AVILLION
BERHAD
(Registration No. 199201013018 (244521-A))

Exploring Diverse Opportunities

Annual Report 2023

Curator of distinctive hospitality, products and services, with an Asian flair.

VISION

MISSION

A trusted and responsible partner, delivering distinctive hospitality for unforgettable experiences, with best practices in People Development, Corporate Governance & Social Responsibility, as well as Environment, Social and Governance.

OBJECTIVE

To maximise shareholders' value and profitability via exponential organic growth and new revenue streams, centred on distinctive hospitality, products and services.

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CORPORATE INFORMATION

Board Of Directors

Tan Sri Dato' Sri Dr. Samsudin Bin Hitam
(Chairman, Independent Non-Executive Director)

Stephen Geh Sim Whye
(Independent Non-Executive Director)

Rungit Singh A/L Jaswant Singh
(Independent Non-Executive Director)

Taufiq Bin Abdul Khalid
(Independent Non-Executive Director)

Datin Norizan Binti Idris
(Independent Non-Executive Director)

Members Of Audit Committee

Stephen Geh Sim Whye
(Chairman, Independent Non-Executive Director)

Rungit Singh A/L Jaswant Singh
(Independent Non-Executive Director)

Datin Norizan Binti Idris
(Independent Non-Executive Director)

Members Of Remuneration Committee

Taufiq Bin Abdul Khalid
(Chairman, Independent Non-Executive Director)

Rungit Singh A/L Jaswant Singh
(Independent Non- Executive Director)

Stephen Geh Sim Whye
(Independent Non-Executive Director)

Principal Auditors

Messrs Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants (Malaysia)

Stock Exchange Listing

Main Market, Bursa Malaysia Securities Berhad

Members Of Nomination Committee

Rungit Singh A/L Jaswant Singh
(Chairman, Independent Non-Executive Director)

Stephen Geh Sim Whye
(Independent Non-Executive Director)

Datin Norizan Binti Idris
(Independent Non-Executive Director)

Company Secretary

Wong Youn Kim
MAICSA No. 7018778
(SSM PC No. 201908000410)

Andrea Huong Jia Mei
MIA 36347
(SSM PC No. 202008003125)

Registered Office

Unit 8E, Level 8, Wisma YPR
No. 1, Lorong Kapar,
Off Jalan Syed Putra
58000 Kuala Lumpur
Tel: 03-2262 0100
Fax: 03-2262 0293

Share Registrars

Shareworks Sdn Bhd
199101019611 (229948-U)
2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur

Principal Bankers

RHB Bank Berhad
Malayan Banking Berhad
CIMB Bank Berhad
Bangkok Bank Berhad

AVILLION PORT DICKSON AWARD

2019

International Hotel Awards 2019
Highly Commended Luxury Hotel Malaysia

2018

World Luxury Hotel Awards 2018
Luxury Family Beach Resort

HAPA Malaysia Awards Series 2018 - 2020
Family & Recreational Resort (Benchmark Achiever)

2017

World Luxury Hotel Awards 2017
Winner - Luxury Beach Resort, Malaysia Category
Winner - Luxury Spa Hotel, Malaysia Category

International Hotel Awards 2017-2018
Best Large Hotel
Best Resort Hotel
Best Spa Hotel
Best Wedding Venue

World Luxury Restaurant Awards 2017
Regional Winner - Luxury Family Restaurant

2016

World Luxury Hotel Award 2016
Winner - Luxury Spa Hotel, Malaysia Category

2015

19th Malaysia Tourism Award 2014/2015
Finalist - Best Spa Category

2012

World Luxury Hotel Awards 2012
Country Luxury Boutique Hotel

Best of Malaysia Awards 2012
Best Family Stay, Excellence Awards

2011

World Luxury Hotel Awards 2011
Country Luxury Boutique Hotel

2010

World Luxury Hotel Awards 2010
Luxury Boutique Hotel

Hotel Club Awards 2010
Outstanding Beach Resort

2000

Pertubuhan Arkitek Malaysia (PAM) 2000
Hotel & Resort Buildings: Excellence Award in Architecture

AVILLION ADMIRAL COVE AWARD

2018

MAH Hotel Management Grand Prix Awards 2018
Second Runner-Up Prize

AVI SPA AWARD

2019

Haute Grandeur Global Excellence Awards 2019
Best Spa Design in Asia
Best Boutique Spa in Malaysia
Best Destination Spa in Malaysia

2018

Haute Grandeur Global Excellence Awards 2018
Best Resort Spa in Malaysia

HAPA Malaysia Awards Series 2018 – 2020
Most Outstanding - HAPA Spa of the Year

2017

Haute Grandeur Global Hotel Awards 2017
Best Resort Spa in Malaysia

2016

Luxury Lifestyle Awards 2016
Winner - Luxury Spa & Wellness Centre of Malaysia

World Luxury Spa Awards 2016
Finalist - Best Luxury Resort Spa

Hospitality Asia Platinum Awards Malaysia (HAPA), Malaysia Series 2016-2018
Winner - HAPA Indulging Spa of the Year Tempting Experience

2015

World Luxury Spa Awards 2015
Winner - Best Luxury Resort Spa

Luxury Lifestyle Awards 2015
Winner - Luxury Spa & Wellness Centre of Malaysia

2014

World Luxury Spa Awards 2014
Winner- Best Luxury Resort Spa
Finalist- Best Luxury Destination Spa

2013

Hospitality Asia Platinum Awards Malaysia (HAPA), Malaysia Series 2013-2015
Winner- HAPA Indulging Spa of the Year Tempting Experience

World Luxury Spa Awards 2013
Finalist - Best Luxury Resort Spa

2012

World Luxury Spa Awards 2012
Best Luxury Emerging Spa

Asia Pacific Property Awards 2012
Leisure Architecture for Malaysia

2010

Hospitality Asia Platinum Awards Malaysia (HAPA), Series 2010-2012
HAPA Best Experience

2009

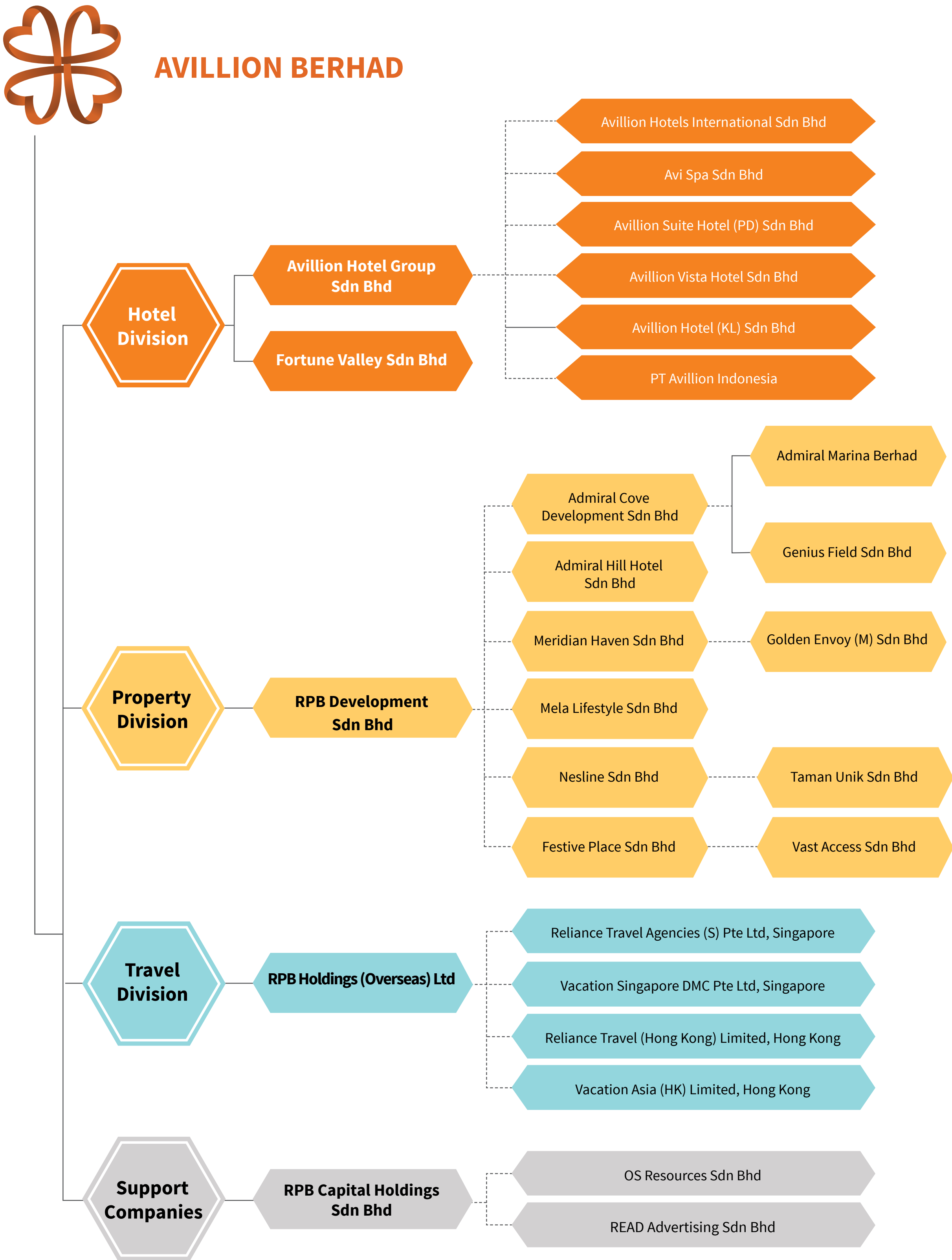
Malaysia Spa & Wellness Awards (MSWA) 2009
Best New Spa
Best Traditional Treatment, Malay Strength

Harper's Bazaar Spa Awards 2009
Most Unique Spa Destination

The Malaysian Women's Weekly 2009
Best Spa with a View: Best In Beauty-Quality, Results & Services

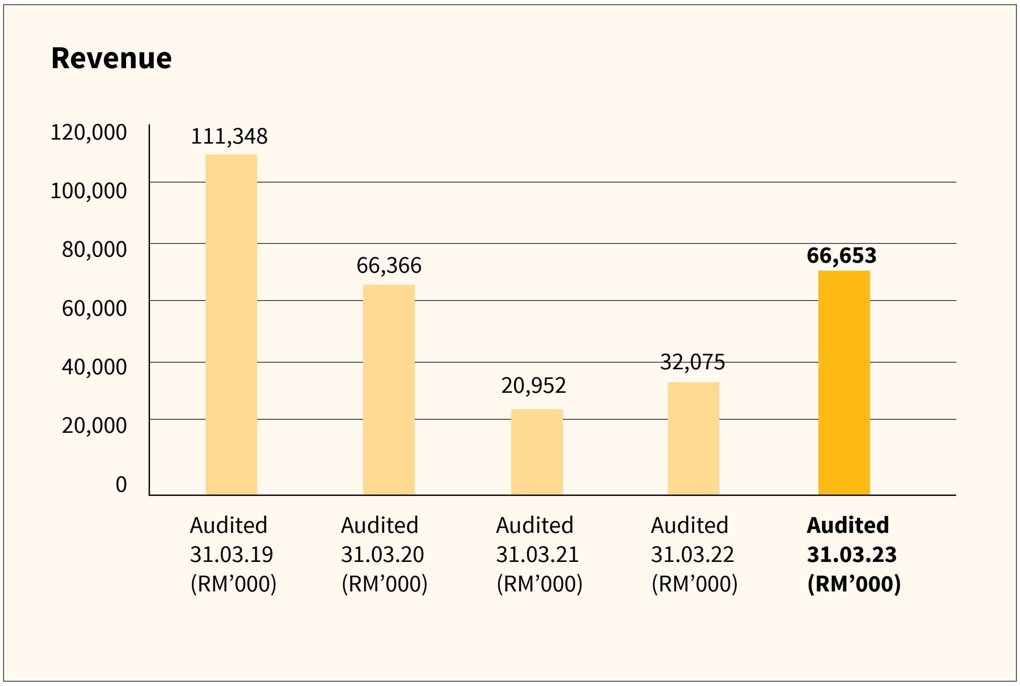
Asia Pacific Interior Design Awards (APIDA), 2009
Silver Award Recipient

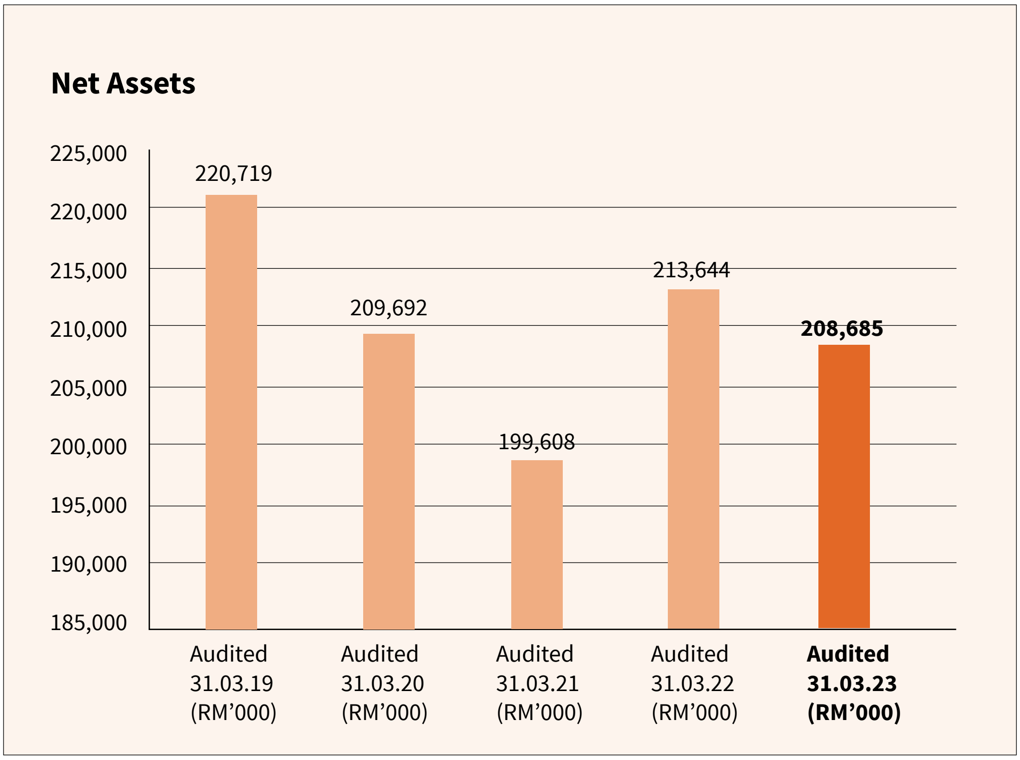
GROUP STRUCTURE
AS OF 31 MARCH 2023



GROUP FIVE-YEAR FINANCIAL HIGHLIGHTS

	Audited 31.03.19 (RM'000)	Audited 31.03.20 (RM'000)	Audited 31.03.21 (RM'000)	Audited 31.03.22 (RM'000)	Audited 31.03.23 (RM'000)
Revenue	111,348	66,366	20,952	32,075	**66,653**
Net Assets	220,719	209,692	199,608	213,644	**208,685**





CHAIRMAN' S STATEMENT

Dear Valued Shareholders,

It is without a doubt that Malaysia had faced a very challenging last few years. Despite the challenges, we are delighted to share that 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.

