

## **AVILLION BERHAD (“AVILLION” OR “COMPANY”)**

### **ISSUANCE OF UNQUALIFIED AUDIT OPINION WITH EMPHASIS OF MATTER ON MATERIAL UNCERTAINTY RELATING TO GOING CONCERN IN RESPECT OF AVILLION'S AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

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Pursuant to paragraph 9.19(37) of Bursa Malaysia Securities Berhad Main Market Listing Requirements (“MMLR”), the Board of Directors of the Company wishes to announce that the Company’s Independent Auditors, Messrs Baker Tilly Monteiro Heng PLT has included a paragraph on material uncertainty related to going concern (“MUGC”) in the Auditors’ Report for the financial statements of the Company for the financial year ended 31 March 2020.

The extract of the Independent Auditors’ Report is as follows:-

#### ***“Opinion***

*We have audited the financial statements of Avillion Berhad, which comprise the statements of financial position as at 31 March 2020 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.*

*In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2020, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.*

#### ***Basis for Opinion***

*We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.*

#### ***Material Uncertainty Related to Going Concern***

*We draw attention to Note 2.7 to the financial statements, which disclosed that the Group and the Company incurred a net loss of RM22.224 million and RM13.165 million respectively during the financial year ended 31 March 2020 and, as of that date, the Group’s and the Company’s current*

*liabilities exceeded its current assets by RM15.379 million and RM55.325 million respectively 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."*

Nevertheless, as disclosed in Note 2.7 to the financial statement, the financial statements of the Group and the Company have prepared on the assumption that the Group and the Company will continue as a going concern. The application of the going concern basis is based on the assumption that the Group and the Company will be able to realise its assets and liquidate its liabilities in the normal course of business.

The Group and the Company have implemented certain measures which are in progress, among which,:

- a. Promote hotel package and voucher to maintain the occupancy rate of the hotel;
- b. Manage the costing of existing projects to maintain the profitability to ensure the projects are complete within the contract period;
- c. Sales from current development phases and completed properties;
- d. Sufficient overdraft facilities to the Group, should need arise; and
- e. Timing of the completion of disposal of its property held for development located in Setapak, Kuala Lumpur.

In addition to the above, the Group wish to highlight the impact of the Coronavirus ("COVID-19") on the financial statement as disclose in Note 32 to the financial statement. An extract of the disclosure is as follow:

"The Coronavirus ("COVID-19") outbreak has resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group operates. As a result, the COVID-19 outbreak impacted the Group's operations, including the recoverability of the carrying amount of assets and measurements of assets and liabilities."

None of the Key Audit Matters disclosed in the Auditors' Report relates to the Material Uncertainty Related to Going Concern stated above.

**This announcement is dated 15 September 2020.**