

**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 2022**

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 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 2022.

**A. DETAILS OF THE MATERIAL UNCERTAINTY RELATED TO GOING CONCERN
DISCLOSED IN THE INDEPENDENT AUDITORS’ REPORT AND NOTE 2.7 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 2.7 to the financial statements, which disclosed that the Group and the Company reported a net loss of RM9.102 million and RM10.959 million respectively during the financial year ended 31 March 2022 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 2.7 to the financial statements state that:-

During the financial year ended 31 March 2022, the Group’s operation in hospitality, property and travel divisions continue to be affected by the COVID-19 virus. The Group and the Company continues reported a net loss of RM9.102 million and RM10.959 million respectively during the financial year. This event or condition 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) Develop packages and marketing efforts for domestic tourism and Meetings, Incentives, Conferences and Exhibitions (MICE) groups;
- 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 increase in global vaccination rates, reopening of national borders and travel restriction begin to ease, the Group is encouraged by the performance in hospitality division in the beginning of 2022. The Group has reopened the travel and hospital divisions in Malaysia, Singapore, Hong Kong and Indonesia with reduced capacity in line with strict health and safety protocol consistent with the governments' guideline.

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 normal operating levels which compliment by the announcement of reopening of Malaysia's International border for traveller from all countries, effective 1 April 2022, and accordingly, the directors of the Company can realise their assets and discharge their 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 29 July 2022.