Leveraging on its capabilities and existing operating assets, the Group have bounced back through continued focus on yield improvement, innovation of products, services, and cost control.

MOVING FORWARD

The Group has consolidated its resources by focusing on its core businesses and key markets.

The Group will continue to enhance and improve its hotel facilities in order to serve our guests better, roll out innovative packages, control operating costs and manage the business risks to stay competitive.

Moving forward, we have made plans to diversify our income stream and also to grow key areas of our businesses. We will continue to explore diverse opportunities to drive our business forward with our diversified range of products and services by leveraging on our capabilities that we have built over the years to ensure the viability of the business. We will continue to pursue value creation, business sustainability, and growth strategies on all business segments of the Group.

We endeavour to rise above these rapidly evolving challenges and create sustainable value for all stakeholders in the coming years.

APPRECIATION

On behalf of the Board of Directors, I would like to extend my heartfelt gratitude to my fellow directors, the Management and staff for their dedication and commitment to the company. I would also like to extend our appreciation and thank you to our shareholders, business associates and customers for your continued and unwavering support and confidence in the Group.

Thank you,

Tan Sri Dato' Sri Dr. Samsudin Bin Hitam
Chairman, Independent Non-Executive Director

BUSINESS OVERVIEW

For the period under review, Avillion Berhad and its group of companies (the Group) continues to focus on its principal business activities, namely Hotel, Property and Travel.

Being heavily skewed in the services and hospitality industry, the Group continues to face a challenging operating environment as demand is very much dependent on the state of the economy and political stability.

REVIEW OF FINANCIAL PERFORMANCE

Revenue

For the financial year ended 31 March 2023 (FY2023), the Group recorded an impressive increase of Group revenue of 108% to RM66.7 million. The growth was mainly attributed to the improved performance across the three-business divisions namely Hotel, Property and Travel. This is as a result of the easing of travel restrictions.

The main revenue contributors are the Hotel Division contributing 59%, the Property Division contributing 20% and the Travel Division contributing 21%.

Profit/(Losses) before tax

The Group has narrowed its losses before tax to RM5.3 million compared to a loss of RM10.8 million in the previous year. The improved performance was a result of improved revenue partially offset by higher operational cost for all the divisions and a provision of Liquidated and Ascertained Damages (LAD) for the Property Division.

SEGMENTAL PERFORMANCE

Hotel Division

Revenue and earnings are derived primarily from the hotel operation which include management of owned hotels and the management fees earned from hotels we manage.

Currently the Hotel Division manages a total of 6 hotel and resort properties as follows:

Malaysia
1) Avillion Port Dickson
2) Avillion Admiral Cove
3) Admiral Marina and Leisure Club
4) Avillion Cameron Highlands
5) AVi Pangkor

Indonesia
6) Avillion Villa Cinta Bali, Indonesia

The Hotel Division registered a healthy revenue of RM38.9 million against RM21.8 million in the previous financial year. The increase in revenue was mainly due to higher business volume following the further relaxation of Covid-19 related restriction and the reopening of international borders since 1 April 2022.

The Hotel Division's profit before tax has improved by 318% from a loss of RM1.9 million to a profit of RM4.1 million. The improved performance was in line with the increase in revenue partially offset by higher operational cost.

Property Division

Revenue and earnings are derived primarily from property development and Admiral Marina and Leisure Club operations.

The Property Division recorded a revenue growth of 75% during the financial year under review as compared to the previous year. However, despite the increase in revenue, losses before tax widened to RM3.4 million from RM1.5 million as a result of the provision of Liquidated and Ascertained Damages (LAD) due to the delay in the completion of construction and issuance of Certificate of Completion and Compliance ("CCC") for our project in Desa Impian, Bandar Tenggara, Johor.

We are pleased to inform that we have obtained the CCC and delivered vacant possession to our buyers on 27 June 2023.

Admiral Marina & Leisure Club primarily derives its revenue from Marina operations, Restaurant, Meeting convention and corporate retreat/team building segments of the market.

SEGMENTAL PERFORMANCE (CONT'D)

Travel Division

Revenue and earnings are derived primarily from providing Inbound, Outbound and domestic travel services to our customers.

With the relaxation of Covid-19 related restriction and the reopening of international borders in Singapore and Hong Kong, the Travel Division's revenue grew by 458% during the FY2023.

As a result of the improved revenue, losses before taxation for this division narrowed to RM0.3 million for FY2023 from RM1.6 million in the previous financial year.

Shareholder Funds

The Group's shareholder funds as at 31 March 2023 stood at RM208.7 million, translating to net asset value per share of RM0.18. Loss per share for FY2023 stood at 0.42 cents, reduced from a loss per share of 0.89 cents a year ago.

PROSPECTS

Today hospitality and travel business activities have resumed in all the markets we operate in.

With the immediate goal of putting the group back to profitability and positive cash flow, the Group will be focused on reviewing and improving the economics of doing business and to pursue higher yields and margins.

In the medium to long term, the Group will continue to intensify its efforts to maximise yield from its assets and unlocking its landbank. It is also our goal to source and generate new income streams to ensure long term sustainability of the group.

Barring any unforeseen circumstances, Avillion is optimistic that the worst is behind us and greener pastures are ahead.

Hotel Division

Avillion is confident of the positive outlook for the Hotel Division and continues to make determined efforts to uphold our brand experience provided to our customers. We are working hard to take the product, service and experiential offering to new levels.

We are continuing to revamp our existing properties to better serve our guests' and customers' needs. In Avillion Port Dickson, we have upgraded our ballroom facilities and function spaces and replaced the floorboard and handrails. Our plan to upgrade our rooms is at the stage of finalization and are expect work to commence soon. The extension works of the lobby to include facilities to serve our guest better will also continue. We are confident that these refurbishment works will help us to enhance our competitiveness, grow key market segments and attract incremental domestic and foreign visitations.

Meanwhile, we will continue to roll out various innovative and attractive packages groupwide to further improve the occupancy and revenue of our hotels.

Property Division

The Property division is focusing on niche property developments. Our existing on-going development is Desa Impian, a 165 – acre mix development/township consisting of commercial, residential and education hubs in Bandar Tenggara, Johor.

Phase 1 of the development which comprises of residential and commercial properties was completed and handed over in 2015.

Phase 2A of the development comprises 4 blocks of residential and 4 blocks of commercial properties. With the successful completion and hand over of 4 blocks of residential and 1 block of commercial properties in June 2023. Our Project Division is currently in the midst of planning the construction of the remaining 3 blocks of commercial properties and expect to launch by early of 2024.

Plans are also afoot in upgrading the Marina facilities at Admiral Marina & Leisure Club. This will attract mega yachts and more international events to be held at our Marina and Club. The Property Division is well positioned to benefit from this in the forthcoming financial year.

PROSPECTS (CONT'D)

Travel Division

We have an established presence in Asia's leading tourist destinations of Singapore and Hong Kong. We are confident that the Travel division will continue to benefit from the pickup in momentum after the relaxation of Covid-19 related restrictions.

To ensure the division continues on steady growth path, new destinations and new demands from our customers are being looked into for the coming year

Risk

There are no material risks facing the Group other than normal business and operational risks as in any other company in the same industry. The Management will ensure all such risks are carefully managed and mitigated to prevent any unforeseen circumstances that may severely impact the performance of the Group.

Dividend

In respect of the financial year ended 31 March 2023, the Board is not recommending any declaration of dividend.

CONCLUDING REMARKS

The Management is committed to steer Avillion to the next level of growth. We will continue to take proactive measures to remain resilient and explore new opportunities and ideas to improve the Group performance.

The Management would like to reassure our shareholders that we will work closely under the guidance of the Board of Directors to ensure that all parties work diligently, selflessly and in unity to lead the Group to better days and months ahead.

Our utmost appreciation also goes to our business partner for their continued support.

We also wish to extend our appreciation to our Board of Directors who have been instrumental in providing guidance and valuable insights to the management.

PROFILE OF DIRECTORS

TAN SRI DATO' SRI DR. SAMSUDIN BIN HITAM

Independent Non-Executive Chairman

Gender

Nationality

Age:
76

Date of appointment:
6 March 2015

Qualification:
Tan Sri graduated with BA (Hons) from the University of Malaya and obtained a MSc in Agricultural Economics from the University of Wisconsin, USA. He later pursued his PhD in Land Resources with the University of Wisconsin, USA.

Working experience & Occupation:
Tan Sri has served in the Ministry of Finance (1970 - 1982) and the Economic Planning Unit (1986 – 2000). While with the Economic Planning Unit, he was promoted to Director General of EPU. In 2000, he was appointed as Secretary General of the Ministry of Finance. He retired from the Public Service in 2004.

During his tenure with the Government, Tan Sri was also a director of various corporations, including Petroliam Nasional Berhad, Khazanah Nasional Berhad, HICOM Holdings Berhad, Malaysia Airlines Berhad and Pos Malaysia & Services Holdings Berhad.

Tan Sri is currently the Chairman of Rosegate Insurance Brokers Sdn. Bhd.

Board Committee belongs:
Nil

Other directorship in public companies and listed corporations:
Nil

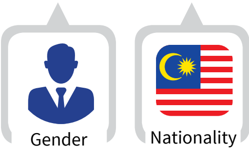
Family relationship with director/major shareholder:
Nil

Conflict of interest:
Nil

List of convictions for offences within the past 5 years if any:
Nil

Number of Board meetings attended:
11/11

STEPHEN GEH SIM WHYE
Independent Non-Executive



Age:
67

Date of appointment:
12 December 2022

Qualification:
Mr. Stephen Geh qualified as a Certified Public Accountant in 1984 and was admitted as a Member of the then Malaysian Association of Certified Public Accountants in 1985, which later changed its name to the Malaysian Institute of Certified Public Accountants.

In 1987, he was admitted into the Malaysian Institute of Accountants as a Public Accountant. He is also a member of the Malaysian Institute of Taxation.

Working experience & Occupation:
He is an Accountant by profession. He started his career in the inventory control department from 1976 to 1977 and as an articled clerk in a local firm in Kuala Lumpur in 1978 before he pursued his career in accountancy by sitting for the Malaysian Association of Certified Public Accountants examination.

From 1984 to 2005, he was attached to Com-Sec Sdn Bhd, a Management Consultant Company, as a General Manager, Tax Advisor and Company Secretary.

He served as an Independent Non-Executive Director of Alliance Financial Group Berhad (formerly known as Malaysian Plantations Berhad) from May 2004 to August 2016.

Since 2005, he has been acting as a Director of GSW Consultants Sdn. Bhd., a company set up by him.

Board Committee belongs:
Chairman of Audit Committee
Member of Nomination Committee
Member of Remuneration Committee

Other directorship in public companies and listed corporations:
Nil

Family relationship with director/major shareholder:
Nil

Conflict of interest:
Nil

List of convictions for offences within the past 5 years if any:
Nil

Number of Board meetings attended:
2/2

Profile of Directors
(Cont'd)

RUNGIT SINGH A/L JASWANT SINGH
Independent Non-Executive Director

Gender

Nationality

Age:
68

Date of appointment:
22 August 2022

Qualification:
Mr. Rungit graduated with an LL.B. (Hons) degree from the University of Malaya, Kuala Lumpur. He was awarded the Paduka Mahkota Perak (P.M.P.) in 2007 by the Perak Government of Malaysia. In the same year, he was also bestowed the Johan Setia Mahkota (J.S.M.) by the Government of Malaysia.

Working experience & Occupation:
He was a Deputy Public Prosecutor in the Attorney - General's Chambers, Kuala Lumpur and Perak State Legal Advisor's office for three (3) years before a short stint as a Legal Officer in the Ministry of Defence.

In 1982, he was a Senior Magistrate in the Kuala Lumpur Magistrate's Courts. He was then promoted to the rank of Sessions Court Judge in 1987. He served as a Sessions Court Judge for sixteen (16) years in various courts in Malaysia.

In 2003, he was again posted to the Attorney General's Chambers as a Senior Federal Counsel in the Law Revision and Law Reform Division. On 1 October 2004, he was promoted as Chairman of The Tribunal for Customer Claims Malaysia.

On 16 February 2010, he was appointed as Chairman of the Customs Appeal Tribunal, Ministry of Finance and he retired from this post on 4 July 2015 upon attaining the mandatory retirement age.

Board Committee belongs:
Chairman of Nomination Committee
Member of Audit Committee
Member of Remuneration Committee

Other directorship in public companies and listed corporations:
Nil

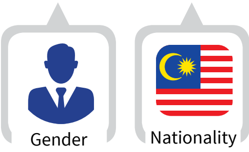
Family relationship with director/major shareholder:
Nil

Conflict of interest:
Nil

List of convictions for offences within the past 5 years if any:
Nil

Number of Board meetings attended:
6/6

TAUFIQ BIN ABDUL KHALID
Independent Non-Executive Director



Age:
52

Date of appointment:
22 August 2022

Qualification:
Encik Taufiq obtained a 2nd Upper class degree in L.L.B. (Hons) from Leeds University, England, before proceeding to be called as a Barrister-at-Law at Lincoln's Inn in 1998.

In 1999, he was admitted as an Advocate and Solicitor of the High Court of Malaya, Kuala Lumpur.

Working experience & Occupation:
He was attached with the Securities Commission of Malaysia (Issues Division) from 1996 to 1997. He resigned and later chambered in Messrs. Shearn Delamore and was called to the Malaysian Bar in 1999.

He practiced as a partner in Messrs. Mior Farid & Taufiq Khalid for two years before venturing into the oil & gas ("O&G") and ICT industry as an advisor to a small O&G company. As an offshoot of this involvement, he proceeded to join a group of offshore construction specialists in Urus Offshore Sdn. Bhd., partnering with Petra Resources Sdn. Bhd.

Returning to practice in 2004 to a law firm based in Kuala Lumpur, Messrs. Ariffin Shahzad, he is the Partner for Corporate, Energy & Utilities, Labour and ICT. He is presently on extended Sabbatical leave for medical and study purposes.

Board Committee belongs:
Chairman of Remuneration Committee

Other directorship in public companies and listed corporations:
Nil

Family relationship with director/major shareholder:
Nil

Conflict of interest:
Nil

List of convictions for offences within the past 5 years if any:
Nil

Number of Board meetings attended:
6/6

Profile of Directors
(Cont'd)

DATIN NORIZAN BINTI IDRIS
Independent Non-Executive Director

Gender

Nationality

Age:
45

Date of appointment:
04 April 2019

Qualification:
She graduated with a Degree in Bachelor of Corporate Administration from the Universiti Teknologi Mara (UiTM) in 2000.

