

**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 2025**

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 2025.

**(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 incurred net loss of RM8,840,000 and RM20,630,000 during the financial year ended 31 March 2025 and recorded negative cash and cash equivalents of RM17,167,000 and RM8,956,000 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.

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

In the event that these are not forthcoming, the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business. Accordingly, the financial statements of the Group and the Company may require adjustments relating to the recoverability and classification of recorded assets and liabilities that may be necessary should the Group and the Company be unable to continue as 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 and/or non-yielding land bank;
- (3) Intensify sales and marketing efforts to sell the remaining units from the current development project and completed properties;
- (4) Continuous engagement with bankers for financial services; and
- (5) Raising funds from the equity market.

The Board of Directors of the Company are of the opinion that the preparation of the financial statements of the Group and of the Company on a going concern basis remains appropriate. Accordingly, the Group and the Company are able to 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.