertainty Related to Going Concern as disclosed in the Independent Auditors’ Report is reproduced below:-

**Material Uncertainty Related to Going Concern**

*We draw attention to Note 2.6 to the financial statements, which disclosed that the Group and the Company reported a net loss of RM5.402 million and RM4.840 million respectively during the financial year ended 31 March 2023, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group’s and the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.*

**Whereas, Note 2.6 to the financial statements states that:-**

*During the financial year ended 31 March 2023, the Group’s operation in hospitality, property and travel divisions have been recovering after the Covid-19 pandemic. The Group and the Company incurred a net loss of RM5.402 million and RM4.840 million respectively. These events or conditions indicates that a material uncertainty exists that may cast significant doubt on Group’s and the Company’s ability to continue as a going concern.*

**B. STEPS TAKEN OR PROPOSED TO BE TAKEN TO ADDRESS THE MATERIAL  
UNCERTAINTY RELATED TO GOING CONCERN**

The Group and the Company have implemented certain measures to weather through the challenging time, among which:

- 1) Continue to roll out innovative and attractive packages to further improve the occupancy and revenue of the hotel division;
- 2) Disposal of low or non-yielding land bank;
- 3) Intensify sales and marketing efforts to sell the remaining units from the current development project and completed properties; and
- 4) Continuous financial support from the bankers.

**B. STEPS TAKEN OR PROPOSED TO BE TAKEN TO ADDRESS THE MATERIAL UNCERTAINTY RELATED TO GOING CONCERN (CONT'D)**

The Group has achieved an increase in revenue of 108% to RM66.7 million from the previous year of RM32.1 million. In line with the increase in revenue, losses before tax have narrowed to RM5.3 million from RM10.8 million in the previous year.

The directors of the Company are of the opinion that the presentation of the financial statements of the Group and of the Company on a going concern basis remains appropriate as they believe the Group's business operations are gradually returning back to pre-pandemic levels by the reopening of Malaysia's International border for travelers, and accordingly, the Company can realise its assets and discharge its liabilities in the normal course of business.

**C. TIMELINE**

Barring any unforeseen circumstances, the Company expects to resolve the abovementioned issues relating to the Material Uncertainty Related to Going Concern in the subsequent financial year.

**D. ALL KEY AUDIT MATTERS DISCLOSURE IN THE EXTERNAL AUDITORS' REPORT**

For details on the key audit matters, please refer to the Independent Auditors' Report as attached.

This announcement is dated 31 July 2023.