Working experience & Occupation:
She has more than 17 years' working experience in various industries, such as Financial Institution, Property Development and National Oil and Gas. She possesses advance skills in Business Planning & Performance Management, Corporate Planning and Strategic and New Ventures for Petronas Upstream Business. She has more than 12 years' working experience in assisting top management in setting up the strategic direction of a company.

Board Committee belongs:
Member of Audit Committee
Member of Nomination Committee

Other directorship in public companies and listed corporations:
Nil

Family relationship with director/major shareholder:
Nil

Conflict of interest:
Nil

List of convictions for offences within the past 5 years if any:
Nil

Number of Board meetings attended:
11/11

PROFILE OF SENIOR MANAGEMENT

PEE SEE HOE
Chief Executive Officer

Gender

Nationality

Mr Pee aged 49, joined Avillion Berhad as Chief Executive Officer in the year 2022. He graduated from Monash University, Clayton, Australia with a Bachelor of Commerce (Accounting and Finance) Degree.

He is a Chartered Accountant of the Malaysian Institute of Accountants (MIA) and a member of CPA Australia.

Mr Pee started his career with PricewaterhouseCoopers and since then he has held senior executive positions in numerous industries and sectors including property development, hospitality, leisure and plantations. Prior to joining Avillion, he was the Chief Operating Officer and Chief Financial Officer of several companies listed on the Main Market of the Bursa Malaysia Securities.

ANGELINE CHONG
Chief Financial Officer

Gender

Nationality

Angeline aged 60, joined the Avillion Group in 1997 and she currently holds the position of Chief Financial Officer of Avillion, responsible for Avillion Group's financial and corporate matters.

She is a Fellow Member of the Association of Chartered Certified Accountants (FCCA) and member of the Malaysian Institute of Accountants (MIA).

She has more than 35 years of experience in financial management, corporate finance, audit, strategic planning and management. In the course of her professional career, Angeline possesses hands-on experience in the financial management of the hotel, property and tourism industry.

KHAW HOCK SEANG
Group General Manager

Gender

Nationality

Mr Khaw aged 60, joined Avillion Berhad as Group General Manager in January 2023. He graduated from the University of New South Wales, Australia with a Bachelor of Commerce Degree.

He has more than 35 years of experience in business development, sales & marketing, property development and property management.

He currently heads the property, travel and marina divisions at Avillion.

Prior to joining Avillion, Mr Khaw has held senior management positions in several companies listed on the Main Market of the Bursa Malaysia Securities.

MICHAEL CHIEW
Group Director of Sales and Marketing

Gender

Nationality

Michael aged 52, joined the Company as Director of Sales in 2006 and he currently holds the position of Group Director of Sales and Marketing of Avillion Hotel Group.

He holds a Diploma in Hotel Management from Stamford College and has 32 years of experience in the hospitality industry.

As the Group Director of Sales and Marketing, Michael is responsible to work very closely with the Hotel's General Managers in achieving and exceeding each Hotel's budget in all group market segments, including government, tour & travel and corporate. He will assist with the development and implementation of resort sales and marketing strategies.

Michael constantly gathers information and keeps sales teams up to date on the latest industry best practices, enabling the business to keep up with competition in the market.

Notes:
- *None of the Senior Management has any conflict of interest with the Company.*
- *All the Senior Management have no family relationship with any other director or major shareholder of the Company.*
- *None of the Senior Management has been convicted for any offences within the past five (5) years and have not been imposed by any public sanction or penalty by the relevant regulatory bodies during the financial year.*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Avillion Berhad ("AB" or "the Company") is committed to uphold the high standards of corporate governance throughout AB and its subsidiaries ("the Group") with the ultimate objective of realising long-term shareholder value while taking into account the interests of other stakeholders. This Corporate Governance Overview Statement sets out the extent to which the Company has applied the practices encapsulated in the Principles of the Malaysian Code on Corporate Governance ("MCCG") except where stated otherwise.

Details of the Group's application of each of the practices set out in the MCCG are disclosed in the Corporate Governance Report, which is available on the Group's website at https://www.avillionberhad.com/our-company/corporate-governance/

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Practice 1.1 – Board duties and responsibilities

The Board is responsible and accountable for the Company's shareholders and various stakeholders in order to achieve sustainability and long-term success through its effective leadership and management of the Company's business. Hence, the Board is responsible for the long-term performance of the Group and for overseeing the Group's strategy and monitoring its operations.

The Board's principal function is to address all the significant matters as it is accountable under the applicable laws and regulations for the Group's activities, strategies, financial position and performance. The Board delegates certain responsibilities to the Management, entrusting them with implementing the Group's strategic direction and managing its day-to-day operations. The Board also assigns specific functions to the Board Committees to assist the Board in overseeing the corporate governance of the Group. The functions and the terms of reference of the committees have been defined by the Board in the Terms of References of the respective committees. The key matters reserved for the Board's approval are specified in the Board Charter.

The Board adheres to the Code of Conduct and Ethics for Directors which highlights the criteria that Directors should observe in the performance of their duties. The following are the roles and responsibilities of the Board in discharging its fiduciary functions:-

- Lead, control, provide strategic direction and have the overall responsibilities for corporate governance.
- Formulate key policies, overseeing investments and businesses for the Group.
- Ensure that the Company has the appropriate corporate disclosure policies and procedures.
- Establish succession planning and ensure that all candidates appointed to Senior Management are of sufficient caliber.
- Identify principal risks and to ensure the implementation of appropriate internal controls.

Practice 1.2 and 1.4 – The Board Chairman

The Chairman of the Board is an Independent Non-Executive Director. The Chairman is capable of leading the Board based on his leadership skills, education level and extensive working experience. The pivotal role involves providing effective leadership to the Board and overseeing the Group's vision, strategic direction and business development, while being guided by the independent advice and views offered by the Independent Directors, who offer the necessary checks and balances in the decision-making process of the Board.

The Chairman holds the responsibility of promoting and overseeing the standards of Corporate Governance within the Board and the Company. The Chairman ensures that Board members receive accurate, timely and clear information to enable them to monitor performance, make sound decisions and give appropriate advice to promote the success of the Company.

The Chairman takes a leading role in determining the composition and structure of the Board. This involves regular reviews of the overall size of the Board, the mix of skills and expertise among its members, and achieving a balance blend of age, experience and personalities among the Directors.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (Cont'd)

Practice 1.2 and 1.4 – The Board Chairman (Cont'd)

The Chairman, whose primary role is to preside over Board meetings, has the significant responsibility to ensure that all Directors' views are heard, ensure sufficient time for the discussion of each agenda, as well as to provide fair opportunity to all Directors to participate actively and constructively during the meetings and discussions.

The Chairman, Tan Sri Dato' Sri Dr. Samsudin Bin Hitam, is not a member of the Nomination Committee, Audit Committee or Remuneration Committee. Nevertheless, the Chairman participates in the Board Committees' meetings by way of invitation as the Board Committees are of the view that his input and contribution is valuable to the review process, enabling them to discharge their duties effectively.

As the Chairman abstains himself from the decision-making process for all proposals and matters presented for approval during the Board Committee meetings, his participation does not undermine objectivity. Furthermore, all Board Committees are comprised exclusively of Independent Non-Executive Directors, which helps to safeguard independence.

A clear segregation of their responsibilities and powers is stated and defined in the Term of References of Board Committees.

Practice 1.3 – Separation in the roles of Chairman and Chief Executive Officer

The roles of Chairman and the Chief Executive Officer are exercised by different individuals. A clear segregation of their responsibilities and powers is stated and defined in the Company's Board Charter. It is made available for reference on the Company's Website. The Chairman is responsible for managing the conduct of the Board and ensuring its effectiveness including making sure that all Directors receive sufficient relevant information on all financial, business, operation and corporate matters to enable each of them to participate actively and effectively in the Board's decisions. The Chief Executive Officer is responsible for the efficient and effective management of the business operations and strategic direction of the Group.

Practice 1.5 – Company Secretary

The Board is supported by two (2) qualified and competent Company Secretaries who are responsible to advise and regularly update the Board on good governance, board policies, and procedures and corporate compliances.

The Company Secretaries also ensure that the Board is kept well informed on any regulatory requirements and updated on developments in the field of corporate governance that impact the duties and responsibilities of the Directors, considering the Company's status as a public listed company. The Company Secretaries advise and circulate relevant guidelines on new and amended statutory and regulatory requirements from time to time for the Board's reference and brief the Board on these updates at Board meetings. The Company Secretaries ensure that the Company and its Directors operate within the law.

The Company Secretaries also attend all Board and Board Committee meetings and ensure that the discussions on key deliberations and decisions are properly recorded. The Company Secretaries are directly accountable to the Board on all matters in relation to the proper functioning of the Board, maintenance of the corporate documents of the Board, facilitate the Board's communications and monitoring of the implementation of the Board's decisions, where appropriate.

All Directors have full and unrestricted access to the advice and services of the Company Secretaries.

Corporate Governance Overview Statement
(Cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (Cont'd)

Practice 1.6 – Information and support for Directors

The Board of Directors' meetings are held on a quarterly basis and at other times as required. All Directors attended all the Board meetings held during the financial year. Directors who were appointed during the financial year have also attended all Board meetings held from their respective appointment dates onwards.

All Directors had committed their time to the Board meetings held during the financial year and each Director, in the discharge of his or her duties, had participated actively at the meetings.

Board meetings are a platform for the exchange of views, with Directors bringing their experience and independent judgment to discuss the issues at hand. During these meetings, the Board discusses, amongst other matters, the Group's financial position, company policies, risks management, as well as management performance against the corporate targets and budget.

Each Board member is supplied in advance with an agenda, which include the minutes of previous meetings, financial reports and other reports relevant to the meeting, to allow the Directors sufficient time to review and to deliberate at the Board meetings and to facilitate informed decision-making. Management representatives are also present to provide additional insight on matters to be discussed during the Board meetings.

In between Board meetings, matters requiring Board's approval are sanctioned by way of circular resolutions where relevant information on the subject matter are enclosed.

All the Directors have the rights of access to all relevant Company's information, access to Management and may obtain independent professional advice at the Company's expense that are deemed necessary to carry out their duties, subject to prior consultation with the Chairman. To enable them to effectively exercise their duties and responsibilities, Board meetings regularly include sessions on recent key developments in governance and other corporate matters affecting the Group's businesses.

Practice 2.1 – Board Charter

The Board Charter sets out the roles and responsibilities, composition and processes of the Board of Directors. It provides an overview of how the Board leads and provides direction to the Management of the Company. It also sets out the delegation of authority by the Board to various Committees to ensure the Board members, in performing their responsibilities on behalf of the Group, would act in the best interest of all shareholders. In addition, the Board Charter also outlines the core principles of Corporate Governance to which the Company ascribes.

The Board has established three (3) Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee that are delegated with specific responsibilities and authorities to assist the Board in executing its duties and to provide the Board with recommendations and advice. The delegation of authority to the Committees enables the Board to achieve operational efficiency, by empowering each Committee to review, report and make recommendations to the Board on matters relevant to their roles and responsibilities. Each Committee is governed by its own Terms of Reference ("TOR") which sets out its functions and duties, composition, rights and meeting procedures. The Board Charter and TORs are reviewed and revised periodically to meet changing business, operational and regulatory requirements.

Practice 3.1 - Code of Conduct and Ethics

The Group is committed to promoting and maintaining high standards of transparency, accountability and ethics in the conduct of its business and operations. The Group's employee handbook governs the terms and conditions of employment and the standards of ethics and good conduct expected of the Chief Executive Officer and employees. The Board has established the Code of Conduct and Ethics for Directors which describes the standards of business conduct and ethical behavior for Directors in the performance and exercise of their duties and responsibilities as Directors of the Company or when representing the Company.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (Cont'd)

Practice 3.2 – Whistleblowing Policy

The Board is committed to the highest standard of integrity, openness and accountability in the conduct of its businesses and operations. It has established the Whistleblowing Policy that provides a channel to enable employees and other stakeholders to report any suspected breaches of law or regulations or any illegal acts observed in the Group, including financial malpractice or fraud, non-compliance with regulatory requirements, danger to health, safety or the environment, criminal activity and corruption.

The whistleblower is not responsible for investigating the activity or for determining fault or corrective measures. Instead, the appropriate Management officials are charged with these responsibilities. The policy is to provide an avenue for all employees of the Company and members of the public to disclose any improper conduct in accordance with the procedures as provided for under this policy and to provide protection for employees and members of the public who report such allegations.

A whistleblower will be accorded with protection of confidentiality of identity, to the extent reasonably practicable. In addition, employees who whistle blow internally will also be protected against any adverse and detrimental actions for disclosing any improper conduct committed or about to be committed within the Company, to the extent reasonably practicable, provided that the disclosure is made in good faith. Such protection is accorded even if the investigation later reveals that the whistleblower is mistaken as to the facts and the rules and procedures involved.

It outlines the procedures for reporting a genuine concern on any breach of conduct that is taking place, have taken place or may take place in the future. The Company treats all reports in a confidential manner and at the same time provides protection to anyone who reports such concerns in a good faith. The Whistleblowing Policy is reviewed periodically and is available on the Company's website.

Practice 4.1 – Responsibility for the Governance of Sustainability

The Board is responsible to oversee the Group's sustainability agenda, practices, strategies and performance supported by the Management. The Management is tasked to integrate sustainability considerations in the day-to-day operations of the Group and ensuring the effective implementation of the Group's sustainability strategies and plans.

The Sustainability Statement of the Group provides an overview of the sustainability performance for the financial year ended 31 March 2023.

Practice 4.2 – Effective Communication with Stakeholders

The Company believes in transparency and open lines of communication with all the stakeholders. Transparency and communication are fundamental components of good corporate governance and serve to build vital relationships of trust that the Company maintains with its stakeholders.

The Company engages its stakeholders through various means of communication to enable them to better understand the Group's business operations and seek their feedback and input on matters relevant to them. The Group identifies them through issues which are material based on their impact to the Group's operations and the number of stakeholders affected.

A list of identified key stakeholders, engagement methods, areas of interest and the outcome of engagement during the financial year, are disclosed in the Sustainability Statement of the Annual Report 2023.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (Cont'd)

Practice 4.3 – Sustainability Issues

Taking note of the importance of sustainable development, the Group conducts a materiality assessment annually as part of the regular sustainability practice to ensure that the material matters remain relevant to the stakeholders. The details of the materiality assessment during the financial year are made available in the Sustainability Statement of the Annual Report 2023.

Practice 4.4 – Performance Evaluations of the Board

The Board of Directors and Board Committees' assessments and evaluations are performed on a yearly basis to assess the following areas:-

- Board and Board Committee performance and effectiveness;
- Board skills matrix;
- Directors' performance and competency; and
- Directors' independence level.

Based on the assessment and evaluation performed by each individual Director and the Nomination Committee:

(a) The Nomination Committee was satisfied that the Directors had discharged their responsibilities in a commendable manner, acted competently, contributed effectively to the Board and demonstrated full commitment to their duties as Directors.

(b) The Nomination Committee was satisfied with the current structure, size and composition of the Board which comprises people who possess different expertise and experience in various fields and specialisations to enable the Board to lead and manage the Company effectively.

(c) The Nomination Committee was satisfied with the performance and contribution of each individual Director and each Director is well qualified in his/her area of expertise and profession.

(d) The Nomination Committee was satisfied with the level of independence demonstrated by the Independent Non-Executive Directors and their ability to act independently and objectively in the best interest of the Company.

II. Board Composition

Practice 5.1 – Responsibilities of Nomination Committee
Practice 5.7 – Appointment and Reappointment of Directors

The Nomination Committee performs a Board Assessment on an annual basis to ensure that the right group of people with the appropriate mix of skill are appointed.

During the financial year, the Nomination Committee conducted an assessment of Directors who are seeking for re-election at the forthcoming 31st Annual General Meeting ("AGM") and concluded that Encik Taufiq Bin Abdul Khalid and Mr. Stephen Geh Sim Whye are eligible for re-election pursuant to Clause 100 and Clause 107, respectively, of the Company's Constitution.

The Board had approved and proposed the re-election of Encik Taufiq Bin Abdul Khalid and Mr. Stephen Geh Sim Whye at the forthcoming AGM.

The details of the Directors seeking for re-election at the AGM, including their qualifications, working experience, directorship in other public listed companies, relationship with any Director or major shareholder and conflict of interests with the Company, are set out in the Profile of Directors section as disclosed in the Annual Report 2023.

The details of the interests of the Directors in the securities of the Company and attendance at the Board of Directors' meetings held during the financial year ended 31 March 2023 are also disclosed in the Annual Report.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

Practice 5.2, 5.3 and Step Up 5.4 – Independent Directors

The Board currently consists of five (5) members, comprising the Independent Non- Executive Chairman and four (4) Independent Non-Executive Directors. Based on the annual review of the composition of the Board carried out by the Nomination Committee, the Board is satisfied that its current size and composition reflect an appropriate balance of experience and expertise adequate for the scope and nature of the Group's business and operations.

The Independent Non-Executive Directors are independent of Management and free from any business, relationships or any circumstance that could materially interfere with the exercise of independent judgment or the ability to act in the best interest of the Company. They have also fulfilled the criteria of an Independent Director pursuant to the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Independent Non-Executive Directors have a crucial role in ensuring that the Board is an effective board and through which good corporate governance can be promoted throughout the entire Company. They are expected to provide a balanced and independent view. It calls for persons of caliber, integrity, with requisite business acumen, and the credibility, skills and experience to bring independent judgement on issues of strategy, performance, and resources, including key appointments and standards of conduct. Independent Directors are given free access to the records and information of the company as well as independent legal advice and the services of the Company Secretaries if they find this to be necessary to fulfil their duties.

The Board reviews and assesses the independence of Directors annually based on the criteria set by the Nomination Committee. One of the assessment criteria is the ability of the individual Director to exercise objectivity in the discharge of his or her responsibilities in the interest of the Company.

The Board had also carried out independence assessment of its Non-Executive Directors in terms of their relationship and dealings with the Company and the Board is of the view that all the Non-Executive Directors remain independent.

The Board is of the view that throughout their tenure, the Independent Directors have demonstrated independence in character and judgement, and have always looked out for the best interest of the Company. The Independent Directors have provided independent views based on their experience and knowledge that allow for diverse and objectives perspectives on the Group's business and direction.

In line with the recommendation of the MCCG, the tenure of an Independent Director of the Company shall not exceed a cumulative term of nine (9) years. An Independent Director may continue to serve the Board subject to the re-designation of the Independent Director as a Non-Independent Director. In the event the Board intends to retain the Independent Director as an Independent Director after serving a cumulative term of nine (9) years, shareholders' approval will be sought. The tenure of all the Directors on the current Board do not exceed a cumulative term limit of nine (9) years.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

Practice 5.5 and 5.6 – Diversity on Board and in Senior Management & Sourcing of Directors

The Board reviews from time to time the composition of the Board and considers new appointments when the need arises. The Nomination Committee is responsible for assessing and making recommendations to the Board on the candidature of Directors based on recruitment criteria established by the Board.

The Nomination Committee has the responsibility to ensure the composition of the Board represents a good mix of knowledge, skills and experience to ensure that the Group is competitive within its industry. In considering potential candidates for appointment, the Nomination Committee undertakes a thorough review of the candidate's criteria, amongst others, qualifications, skills, knowledge, expertise, experience, personal attributes and the capability to devote the necessary time and commitment to the role.

All Directors have attended and successfully completed the Mandatory Accreditation Programme accredited by Bursa Securities. In addition, seminars and conferences organized by Bursa Securities, relevant regulatory bodies and professional bodies on areas pertinent to the Directors are communicated to the Board for their participation. The Board has identified training needs amongst the Directors and enrolled themselves for the training programs as and when required. Directors may also request to attend additional training to keep abreast of their individual requirements.

All Directors are also provided with updates from time to time by the Company Secretaries and auditors on matters relating to Directors' duties and responsibilities, as well as on relevant regulations. The Company Secretaries ensures all appointments are properly made and all necessary information required by the new Directors for the proper discharge of their duties is obtained.

Appointments of new Directors are undertaken by the Board as a whole after considering the recommendations of the Nomination Committee. Potential candidates may be proposed by any current Board member, shareholder or senior management personnel or by utilising independent sources such as recruitment firms or through industry associations. In considering potential candidates for appointment, the Nomination Committee undertakes a thorough review of the candidate's criteria, amongst others, qualifications, skills, knowledge, expertise, experience, personal attributes and the capability to devote the necessary time and commitment to the role.

During the financial year, four (4) new directors were appointed to the Board, namely Mr. Hew Thin Chay (who later resigned on 1 December 2022), Mr. Rungit Singh A/L Jaswant Singh, Encik Taufiq Bin Abdul Khalid and Mr. Stephen Geh Sim Whye.

When considering the nomination of directors, the Nomination Committee takes into account the directors' ability to devote sufficient time and attention to properly fulfill their responsibilities. Besides attending all meetings of the Board and Board Committees on which they serve, each member is expected to be present in all shareholders' meetings, major company events and to participate in continuing training programs. The proposed date for AGM are also notified to all Board members in advance, to enable all directors to be present at the meeting and engage with the shareholders.

The Chairman and the Chief Executive Officer are responsible for the identification and development of the Key Senior Management, as well as to review the succession planning for the key management team from time to time. The Chairman and the Chief Executive Officer shall search for suitable candidates through established channels such as public advertisement or direct approaches being made to individuals who may be suitable or through organisations that may be able to assist in the recruitment process. In selecting the appropriate candidates, the Chairman and Chief Executive Officer take into account the candidate's qualification, experience, competence and character. Newly appointed Key Senior Management will have to undergo induction trainings and/or any other programs.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

Practice 5.8 – Nomination Committee

The Board has established a Nomination Committee to provide advice and assistance to the Board in matters relating to the appointment of new Directors, Board composition, training programs and performance evaluations on the effectiveness of the Board, Board Committees and individual Directors. Full details of the Nomination Committee's duties and responsibilities are stated in its TOR which is available on the Company's website.

The Nomination Committee of the Company is chaired by an Independent Non-Executive Director and is composed of two (2) other Independent Non-Executive Directors. The Nomination Committee ("NC") meets as and when required, at least once a year. During the financial year, four (4) meetings were held with the attendance as follows:

Name of Director	No. of Meetings Attended
Rungit Singh A/L Jaswant Singh *(Appointed as Director on 22 August 2022 and as Chairman of NC on 23 August 2022)*	2/2
Datin Norizan Binti Idris	4/4
Stephen Geh Sim Whye *(Appointed as Director and as Member of NC on 12 December 2022)*	1/1
Tan Sri Dato' Sri Dr. Samsudin Bin Hitam *(Resigned as Chairman of NC on 23 August 2022)*	2/2
Onn Kien Hoe *(Resigned as Director and as Member of NC on 10 August 2022)*	1/1
Hew Thin Chay *(Appointed as Director on 22 August 2022 and as Member of NC on 23 August 2022)* *(Resigned as Director and as Member of NC on 1 December 2022)*	Not Applicable

During the financial year, the Nomination Committee had carried out the following activities:

(a) Assessed the performance of the Board, Board Committees and individual Directors, including the term of office and performance of the Board Committees and each of its respective members;
(b) Reviewed the required mix of skills and experience and other qualities including core competencies which Non-Executive Directors should bring to the Board;
(c) Reviewed the size of the Board against the size of the Group and the complexity of the business to assess the impact of the number upon its effectiveness;
(d) Reviewed the performance of retiring Directors and recommended them to the Board for re-election at the forthcoming AGM; and
(e) Reviewed the performance of the Key Senior Management positions.

Practice 5.9 – Gender Diversity

The Board, through the Nomination Committee, will consider appropriate candidates for appointment as Board members in terms of gender, ethnicity and age, and will take required measures to meet those targets from time to time if deemed necessary to enhance the effectiveness of the Board. The Board consists of members with a broad range of skills, who are well-rounded, and have experience and knowledge in different fields relevant to oversee the business. The Board ensures that each member has a proper understanding of the Group's business and competence to deal with current and emerging issues of the Group.

The Board acknowledges the importance of gender diversity as an important element of a well-functioning board. As at the date of issuance of this report, there is one (1) woman Director on Board.

The Board is satisfied that the current Board composition fairly reflects a good mix of knowledge, skills and experience. Through its Nomination Committee, the Board will continue to review its structure and composition in order to ensure boardroom diversity and balance of power and authority, which are fundamental to an effective Board.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

Practice 5.10 – Policy on Gender Diversity

The Board currently does not have a formal policy on its boardroom or gender diversity. The evaluation and selection criteria of a Director are very much dependent on the effective blend of knowledge, skills, competencies, experiences and time commitment of the new Board member. Nonetheless, the Board is supportive of gender diversity in the Boardroom composition as recommended by the MCCG and will endeavour to consider suitable and qualified female candidates for appointment to the Board.

Practice 6.1 – Evaluation for Board, Board Committees and Individual Directors

The Nomination Committee annually performs an assessment of the effectiveness and performance of the Board, Board Committees and individual Directors, in order to verify that the Board is functioning appropriately as a whole. Each Director completed detailed questionnaires in the Directors' Performance Evaluations which covered matters relevant to the Board performance, among other things, contribution to interaction, quality of input, understanding of role and personal developments. An evaluation of each Board Committee was done by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as Committee's performance against its TOR.

The Nomination Committee's assessment criteria have been extended to include the elements specified in the Directors' Fit and Proper Policy adopted by the Board, such as personal integrity, time and commitment. This policy also serves as a guide for the Nomination Committee and the Board in their review and assessment of candidates that are to be appointed as well as Directors who are seeking for re-election, and ensures that they possess the necessary quality and character as well as integrity, competency and commitment. The policy is accessible on the Company's website at https://www.avillionberhad.com/our-company/corporate-governance/.

The assessment was internally facilitated, whereby results of the assessments had been compiled, documented and reported to the Board accordingly, as part of the Company's ongoing corporate governance practices.

Based on the assessment carried out during the financial year, the Nomination Committee had concluded the following:-

(a) The Board was found to be competent and had a dynamic and balanced mix of skills and experience wherein the Directors were able to contribute effectively to the Board's decision-making process.

(b) The current structure, size and composition of the Board, which comprises people who possess a wide range of expertise and experience in various fields with diverse backgrounds and specialisations, enables the Board to lead and manage the Company effectively.

(c) The Directors had discharged their responsibilities in a commendable manner, acted competently, contributed effectively to the Board and demonstrated full commitment to their duties as Directors.

(d) The Board and Board Committees had contributed positively to the Company and its subsidiaries and were operating in an effective manner.

(e) The Board Chairman had performed in an excellent manner and contributed to the Board.

(f) The performances of the Board Committees were found to be effective.

The Board recognises the importance of continuous training to remain abreast of the latest developments in related industries and changes to the regulatory environment. The assessment on individual Directors also provided the Board with valuable insights into training and development needs of each Director, to ensure that each Board member's contribution to the Board remains informed and relevant.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

Practice 6.1 – Evaluation for Board, Board Committees and Individual Directors (Cont'd)

During the course of the financial year, the Directors have attended various training programmes which include conferences, forums, seminars, workshops and briefings, apart from the briefings conducted by the Company Secretaries pertaining to updates on the MCCG and MMLR of Bursa Securities. The external auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements. Particulars of the seminars and courses attended include the following:

Director	Courses/ Seminars/ Workshops/ Conferences	Organizer(s)	Date
Stephen Geh Sim Whye	Frequently Committed Offences Under Companies Act 2016	The Malaysian Institute of Certified Public Accountants	8 Jun 2022
	Guidelines For The Reporting Framework For Beneficial Ownership Of Legal Persons	Companies Commission of Malaysia	14 Jun 2022
	Cessation Of Companies & Limited Liability Partnerships	Companies Commission of Malaysia	20 Jun 2022
	MIA Public Practice Programme 2022 (Non Audit)	Malaysian Institute of Accountants	10 & 11 Aug 2022
	Company Secretaries As Reporting Institution Under AMLA 2001	Companies Commission of Malaysia	17 Jan 2023
Rungit Singh A/L Jaswant Singh	Bursa Malaysia Mandatory Accreditation Programme (MAP)	Institute of Corporate Directors Malaysia	21 & 22 Nov 2022
	Bursa Malaysia Immersive Experience: The Board "Agender"	LeadWomen Malaysia	30 Nov 2022
Taufiq Bin Abdul Khalid	Bursa Malaysia Mandatory Accreditation Programme (MAP)	Institute of Corporate Directors Malaysia	26 & 27 Oct 2022

III. Remuneration

Practice 7.1 – Remuneration Policy

The remuneration of Directors shall be the ultimate responsibility of the full Board after considering the recommendations of the Remuneration Committee.

The remuneration of the Chief Executive Officer was determined fairly based on the performance and the profitability of the Group as a whole. The Directors' remuneration is at the discretion of the Board, taking into account the comparative market rates that commensurate with the level of contribution, experience and participation of each Director. The overriding principle adopted in setting the remuneration packages for the Chief Executive Officer by the Remuneration Committee is to ensure that the Company attracts and retains the appropriate Directors of the calibre needed to run the Group successfully.

The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the particular Non-Executive Directors concerned. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Non-Executive Directors in the course of their duties as Directors of the Company. The aggregate annual Directors' fees are to be approved by shareholders at the AGM based on recommendations of the Board.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. Remuneration (Cont'd)

Practice 7.2 - Remuneration Committee

The Remuneration Committee was established to assist the Board in developing remuneration policies and procedures that enable the Group to attract, motivate and retain qualified Directors and Key Senior Management personnel. Full details of the functions and duties of the Remuneration Committee are stated in its TOR which is available on the Company's website.

The Remuneration Committee ("RC") comprises of exclusively Independent Non-Executive Directors. During the financial year, three (3) meetings were held with attendance as follows:

Name of Director	No. of Meetings Attended
Taufiq Bin Abdul Khalid *(Appointed as Director on 22 August 2022 and as Chairman of RC on 23 August 2022)*	2/2
Rungit Singh A/L Jaswant Singh *(Appointed as Director on 22 August 2022 and as Member of RC on 23 August 2022)*	2/2
Stephen Geh Sim Whye *(Appointed as Director and as Member of RC on 12 December 2022)*	1/1
Tan Sri Dato' Sri Dr. Samsudin Bin Hitam *(Resigned as Member of RC on 1 August 2022)*	1/1
Hew Thin Chay *(Appointed as Director on 22 August 2022 and as Member of RC on 23 August 2022)* *(Resigned as Director and as Member of RC on 1 December 2022)*	1/1
Datuk Roslan Bin Abdul Rahman *(Resigned as Director and as Chairman of RC on 10 August 2022)*	1/1
Onn Kien Hoe *(Resigned as Director and as Member of RC on 10 August 2022)*	1/1
Datin Norizan Binti Idris *(Appointed as Member of RC on 1 August 2022)* *(Resigned as Member of RC on 23 August 2022)*	Not Applicable

During the financial year, the Remuneration Committee had carried out the following activities:

(a) Reviewed and recommended to the Board on the fees and meeting allowances of Non-Executive Directors, particularly on whether the remuneration remains appropriate to each Director's contribution, by taking into account the level of expertise, commitment and responsibilities undertaken;
(b) Reviewed and recommended to the Board on the remuneration of the Board Committee chairmen;
(c) Reviewed and assessed the Directors' fees and benefits payable for the financial year ended 2023; and
(d) Reviewed and assessed the performance and the remuneration of the Key Senior Management personnel.

Corporate Governance Overview Statement
(Cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. Remuneration (Cont'd)

Practice 8.1 and 8.2 – Disclosure of Remuneration of Directors

The details of the remuneration of the Directors of the Board (not including Directors of the subsidiaries) for the financial year are as follows:

	Fees (RM)	Salaries (RM)	Attendance Fees (RM)	Statutory Contributions (RM)	Other Emoluments (RM)	Benefits in kind (RM)	Total (RM)
Non-Executive Directors							
- Tan Sri Dato' Sri Dr. Samsudin Bin Hitam	43,418	–	2,500	–	24,000	–	69,918
- Datin Norizan Binti Idris	22,500	–	2,500	–	–	–	25,000
- Rungit Singh A/L Jaswant Singh *(Appointed on 22 August 2022)*	22,705	–	2,500	–	–	–	25,205
- Taufiq Bin Abdul Khalid *(Appointed on 22 August 2022)*	22,705	–	2,500	–	–	–	25,205
- Stephen Geh Sim Whye *(Appointed on 12 December 2022)*	11,391	–	1,000	–	–	–	12,391
- Hew Thin Chay *(Appointed on 22 August 2022)* *(Resigned on 1 December 2022)*	10,205	–	1,000	–	–	–	11,205
- Onn Kien Hoe *(Resigned on 10 August 2022)*	13,562	–	–	–	–	–	13,562
- Datuk Roslan Bin Abdul Rahman *(Resigned on 10 August 2022)*	13,562	–	–	–	–	–	13,562
Executive Director							
- See Ah Sing *(Resigned on 5 August 2022)*	–	159,815	–	5,783	–	8,450	174,048
Total	**160,048**	**159,815**	**12,000**	**5,783**	**24,000**	**8,450**	**370,096**

The remuneration of the top four (4) Senior Management (including salary, bonus, benefit in kind and other emoluments) are disclosed in band widths of RM50,000 in the Corporate Governance Report.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

Practice 9.1, Step Up 9.4 and 9.5 - Audit Committee

The Audit Committee ("AC") consists of the following members:

(a) Stephen Geh Sim Whye (Chairman)
(Appointed as Director and as Chairman of AC on 12 December 2022)

(b) Rungit Singh A/L Jaswant Singh
(Appointed as Director on 22 August 2022 and as Member of AC on 23 August 2022)

(c) Datin Norizan Binti Idris

(d) Tan Sri Dato' Sri Dr. Samsudin Bin Hitam
(Resigned as Member of AC on 1 August 2022)

(e) Hew Thin Chay
(Appointed as Director on 22 August 2022 and as Chairman of AC on 23 August 2022)
(Resigned as Director and as Chairman of AC on 1 December 2022)

(f) Onn Kien Hoe
(Resigned as Director and as Chairman of AC on 10 August 2022)

(g) Datuk Roslan Bin Abdul Rahman
(Appointed as Member of AC on 1 August 2022)
(Resigned as Director and as Member of AC on 10 August 2022)

The Chairman of the Audit Committee is not the Chairman of the Board. The Audit Committee Report is set out separately in this Annual Report. Full details of the Audit Committee's duties and responsibilities are stated in its TOR which is available on the Company's website.

Practice 9.2 and 9.3 - Oversight of External Auditors

In July 2022, in line with the recommended practice 9.2 of the MCCG, the Audit Committee had revised its TOR to include a clause on a minimum cooling-off period of three (3) years before a former key audit partner can be appointed as a member of the Audit Committee.

The Group engaged the external auditors to perform a non-audit service, specifically, a review of the Statement on Risk Management and Internal Control. The Board, through its Audit Committee maintains a formal and transparent relationship with its external auditors. The Board delegates the responsibility to the Audit Committee for making recommendations on the appointment, re-appointment or removal of the external auditors as well as on their remunerations. The Audit Committee ensures that the external auditors work closely with the Internal Auditors to enhance the effectiveness of the overall audit process. The Audit Committee assesses the performance and effectiveness of the external auditors annually, considering amongst others, their qualifications, effectiveness of the audit process, quality of service and their independence.

In the course of their audit, the external auditors highlight to the Audit Committee matters pertaining to financial reporting. Private meetings between them were held once during the financial year without the presence of the Management to discuss any issues that may require the attention of the Audit Committee.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

II. Risk Management and Internal Control Framework

Practice 10.1 and 10.2 – Board Responsibility on Risk Management and Internal Control

The Board is responsible for ensuring that risks and also opportunities are identified on a timely basis and that the Group's objectives and activities are aligned with those risks and opportunities. The Company's approach to risk management is based on the identification, assessment, monitoring and management of material risks embedded in its business and management systems. The Statement on Risk Management and Internal Control made pursuant to Paragraph 15.26(b) of the MMLR of Bursa Securities is separately set out in the Annual Report.

The Board recognizes risk management as an integral element of business and operations. The objective of the Group's ongoing risk assessment process is to ensure that key risk areas are managed within an acceptable risk profile or tolerance level in order to increase the prospects on achievement of business objectives. The Group's overall risk appetite is based on the assessment of the Group's existing risk management capabilities and capacity.

The Board acknowledges its overall responsibility to maintain effective governance, risk management and compliance framework. Supported by the Management and Internal Audit function, the Board ensures the adequacy and effectiveness of the Group's risk management and internal control practices. The Board is responsible to ensure that the Group complies with all applicable provisions of law and regulations and ensures that appropriate risk management systems are in place throughout the Group. The Audit Committee assists the Board to oversee and review the effectiveness of the Group's risk management and internal control systems. To facilitate effective monitoring, the Board regularly receives reports from the Management on any business risks related to its business activities that have impacted or likely to impact the Company from achieving of its objectives and strategies.

Compliance relating to risk recognition and management is presented in the Group's Statement on Risk Management and Internal Control as set out separately in this Annual Report.

Practice 11.1 and 11.2 – Internal Audit function

The Board has established an Internal Audit function within the Company which is led by the Senior Management, Internal Audit Unit who reports directly to the Audit Committee. Details of the key elements of the Group's internal controls system are set out separately in the Statement on Risk Management and Internal Control and the Report of the Audit Committee in this Annual Report.

In general, the Group's Internal Auditor provides an independent evaluation of the effectiveness of the risk management and internal control system of the Group based on an agreed scope of work. It also carries out a follow-up review on the issues raised in the previous internal audit and to ensure that the proposed action plan has been implemented by the Management to mitigate the risk exposure of the Group.

The scope of work covered by the Internal Audit function during the financial year, summary of activities carried out, including its observations and recommendations, are provided in the Statement on Risk Management and Internal Control and Audit Committee Report of this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

Practice 12.1 – Communication with Stakeholders

The Company is committed to ensure that timely, accurate and complete information about the Company is provided equally to its shareholders, stakeholders and to the general investing public. Timely information is critical towards building and maintaining the Group's corporate credibility, market integrity and promotes investor confidence.

The Board is ultimately responsible for ensuring the Company's disclosure requirements are fulfilled and overseeing the Group's communications with investors. The disclosure and handling of material information within the company are under the purview of the Chief Executive Officer and Chief Financial Officer, who work in consultation with the Company Secretaries. Moreover, the Company has a dedicated department tasked with addressing investor inquiries received through email or phone calls. The Company strives to promote a better understanding of the Group through investor relation activities. Apart from general meetings, the Company has in place the following initiatives to facilitate effective communication with its shareholders:

(a) The Annual Report, which contains information such as Management Discussion and Analysis, financial statements, and information on the Audit Committee, Corporate Governance, Sustainability and Corporate Social Responsibility, and Risk Management and Internal Control;
(b) Various announcements made to Bursa Securities, which include the timely release of financial results on a quarterly basis. Concurrent with these releases, the Company posts all announcements on its website;
(c) Attending to shareholders' and investors' emails and phone enquiries; and
(d) The Company's website at http://avillion.listedcompany.com/home.html under the Investor Relations section, which contain annual reports, quarterly report announcements, stock and other corporate information on Avillion Berhad. The website also provides the Investor Relations contact for shareholders to direct their queries or concerns to.

The timely release of quarterly announcements and full year financial reports reflects the Board's accountability to its shareholders.

II. Conduct of General Meetings

Practice 13.1 – Notice of general meeting

General meetings are the important platform for the shareholders to exercise their rights in the Company, either in AGM or Extraordinary General Meetings.

The Notice of General Meetings together with a copy of the Company's Annual Report and/or Circular to Shareholders will be dispatched to shareholders within the prescribed notice period prior to the scheduled general meetings in order to provide sufficient time the shareholders to make the necessary arrangements to attend and participate either in person, by corporate representative or by proxy. The Board encourages shareholders' participation and engagement at the general meeting as it provides an opportunity for the Board to assess the market expectations and more importantly, it provides an avenue for the shareholders to make enquires on the resolutions being proposed and to seek clarification on the business and performance of the Group. Shareholders are invited to the general meetings through a notice of meeting that specify the venue, day and hour of the meeting, as well as the business of the meeting.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

II. Conduct of General Meetings (Cont'd)

Practice 13.2 – Attendance of Directors at General Meetings

The AGM is the principal forum for dialogue and interaction with all shareholders, who are given the opportunity to enquire and seek clarification on the operations and financial performance of the Group.

During the AGM, the Chairman ensures that shareholders are given the opportunity to comment or raise issues and questions pertaining to issues on the agenda, the annual report, Group's strategy or developments in the Group. The Chairman plays a vital role in fostering constructive dialogue between the Board and the shareholders. All the members of the Board and the respective chairmen of the Board's Committees are present at the meetings to address queries raised by the shareholders which are relevant to their areas of responsibility.

Practice 13.3 – Voting

The Company's General Meetings have always been held at venues which are easily accessible by its shareholders.

Shareholders are entitled to appoint representatives or proxy/proxies/Chairman to vote on their behalf in their absence. The Company is supportive of technologies that can facilitate remote shareholders' participation and voting.

The Company will be conducting its upcoming AGM through live streaming via Remote Participation and Voting facilities.

By leveraging on the Remote Participation and Voting facilities, shareholders can participate remotely and cast their votes electronically. The Company's shareholders are entitled to appoint corporate representatives or proxy(ies) to participate and vote on their behalf in their absence at the AGM via Remote Participation and Voting facilities.

Practice 13.4 – General Meetings
Practice 13.5 – Conduct of Virtual General Meeting

Shareholders are encouraged to participate and vote remotely during the Company's AGM using the Virtual Meeting Facilities. A registration link is provided to the shareholders in the Administrative Guide, which is released together with the Notice of AGM and made available on the Company's website and Bursa Securities' website.

Prior to the AGM, the shareholders are allowed to submit any questions online by scanning the QR Code or clicking the link provided in the Administrative Guide. During the AGM, the shareholders are encouraged to submit typed questions in real time within the Question and Answer ("Q&A") Box at the bottom of the messaging screen. Any questions can be submitted at any time until the announcement of the closure of the Q&A session.

The Directors and Management have answered all the questions submitted prior or during the meeting during the Q&A session.

All Directors and Senior Management had attended the fully virtual AGM held on 21 September 2022 to engage directly with shareholders and be accountable for their stewardship of the Company.

An Administrative Guide was released together with the Notice of AGM, whereby the shareholders are entitled to appoint proxy/proxies to participate and vote, instead of shareholders themselves, by submitting the Form of Proxy to the Registered Office of the Company not later than twenty-four (24) hours before the time appointed for the taking of poll at the meeting or adjourned meeting.

The Company had appointed Acclime Corporate Services Sdn. Bhd. ("ACCLIME") as the Poll Administrator to conduct the poll by way of online voting and to provide a virtual meeting facility for the 30th AGM held on 21 September 2022. The Board was satisfied with the virtual meeting facilities provided by ACCLIME for the previous AGM held in year 2022, and therefore, had decided to engage the same service provider for the upcoming AGM.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

II. Conduct of General Meetings (Cont'd)

Practice 13.6 – Minutes of the General Meeting

The minutes of the 30th AGM was made available to the shareholders on its website and the Company will upload the minutes of upcoming 31st AGM no later than 30 business days after the AGM on its website.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with the MMLR of Bursa Securities:

- **Utilisation of proceeds raised from Corporate Proposals**

On 17 October 2019 the Company announced the proposed listing and quotation of up to 188,881,350 Placement Shares and an issuance of up to 566,644,050 free warrants on the basis of one Warrant for every two ordinary shares of the Company held on an entitlement date to be determined by the Board and announced at a later date.

In June 2021, the Company had placed out 2,083,334 Placement Shares at RM0.12 each and listed on the Main Market of Bursa Securities on 21 June 2021. The Company had further placed out 96,333,330 Placement Shares at RM0.12 each and 90,464,686 Placement Shares at RM0.12 each in August and November 2021 respectively, of which such Placement Shares were listed on the Main Market of Bursa Securities on 24 August and 19th November 2021 respectively.

The status of utilization of proceeds raised from the abovementioned Placement Shares as at 31 March 2023 were as follows:

	Circular dated 3rd Dec 2019 (RM'000)	Proceeds Raised (RM'000)	Approved Revised (RM'000)	Amount Utillised (RM'000)	Amount Unutillised (RM'000)	Intended Timeframe for Utillisation (RM'000)
Repayment of Bank borrowings	6,000	6,000	4,889	4,889	–	
Asset Enhancement & refurbishment programme	10,000	10,000	5,611	967	4,644	Within 6 months
Part funding of Desa Impian Project	3,000	3,000	3,000	3,000	–	
General working capital	7,093	3,316	8,816	8,816	–	
Estimated expenses	350	350	350	350	–	
Total	**26,443**	**22,666**	**22,666**	**18,022**	**4,644**	

- **Audit and Non-Audit Fees**

During the financial year ended 31 March 2023, the amount of audit and non-audit fees paid/payable by the Group and the Company to the external auditors for services rendered to the Company and its subsidiaries are as follows:

Type of fees	Group RM('000)	Company RM('000)
Audit fees	331	64
Non-audit fees	12	12

Corporate Governance Overview Statement
(Cont'd)

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

The following information is provided in compliance with the MMLR of Bursa Securities: (Cont'd)

- **Material Contracts with Related Parties**

  There were no material contracts entered into by the Company and its subsidiaries involving Directors, Chief Executive who is not a Director and major shareholders' interests, either subsisting at the end of the financial year or entered into since the previous financial year.

STATEMENT OF COMPLIANCE WITH THE CODE

The Board is satisfied that the Group has substantially complied with the majority of the practices of the MCCG throughout the financial year. In pursuit of safeguarding the interest of the shareholders and other stakeholders, the Board is committed and will continue to strengthen its application of the best practices in corporate governance.

The Board is responsible for ensuring that the financial statements are properly drawn up so as to give a true and fair view of the financial position of the Group at the end of the financial year. In preparing the financial statements, the Board ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016 have been applied.

AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the Audit Committee Report for the financial year ended 31 March 2023 which is appended below:-

1.0 COMPOSITION

Chairman : Stephen Geh Sim Whye
Independent Non-Executive Director

Committee Members : Rungit Singh A/L Jaswant Singh
Independent Non-Executive Director

Datin Norizan Binti Idris
Independent Non-Executive Director

2.0 TERMS OF REFERENCE

The Terms of Reference of the Audit Committee are available on the corporate website at www.avillionberhad.com

3.0 AUDIT COMMITTEE MEETINGS

During the financial year ended 31 March 2023, the Audit Committee held five (5) meetings. The details of attendance of each Committee member are as follows:-

Designation	Director	No. of Meetings Attended
Chairman	Stephen Geh Sim Whye *(Appointed on 12 December 2022)*	1/1
	Hew Thin Chay *(Appointed on 23 August 2022)* *(Resigned on 1 December 2022)*	2/2
	Onn Kien Hoe *(Resigned on 10 August 2022)*	2/2
Committee Member	Rungit Singh A/L Jaswant Singh *(Appointed on 23 August 2022)*	3/3
	Datuk Roslan Bin Abdul Rahman *(Appointed on 1 August 2022)* *(Resigned on 10 August 2022)*	Not Applicable
	Tan Sri Dato' Sri Dr. Samsudin Bin Hitam *(Resigned on 1 August 2022)*	2/2
	Datin Norizan Binti Idris	5/5

4.0 SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

For the financial year ended 31 March 2023, the key activities undertaken by the Audit Committee included the following:-

(a) Annual Budget and Financial Reporting

- Evaluated the Group's annual budget, business strategies deployed and other proactions taken for the Board of Directors ('the Board') approval.
- Reviewed the quarterly and annual financial statements, any significant variances against the budget and draft announcements to Bursa Securities with the Management and External Auditors, where applicable, before recommending them to the Board for approval.
- Deliberated on adequacy of key disclosures in the financial statements, conformity with the accounting standards and practices and other matters relevant to the Group's operations in all material aspects.
- Assessed the Group's ability to meet its contractual and financial commitments as and when they fall due and proaction measures initiated with the presence and explanations of the Chief Executive Officer and Chief Financial Officer.

(b) External Audit

- Reviewed and approved the External Auditors' annual audit planning memorandum, outlining amongst others, the engagement team, their audit approach, scope of work and significant accounting and auditing matters which affect financial reporting.
- Reviewed and noted the audit conclusions, key matters arising and the Management's responses.
- Discussed with the External Auditors, the impact of significant accounting and auditing updates arising from new or proposed changes in accounting standards and regulatory requirements for conformity in relation to the financial statements including MFRS 101 (Presentation of Financial Statements).
- Conducted private sessions with the External Auditors, when required, on the audit, financial statements and other matters without the presence of the Management to ensure any contentious issues are raised for its attention.
- Evaluated the suitability, performance, independence and objectivity of the External Auditors for their reappointment as Auditors and recommended their reappointment and proposed audit fees to the Board for approval.

(c) Internal Audit

- Assessed and adopted the risk based annual Internal Audit Plan to ensure adequacy of audit scope, frequency and allocated resources over the activities of the Group's business and support divisions.
- Reviewed the scheduled audit reports, key issues, potential risk implications, audit recommendations, Management's responses, agreed remedial actions for improvements and timelines.
- Monitored and deliberated the outcomes of follow up audit reports to assess the status of agreed action plans by the Management on recommendations raised in preceding cycles of audit. Specific timelines were set and agreed by the Management for outstanding matters to be resolved.
- Assessed promptness, adequacy and effectiveness of the Management's remedial actions taken to ensure key risk concerns were satisfactorily addressed.

(d) Annual Report

- Reviewed and recommended the reports and statements in the Annual Report 2023 for the Board's approval.

Audit Committee Report
(Cont'd)

5.0 SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

Functionally, the Internal Audit function reports directly to the Audit Committee. Its principal role is to undertake periodic reviews on the state of the risk management and internal control system of the Group's key business and support divisions. The primary objective of these reviews is to provide reasonable assurance to the Audit Committee that the system continue to operate satisfactorily and effectively.

The annual Internal Audit Plan prepared based on the Group's business and risk environment is deliberated and approved by the Audit Committee to ensure the key controls addressing those identified potential risks are reviewed.

For the financial year ended 31 March 2023, the Internal Audit activities carried out included the following:-

- Tabled the annual Internal Audit Plan to the Audit Committee for deliberation and approval. The Audit Plan took into consideration key risks impacting the Group and feedback from the Management on key areas of concern.
- Conducted scheduled audit engagements and walk through processes of the Group's business and support divisions, focusing primarily on key business processes, prevailing support systems, controls and governance processes, safeguarding of assets, operational efficiency and effectiveness, conformity with policies and procedures and relevant laws and regulations.
- Performed follow up reviews on implementation of agreed remedial actions as reported in previous audit reports to ensure they had been promptly and adequately addressed.
- Assessed the adequacy and effectiveness of the Group's risk management and internal control system in identifying, evaluating, managing and monitoring key potential risks. The areas reviewed included sales and marketing, front office, marina, food and beverage, purchasing, inventory management and engineering.
- Presented audit reports to the Audit Committee and Management which highlighted key concerns, root cause(s), potential risk implications, audit recommendations, Management's comments with proposed corrective actions and implementation datelines. The audit recommendations took into consideration, the Group's strategic directions, corporate and business objectives and key risks within its diversified and fluid business environment.
- Followed up on ad hoc requests and recommendations of both the Audit Committee and Management on the audit plan, scope and reports. In order to maintain its independence and objectivity during the audit, the Internal Audit function does not assume any authority, responsibility and accountability over any aspects of the business and support divisions reviewed.

For the financial year under review, the total cost incurred in relation to the internal audit function amounted to approximately RM 300,000 (2022 : RM 212,000).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1.0 INTRODUCTION

The Board of Directors (‘the Board’) is pleased to present the Statement on Risk Management and Internal Control (‘Statement’) which delineates the nature and scope of the Group’s risk management and internal control systems for the financial year ended 31 March 2023. The Statement is prepared in accordance with Paragraph 15.26(b) of Bursa Malaysia Main Market Listing Requirements and is guided by the Statement on Risk Management and Internal Control : Guidelines for Directors of Listed Issuers.

2.0 RESPONSIBILITIES OF THE BOARD

The Board affirms its ultimate responsibility for continuing to maintain a sound risk management and internal control system to safeguard its shareholders interests, customers, employees and the Group’s assets. The internal control system does not encompass only financial controls but operational and compliance controls to manage identified key risks.

In view of day to day business decisions which entail certain degree of risk and the inherent limitations in any system of risk management and internal control, the prevailing system can only manage risks within an acceptable level, rather than eliminate the risk of failure to meet business objectives. As such, the system can only provide reasonable except absolute assurance against the risks of fraud, material misstatements or financial losses arising from unforeseeable circumstances or events.

The Board recognises that the review of the risk management and internal control system is a concerted and continuous process. Hence periodic reviews of the key business processes are continuously being undertaken to ensure the adequacy and integrity of the aforesaid system. In the review of the risk management and internal control system, key risks, probability of occurrence, potential risk implications, mitigating controls and cost of controls are looked into.

3.0 RISK MANAGEMENT

The Board recognises that all business decisions involve taking of appropriate risks. Effective risk management requires balancing potential returns with key risks and the cost of managing risks. The Group’s risk appetite and tolerance level is determined by its existing risk management capabilities and capacity.

In fulfilling its fiduciary responsibilities, the Board oversees the risk assessment process and delegates daily business decisions to the Management team who are entrusted as risk owners. The Management team comprises the corporate and business divisions.

The Management team, in their respective roles is tasked with the responsibility of ingraining risk management into the business and operational processes to ensure that they remain effective and relevant todate. The key elements of the risk management process are:-

3.1 Risk Identification, Monitoring & Reporting

The Group adopts a ‘Two Lines of Defence’ risk management approach which provides a formal and transparent risk management structure to promote active involvement from the Board and Management at Corporate level together with the heads of business divisions.

Under the ‘First Line of Defence’ at business operations level, the heads of business divisions with their employees, within their scope of responsibilities, are collectively responsible and accountable to ensure risk management is integrated in their core business activities. They assess identified risks based on likelihood of occurrence and impact on business activities. Areas of control relevant to their business requirements are identified before the necessary controls and actions are devised to manage risks within their acceptable risk tolerance. This structure enables the respective divisions to have a ‘voice’ in support of the risk management initiatives and provide adequate feedback. The heads of business divisions update the Management at corporate level on key risks, implications and other relevant matters for deliberation before they are escalated to the Board.

3.0 RISK MANAGEMENT (CONT'D)

3.1 Risk Identification, Monitoring & Reporting (Cont'd)

In the 'Second Line of Defence', under the purview of the Board's assessment, the External Audit and Internal Audit functions provide the Board with further assurances by conducting independant and objective evaluations to assess and ascertain if the controls adopted by the business divisions are adequate and reliable in managing the identified risks and conform with statutory and regulatory requirements. Board meetings with the Management are carried out at least once every quarterly in a year or as and when required to discuss strategic, financial, operational and other agenda.

3.2 Risk Assessment

The Management identifies and evaluates the key risks of the business divisions based on likelihood of occurrence and potential risk implications before they are further assessed and deliberated at the Group level. The objective is to ensure a balanced achievement of the Group's corporate and business objectives, operational efficiency and cost effectiveness can be attained.

4.0 INTERNAL CONTROL SYSTEM

The internal control system comprises financial, operational and compliance controls to manage and mitigate identified principal risks. The principal features of the Group's internal control system include the following:-

4.1 Control Environment

4.1.1 The control environment sets out the Group's overall control awareness and approach. Its vision and mission statement and strategic business direction is communicated to all employees to reinforce corporate core values of commitment, integrity, speed and cost effectiveness.

4.1.2 The Board committees namely, the Audit Committee, Nomination Committee and Remuneration Committee had been established to assist the Board in executing its fiduciary responsibilities. These committees are governed by their respective defined terms of reference and authority.

4.1.3 A formalised organisation structure with defined lines of reporting, levels of authority, responsibility and accountability is in place for planning, executing, controlling and monitoring business operations to ensure independent and effective stewardship and appropriate segregation of duties for check and balance measures. The prevailing system of checks and balances and review and reconciliation processes are subject to periodic review and improvement to prevent any conflict of interest, material human errors and abuses.

4.2 Control Activities

4.2.1 Established policies and procedures provide guidance and direction for the management of operational and business activities. Processes on the assessment and approval of capital / investment expenditure, evaluation of asset disposal, investment funding, monitoring of the performance of investments and authorisation limits are in place. These processes are periodically reviewed and updated, when required, in accordance with any changes in the Group's business strategy, operations, economic and business environment.

4.2.2 Based on the Group's strategies and risk appetite, the business divisions prepare financial and operating budgets for review by the Management before approval by the Board. Variances between approved budget, operating results and prior period's results are reviewed as part of performance management evaluation in order to formulate remedial and mitigation plans for improvement of financial results. The Management conducts periodic review and update of the Group's cashflow position, contractual and financial commitments, corporate and other operational matters.

4.0 INTERNAL CONTROL SYSTEM (CONT'D)

4.2 Control Activities (Cont'd)

4.2.3 Review and updating of the employee recruitment process, performance evaluation, training and development programmes required are periodically carried out to improve and sustain a competent workforce, talent retention and business continuity. All employees are contractually bound to observe the prescribed standards of business ethics in their conduct at work and their relationships with external parties including customers, suppliers, contractors and other parties.

4.24 The established Anti Bribery and Corruption Policy and the Whistleblowing Policy provide clarity of the processes, protection and confidentiality to whistleblowers. The policies as reported in the Company's website provide an accessible and safe reporting protocol for employees and other stakeholders to report their genuine concerns on any potential or suspected improprieties, malpractices and misconduct within the Group. It reaffirms the Group's ongoing commitment to ensure its business activities are conducted with integrity in an open and transparent manner and in accordance with policies and procedures and applicable laws and regulations.

4.3 Information and Communication Processes

4.3.1 Scheduled Board and Management meetings are conducted at least once every quarterly annually and also on an ad hoc basis, when required, to provide a forum for regular dialogues and feedback in a timely, transparent and confidential manner. The Management updates the Board on any significant changes in the external business environment which may impact business operations.

4.3.2 The business divisions generate financial, management and other relevant reports on a regular and consistent basis. These comprehensive reports enable the Management to perform financial and operational reviews on the respective operating entities for timely decision making and expediting of necessary actions.

4.3.3 The above reports facilitate the Board and Management to assess and conclude if the financial and operational results attained are aligned with the Group's business objectives and goals.

4.4 Planning, Monitoring and Reporting Activities

4.4.1 The Board oversees the performance of the Group's businesses and operations by reviewing regular, comprehensive and up to date information from the Management on finance, operations, economic and market conditions. At the Management and operations meetings, business strategies, financial, operational and external business environment matters are discussed to formulate action plans to address key risk concerns. Direction of risk mitigation measures are finetuned, when required, to ensure action plans are appropriate and adequate in addressing risk factors. Therefore the Board is regularly updated on the status of contractual and financial commitments, risk management, internal controls and other matters.

4.4.2 Based on the risk based annual Audit Plan approved by the Audit Committee, the Internal Audit function carries out scheduled and follow up audits of key business and support divisions. Key audit matters, root cause(s), risk identification and implications, recommendations and management's action plans to address the identified risks are reported to the Audit Committee and Management. Hence the outcome of these audit engagements provide the Board with an independent and balanced assurance on the adequacy and effectiveness of the risk management and internal control environment.

4.4.3 The Group's policies and procedures are subject to periodic review and update by the Management and business divisions to factor in any changes in business, operational, statutory and regulatory requirements with the changing risk environment.

Statement on Risk Management and Internal Control
(Cont'd)

5.0 REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

For the financial year ended 31 March 2023, the External Auditors had performed a limited assurance engagement to report on this Statement on Risk Management and Internal Control for inclusion in the Annual Report. They had reported to the Board that to their best knowledge, nothing came to their attention to believe that this Statement prepared was inconsistent in all material aspects based on the disclosures required by Paragraph 41 and 42 of the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers to be set out, nor is the Statement factually inaccurate.

In accordance with the Malaysian Approved Standards on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Review of Historical Financial Information and AAPG3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report does not require the External Auditors to consider if the Directors' Statement on Risk Management and Internal Controls covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures including the assessment and opinion by the Board of Directors and Management thereon. They are also not required to consider if the said processes reported to manage the key internal control aspects of any potential significant matters as described in the Annual Report will in fact remedy the matters.

6.0 CONCLUSION

For the financial year under review, based on evaluation of the reasonable assurances from the Chief Executive Officer, Chief Financial Officer and other relevant assurance providers, the Board is of the view that, the prevailing risk management and internal control system is operating satisfactorily in all key aspects, with further improvement opportunities. Nevertheless the Board recognises that the risk management and internal control system must continuously evolve in tandem with the changes and challenges in the external business environment from time to time.

Therefore the Board and the Management shall continue to review and implement appropriate measures to reinforce the risk management and internal control environment of the Group.

This Statement was approved by the Board of Directors on 20 July 2023.

SUSTAINABILITY STATEMENT

INTRODUCTION

In line with Bursa Malaysia's Main Market Listing Requirements, Sustainability Reporting Guide and Global Reporting Initiative (GRI) Standards, the Board of Directors ('the Board') is pleased to present its Sustainability Statement for the period from 1st April 2022 to 31st March 2023.

The Statement covers the Group's core business divisions namely, hotel, property and travel and focuses on the operations and management of Avillion Berhad (AVB) and its subsidiary companies which AVB has direct management control. It presents an overview of the Group's sustainability approach and commitments to improve its economic, environmental, social and governance performance which are relevant and appropriate for its business operations.

SUSTAINABILITY OBJECTIVES AND APPROACH

The Board considers sustainability as a healthy, productive and resilient system to support the Group's continuous growth trajectory. The Group's ultimate goal towards achieving its business objectives is to operate its businesses in an economically, environmentally and socially responsible manner with effective governance structure and business ethics in the stakeholders interests. Therefore the Group strives to create long term value creation for its stakeholders by addressing their growing needs for sustainable solutions. The stakeholders comprise namely, the Board of Directors, shareholders, customers, employees, bankers, suppliers and contractors, government and regulatory authorities. The supporting mechanisms adopted by the business and support units include operating systems, policies and procedures, code of business conduct and ethics and risk based audit reviews.

During the financial year under review, while transitioning into the COVID 19 endemic phase, the Group adopted a precautionary approach and various initiatives to manage business disruptions and impact of the pandemic including exploring potential business opportunities, optimising capital expenditure, prudent cost management and employee safety. Going forward, the proactive management of financial and operational challenges with a sustainability mindset will enable the Group to optimise cost structures of projects and manage risks prudently.

SUSTAINABILITY MEASURES

The Group continuously reviews and improves sustainability measures which are integrated in planning and decision making processes to ensure they remain relevant and are effective. At the highest governance level, the Board approves the budgets for sustainability strategies and initiatives and assess their performance and effectiveness. The Audit Committee assist the Board in evaluating the economic, environmental, social and governance risks to ascertain if the existing risk management practices, internal controls and supporting systems are adequate for effective governance structure.

The Management is responsible for overseeing the overall sustainability strategy and implementation across the Group. It supports the Board by ensuring the systems, policies and procedures and other matters relating to sustainability is in place with an effective risk governance structure in order to identify, assess, prioritise, manage and report on key sustainability matters.

The business divisions in consultation with the Management are accountable for driving and monitoring the progress and improvements towards achieving the key sustainability objectives within the Group's business risk appetite. The Anti Bribery and Corruption Policy and Whistleblowing Policy approved by the Board sets out the Group's expectations for all employees to strictly observe the prescribed business ethic standards in their work engagements and relationships with external parties including customers, suppliers, contractors and other parties.

Sustainability Statement
(Cont'd)

STAKEHOLDER ENGAGEMENT

All stakeholders interests form an integral part of the Group's sustainability initiatives. The stakeholder groups comprise those parties who are directly or indirectly impacted by its business operations, or can significantly impact the business operations.

The effectiveness of the sustainability initiatives is dependant on whether the needs of the diverse stakeholder groups can be assessed and successfully addressed. Therefore ongoing engagement activities with the stakeholders are carried out to understand their insights and how their concerns can be addressed to reinforce the sustainability measures. Stakeholders are provided with up to date information to enable them to understand the Group's challenges, ongoing initiatives and objectives with greater clarity.

A summary of the engagement activities held with the respective stakeholders and the Group's responses is as follows:-

Stakeholder	Engagement Approach Including	Engagement Frequency	Stakeholder Expectations	Group's Responses / Initiatives
(a) Board of Directors	• Quarterly Board meetings • Ad hoc channels (eg. meetings, events)	• Quarterly • Annual • As required	• Financial performance & transparency • Business sustainability • Corporate governance • Market position & industry reputation	• Business strategy management, risk assessment & responsible business practices to improve financial performance & sustainable returns • Compliance with policies, procedures & regulatory guidelines
(b) Shareholders & Investors	• Corporate website • Annual & quarterly reports • Corporate announcements • Annual General Meeting • Extraordinary General Meeting	• Quarterly • Annual • As required	• Financial performance & transparency • Business sustainability • Corporate governance • Market position & industry reputation	• Improve growth trajectory to generate sustainable financial returns • Adopt best practices in corporate governance & social responsibility • Shareholder & investor engagement
(c) Financiers	• Corporate website • Annual & quarterly reports • Corporate announcements • Institutional briefings & presentations	• Quarterly • Annual • As required	• Financial performance & transparency • Business sustainability • Corporate governance • Market position & industry reputation • Financier relationship management	• Business strategy management, risk assessment & responsible business practices to improve financial performance & sustainable returns

Stakeholder	Engagement Approach Including	Engagement Frequency	Stakeholder Expectations	Group's Responses / Initiatives
(d) Customers (Existing & Potential)	• Corporate website • Customer relationship management • Customer satisfaction survey / feedback system • Multiple channels (eg. meetings, events, social media)	• Ongoing	• Market position & industry reputation • Product and service innovation, quality, delivery standards & value for money • Customer satisfaction & loyalty • Effective resolution of complains & improvements • Customer safety, property security & data protection	• Performance oriented & service excellence in improving guest experience & satisfaction • Events / competitions • Online / offline communication channels
(e) Employees	• Annual performance review • Training requirement analysis • Management meetings • Multiple channels (eg. meetings, events, departmental briefing, training, team building activities)	• Ongoing	• Financial performance & business direction • Market position & industry reputation • Remuneration, benefits & incentives • Training & career development • Occupational safety & security	• Performance oriented appraisal to inculcate competent work culture • Staff training & development • Meetings / dialogue sessions for employee engagement & feedback • Fair, inclusive & safe working environment
(f) Suppliers / Contractors	• Corporate website • Supplier evaluation • Quotation request • Tender / bidding • Multiple channels (eg. site visits, meetings)	• Ongoing	• Financial performance & business direction • Market position & industry reputation • Ethical & efficient supplier management & collection system	• Manage suppliers & service providers responsibly • Transparent purchasing / procurement policies & procedures • Online / offline communication channels

Sustainability Statement
(Cont'd)

Stakeholder	Engagement Approach Including	Engagement Frequency	Stakeholder Expectations	Group's Responses / Initiatives
(g) Regulatory / Government Authorities	• Corporate website • Reporting • Multiple channels (eg. consultations, meetings, seminars, forums)	• Periodically • As required	• Financial performance & business direction • Market position & industry reputation • Compliance with regulatory/ government authorities' requirements • Regulatory disclosures • Support government policies & initiatives eg. affordable housing	• Annual Report • Compliance with regulatory requirements
(h) Associations/ Media/Local Communities	• Corporate website • Multiple channels (eg. meetings, events, social media)	• Periodically • As required	• Market position & industry reputation • Association & community engagement & support • Ecocentric corporate social responsibility	• Participation in association events & sponsorship programmes • Social contribution, community service programmes & sports events.

ASSESSMENT OF KEY SUSTAINABILITY MATTERS

Review of key sustainability matters is a crucial and ongoing aspect of sustainability management. The Management and respective division heads conduct evaluation of key sustainability areas, risks and opportunities annually or when required to assess areas of improvement in comparison with previous years based on the changing business and risk environment, internal policies, regulatory developments and stakeholders feedback. The objective is to ensure the key sustainability areas remain relevant to the Group and it prioritises by responding to significant matters which have the greatest impact on its business operations and stakeholders.

With the Board's continuing support and the Management's encouraging commitment, the renewed materiality assessment enables the Group to be mindful of the diverse stakeholder expectations and concerns to ensure sustainable value creation. In the pursuit of business objectives and growth, the Group adopts a precautionary approach to minimise any negative environmental and social impact arising.

ASSESSMENT OF KEY SUSTAINABILITY MATTERS (CONT'D)

Based on assessments conducted, the primary sustainability areas of the respective business divisions are as follows:-

Sustainability Area	Hotel	Property	Travel
(a) Economic	• Sustainable business performance & growth • Market presence • Business contingency & crisis response plans • Supplier / contract assessment, negotiation & management	• Sustainable business performance & growth • Market presence • Business contingency & crisis response plans • Supplier / contract assessment, negotiation & management	• Sustainable business performance & growth • Market presence • Business contingency & crisis response plans • Supplier / contract assessment, negotiation & management
(b) Environment	• Resource utilisation initiatives ie. responsible consumption, utility conservation & waste management (reduce, reuse & recycle) • Environmental management on impact of operations & pollution prevention	• Resource utilisation initiatives ie. responsible consumption, utility conservation & waste management (reduce, reuse & recycle) • Environmental management on impact of operations & pollution prevention	• Resource utilisation initiatives ie. responsible consumption & utility conservation (reduce, reuse & recycle) • Environmental management on impact of operations & pollution prevention
(c) Social			
(i) Business Operations	• Customer satisfaction & loyalty • Revenue & reservation system management • Membership programmes • Amenities management • Hotel hygiene & security • Guest safety & data protection • Business operations & cost efficiency.	• Customer satisfaction & loyalty • Quality management (workmanship & design) • Customer safety & data protection • Public safety • Business operations & cost efficiency	• Customer satisfaction & loyalty • Customer safety & data protection • Business operations & cost efficiency
(ii) Employees	• Staff recruitment & talent retention • Staff training & development • Career development • Fair, inclusive & safe working environment	• Staff recruitment & talent retention • Staff training & development • Career development • Fair, inclusive & safe working environment	• Staff recruitment & talent retention • Staff training & development • Career development • Fair, inclusive & safe working environment
(iii) Associations / Media / Local Communities	• Associations of hotel industry / media events & sponsorship programmes • Corporate social responsibility activities	• Infrastructure developments / improvements • Corporate social responsibility activities	• Associations of travel industry / media events & sponsorship programmes • Corporate social responsibility activities

ASSESSMENT OF KEY SUSTAINABILITY MATTERS (CONT'D)

Based on assessments conducted, the primary sustainability areas of the respective business divisions is as follows:- (Cont'd)

Sustainability Area	Hotel	Property	Travel
(d) Governance			
(i) Corporate Governance, Business Transparency & Accountability	• Implement / update policies & procedures for compliance & to ensure sound corporate governance. • Inculcate healthy business practices by complying with approved policies & procedures, Malaysian and other governing laws and regulations	• Implement / update policies & procedures for compliance & to ensure sound corporate governance. • Inculcate healthy business practices by complying with approved policies & procedures, Malaysian and other governing laws and regulations	• Implement / update policies & procedures for compliance & to ensure sound corporate governance. • Inculcate healthy business practices by complying with approved policies & procedures, Malaysian and other governing laws and regulations

CONCLUSION

The sustainability challenge for the Group is to ensure that the sustainability activities remain undisrupted irregardless of changes in the business operating environment and promote a harmonised way of working towards sustainable development. Moving forward, the Group will continue to explore and implement sustainable business practices and processes, as appropriate, to safeguard shareholders' interests and deliver practical and tangible outcomes.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors of the Company are required to prepare the financial statements for each financial year which give a true and fair view of the state of affairs and results of the Company and the Group.

The Directors are responsible for ensuring that the Company and the Group keep proper accounting records to enable the Company and the Group to disclose, with reasonable accuracy and without any material misstatement, the financial position of the Company and the Group as at 31 March 2023 and the financial performance and cash flows of the Company and the Group for the financial year ended on that date.

In preparing the financial statements for the financial year ended 31 March 2023, the Directors have:

(a) adopted the relevant and appropriate accounting policies consistently;
(b) made judgments and estimates that are reasonable and prudent;
(c) adopted applicable accounting standards, subjects to any material departures, if any, which will be disclosed and explained in the financial statements; and
(d) prepared the financial statements on the assumption that the Company and the Group will operate as going concern.

In assessing the adequacy and effectiveness of the system of internal control and accounting control procedures of the Group, the Audit Committee reports to the Board its activities, significant results, findings and the necessary recommendations or changes.

This Statement of Directors' Responsibility has been approved by the Board of Avillion Berhad on 20 July 2023.

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DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services.

The principal activities of its subsidiaries include hotels, resorts, property management, property and resort development, marina, spa, travel and tour operations, provision of management services and investment holding.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

The results of operations of the Group and of the Company for the financial year are as follows:

	Group RM'000	Company RM'000
Loss for the financial year, net of tax	(5,402)	(4,840)
Attributable to:		
Owners of the Company	(4,762)	(4,840)
Non-controlling interests	(640)	-
	(5,402)	(4,840)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 March 2023.

RESERVES OR PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those as disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Tan Sri Dato' Sri Dr. Samsudin Bin Hitam	
Datin Norizan Binti Idris	
Stephen Geh Sim Whye	(Appointed on 12 December 2022)
Taufiq Bin Abdul Khalid	(Appointed on 22 August 2022)
Rungit Singh A/L Jaswant Singh	(Appointed on 22 August 2022)
Hew Thin Chay	(Appointed on 22 August 2022 and resigned on 1 December 2022)
See Ah Sing	(Resigned on 5 August 2022)
Onn Kien Hoe	(Resigned on 10 August 2022)
Datuk Roslan Bin Abdul Rahman	(Resigned on 10 August 2022)

Other than as stated above, the names of directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Chan Mei Han	
Chong Set Fui	
Mohammed Suhaimi Bin Yaacob	
Ahmad Nizam Bin Mohamed Amin	
Muhammad Azrul Bin Abdul Hamid	(Appointed on 16 September 2022)
Chin Qian Hui	(Appointed on 2 June 2023)
Mohd Amzar Bin Mohd Azhar	(Appointed on 2 June 2023)
Lee Swee Chit	(Resigned on 2 June 2023)
See Ah Sing	(Resigned on 17 October 2022)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, none of the directors in office at the end of the financial year had any interest in ordinary shares or debentures of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as shown below) by reason of a contract made by the Company or subsidiary company with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

The directors' benefits of the Company is as follows:

	Company RM'000
Directors of the Company	
Executive directors	
- Other emoluments	168
- Defined contribution plans	6
Non-executive directors	
- Fees	160
- Other emoluments	36
	370

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Company were RM20 million and RM0.05 million respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %	Principal activities
Subsidiaries				
Hotel Division				
Direct subsidiaries				
Fortune Valley Sdn Bhd	Malaysia	100	100	Development and management of hotels
Avillion Hotel Group Sdn Bhd	Malaysia	100	100	Hotel and resort management
Indirect subsidiaries held through Avillion Hotel Group Sdn Bhd				
Avillion Hotels International Sdn Bhd	Malaysia	100	100	Hotel and resort management
Avi Spa Sdn Bhd	Malaysia	100	100	Operate and manage spa and health centre
Avillion Suite Hotel (PD) Sdn Bhd	Malaysia	100	100	Provision of management services for hotel suites and service apartments
Avillion Vista Hotel Sdn Bhd	Malaysia	100	100	Provision of management services for hotel suites and service apartments
Avillion Hotel (KL) Sdn Bhd	Malaysia	100	100	Provision of marketing for resorts and hotels
PT Avillion Indonesia #	Indonesia	100	100	Management and advisory consultancy in hotel, property and tourism industry

SUBSIDIARIES (CONTINUED)

The details of the Company's subsidiaries are as follows (continued):

Name of company	Principal place of business/ Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %	Principal activities
Subsidiaries				
Property Division				
Direct subsidiary				
RPB Development Sdn Bhd	Malaysia	100	100	Hotel and resort development
Indirect subsidiaries held through RPB Development Sdn Bhd				
Mela Lifestyle Sdn Bhd	Malaysia	100	100	Property development
Meridian Haven Sdn Bhd	Malaysia	100	100	Investment holding
Nesline Sdn Bhd	Malaysia	100	100	Investment holding
Festive Place Sdn Bhd	Malaysia	100	100	Development and management of tourism related projects and property investment
Admiral Cove Development Sdn Bhd	Malaysia	80	80	Property and resort development
Admiral Hill Hotel Sdn Bhd	Malaysia	80	80	Property and resort development
Indirect subsidiaries held through Meridian Haven Sdn Bhd				
Golden Envoy (M) Sdn Bhd	Malaysia	100	100	Property development
Indirect subsidiaries held through Nesline Sdn Bhd				
Taman Unik Sdn Bhd	Malaysia	100	100	Investment holding
Indirect subsidiaries held through Festive Place Sdn Bhd				
Vast Access Sdn Bhd	Malaysia	100	100	Investment and property holding
Indirect subsidiaries held through Admiral Cove Development Sdn Bhd				
Admiral Marina Berhad	Malaysia	80	80	Operation of a marina club including berthing facilities
Genius Field Sdn Bhd	Malaysia	80	80	Investment holding

SUBSIDIARIES (CONTINUED)

The details of the Company's subsidiaries are as follows (continued):

Name of company	Principal place of business/ Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %	Principal activities
Subsidiaries				
Travel division				
Direct subsidiaries				
RPB Holdings (Overseas) Limited	British Virgin Islands	100	100	Investment holding
Reliance E-Com Sdn Bhd	Malaysia	100	100	Investment company in relation to electronic commerce
Indirect subsidiaries held through Reliance E-Com Sdn Bhd				
Reliance Shipping & Travel Agencies (Perak) Sdn Bhd	Malaysia	100	100	Investment holding
Indirect subsidiaries held through RPB Holdings (Overseas) Limited				
Reliance Travel Agencies (S) Pte. Ltd *	Singapore	100	100	Travel services, outbound tours and other related services
Vacation Singapore DMC Pte. Ltd *	Singapore	100	100	Travel services, outbound tours and other related services
Australian Vacations Pty Ltd *^	Australia	-	100	Travel services and tours
Reliance Travel (Hong Kong) Limited *	Hong Kong	100	100	Travel services and tours
Vacation Asia (HK) Limited *	Hong Kong	100	100	Travel services and tours
Support Companies				
Direct subsidiary				
RPB Capital Holdings Sdn Bhd *	Malaysia	100	100	Investment holding
Indirect subsidiaries held through RPB Capital Holdings Sdn Bhd				
Read Advertising Sdn Bhd *	Malaysia	100	100	Advertising and media services
OS Resources Sdn Bhd *	Malaysia	100	100	Office services, administrative and provision of information technology products and services and property investment

* Audited by auditors other than Baker Tilly Monteiro Heng PLT.

^ The subsidiary has been dissolved during the financial year. As such, the management accounts had been used for the purpose of consolidation.

Companies not required to be audited in their countries of incorporation. The financial statements have been reviewed for consolidation purposes.

SUBSIDIARIES (CONTINUED)

The auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT have expressed their willingness to continue in office.

The auditors' remuneration of the Group and the Company during the financial year are RM0.33 million and RM0.06 million respectively.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

…………………………………………………………….

TAN SRI DATO' SRI DR. SAMSUDIN BIN HITAM
Director

…………………………………………………………….

STEPHEN GEH SIM WHYE
Director

Kuala Lumpur

Date: 31 July 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2023

		Group		Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	174,832	180,762	99	131
Right-of-use assets	6	49,692	51,919	-	-
Investment properties	7	2,329	2,539	-	-
Investment in associates	8	-	-	-	-
Investment in subsidiaries	9	-	-	210,453	209,497
Inventories	10	55,042	55,311	-	-
Trade and other receivables	11	-	-	-	-
Amount owing by subsidiaries	12(a)	-	-	4,687	4,741
Total non-current assets		281,895	290,531	215,239	214,369
Current assets					
Inventories	10	57,849	57,052	-	-
Trade and other receivables	11	8,081	7,325	21	9
Amount owing by subsidiaries	12(b)	-	-	648	607
Current tax assets		446	216	9	27
Fixed deposits with licensed banks	13	5,244	715	4,644	-
Cash and bank balances	14	5,580	4,465	2,172	2,162
Total current assets		77,200	69,773	7,494	2,805
TOTAL ASSETS		359,095	360,304	222,733	217,174

Statements of Financial Position
(Cont'd)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	15	236,095	236,095	236,095	236,095
Reserves	16	(29,870)	(25,551)	(141,313)	(136,473)
		206,225	210,544	94,782	99,622
Non-controlling interests		2,460	3,100	-	-
TOTAL EQUITY		208,685	213,644	94,782	99,622
Non-current liabilities					
Loans and borrowings	17	52,668	53,817	47,600	48,900
Deferred tax liabilities	18	33,045	34,601	-	-
Amount owing to subsidiaries	12(a)	-	-	27,861	18,276
Total non-current liabilities		85,713	88,418	75,461	67,176
Current liabilities					
Trade and other payables	19	21,890	21,675	6,105	6,043
Contract liabilities	20	3,681	1,117	-	-
Amount owing to subsidiaries	12(b)	-	-	21,259	20,501
Loans and borrowings	17	37,823	35,432	25,126	23,832
Current tax liabilities		1,303	18	-	-
Total current liabilities		64,697	58,242	52,490	50,376
TOTAL LIABILITIES		150,410	146,660	127,951	117,552
TOTAL EQUITY AND LIABILITIES		359,095	360,304	222,733	217,174

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

		Group		Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	21	66,653	32,075	660	660
Cost of sales	22	(26,027)	(9,039)	-	-
Gross profit		40,626	23,036	660	660
Other income		588	1,050	1,566	-
Selling and promotion expenses		(1,425)	(868)	-	-
Administrative expenses		(38,834)	(28,470)	(2,940)	(3,267)
Other expenses		(121)	(292)	-	(6,532)
Operating profit/(loss)		834	(5,544)	(714)	(9,139)
Finance income	23	32	6	837	3,111
Finance costs	24	(6,160)	(5,241)	(4,963)	(4,947)
Loss before tax	25	(5,294)	(10,779)	(4,840)	(10,975)
Income tax (expense)/credit	26	(108)	1,677	-	16
Loss for the financial year		(5,402)	(9,102)	(4,840)	(10,959)
Other comprehensive income/(loss) for the financial year, net of tax:					
Items that will not be reclassified subsequently to profit or loss:					
Revaluation of property,plant and equipment		4	450	-	-
		4	450	-	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation on foreign operation		465	22	-	-
Reclassification adjustments of exchange translation reserve upon deconsolidation of a subsidiary		(26)	-	-	-
		439	22	-	-
Total comprehensive loss for the financial year		(4,959)	(8,630)	(4,840)	(10,959)

Statements of Comprehensive Income
(Cont'd)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Loss attributable to:					
Owners of the Company		(4,762)	(8,960)	(4,840)	(10,959)
Non-controlling interests		(640)	(142)	-	-
		(5,402)	(9,102)	(4,840)	(10,959)
Total comprehensive loss attributable to:					
Owners of the Company		(4,319)	(8,488)	(4,840)	(10,959)
Non-controlling interests		(640)	(142)	-	-
		(4,959)	(8,630)	(4,840)	(10,959)
Loss per ordinary share attributable to Owners of the Company (sen)					
- Basic	27	(0.42)	(0.89)		

The accompanying notes form an integral part of these financial statements.

AVILLION BERHAD

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	|----Attributable to owners of the Company				----|		
	Share capital RM'000	**Foreign currency translation reserve RM'000**	**Revaluation reserve RM'000**	**Accumulated losses RM'000**	**Sub-total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
Group							
At 1 April 2022	236,095	8,795	98,385	(132,731)	210,544	3,100	213,644
Total comprehensive loss for the financial year							
Realisation of revaluation reserve	-	-	(3,721)	3,721	-	-	-
Revaluation during the year	-	-	4	-	4	-	4
Foreign currency translation differences on foreign operations	-	465	-	-	465	-	465
Loss for the financial year	-	-	-	(4,762)	(4,762)	(640)	(5,402)
Total comprehensive loss	-	465	(3,717)	(1,041)	(4,293)	(640)	(4,933)
Transaction with owners							
Deregistration of a subsidiary	-	(26)	-	-	(26)	-	(26)
Total transaction with owners	-	(26)	-	-	(26)	-	(26)
At 31 March 2023	236,095	9,234	94,668	(133,772)	206,225	2,460	208,685

Statements of Changes in Equity
(Cont'd)

	Share capital RM'000	Foreign currency translation reserve RM'000	Revaluation reserve RM'000	Accumulated losses RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
	|-----------------Attributable to owners of the Company-----------------|						
Group							
At 1 April 2021	213,429	8,773	101,657	(127,493)	196,366	3,242	199,608
Total comprehensive loss for the financial year							
Realisation of revaluation reserve	-	-	(3,722)	3,722	-	-	-
Revaluation during the year	-	-	450	-	450	-	450
Foreign currency translation differences on foreign operations	-	22	-	-	22	-	22
Loss for the financial year	-	-	-	(8,960)	(8,960)	(142)	(9,102)
Total comprehensive loss	-	22	(3,272)	(5,238)	(8,488)	(142)	(8,630)
Transaction with owners							
Issue of ordinary shares	22,666	-	-	-	22,666	-	22,666
Total transaction with owners	22,666	-	-	-	22,666	-	22,666
At 31 March 2022	236,095	8,795	98,385	(132,731)	210,544	3,100	213,644

Statements of Changes in Equity
(Cont'd)

	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
Company			
At 1 April 2021	213,429	(125,514)	87,915
Total comprehensive loss for the financial year	-	(10,959)	(10,959)
Transaction with owners			
Issue of ordinary shares	22,666	-	22,666
At 31 March 2022	236,095	(136,473)	99,622
Total comprehensive loss for the financial year	-	(4,840)	(4,840)
At 31 March 2023	236,095	(141,313)	94,782

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from operating activities				
Loss before tax	(5,294)	(10,779)	(4,840)	(10,975)
Adjustments for:				
Depreciation of:				
- property, plant and equipment	7,406	7,387	47	49
- right-of-use assets	2,332	2,223	-	-
- investment properties	52	57	-	-
Gain on disposal of:				
- property, plant and equipment	(54)	-	-	-
- investment properties	(5)	-	-	-
Impairment loss on:				
- investment of subsidiaries	-	-	-	5,884
- trade receivables	104	217	-	-
Written off on:				
- property, plant and equipment	3	40	-	* -
- investment in associates	* -	-	-	-
- amount owing from subsidiary	-	-	-	648
- trade and other receivables	14	15	-	-
COVID-19 related rent concessions income	(113)	(279)	-	-
Waiver of:				
- trade and other payables	-	(398)	-	-
- amount owing to subsidiary	-	-	(1,547)	(2,819)
Net unrealised foreign exchange loss	-	-	592	100
Finance income	(32)	(6)	(837)	(292)
Finance cost	6,160	5,241	4,963	4,947
Operating profit/(loss) before changes in working capital	10,573	3,718	(1,622)	(2,458)

Statements of Cash Flows
(Cont'd)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Cash flows from operating activities (continued)					
Operating profit/(loss) before changes in working capital, brought forward		10,573	3,718	(1,622)	(2,458)
Changes in working capital:					
Inventories		(528)	859	-	-
Trade and other receivables		(874)	(2,838)	(12)	213
Trade and other payables		212	(35)	62	(1,060)
Contract liabilities		2,564	372	-	-
Subsidiaries		-	-	11,188	(6,059)
Net cash from/(used in) operations		11,947	2,076	9,616	(9,364)
Interest paid		(6,160)	(5,241)	(4,959)	(3,876)
Income tax refund		71	389	21	-
Income tax paid		(675)	(109)	(3)	(3)
Net cash from/(used in) operating activities		5,183	(2,885)	4,675	(13,243)
Cash flows from investing activities					
Purchase of property, plant and equipment	(a)	(1,361)	(1,408)	(17)	* -
Proceeds from disposal of property, plant and equipment		54	-	2	-
Proceeds from disposal of investment property		168	-	-	-
Net placement of fixed deposits with licensed bank		142	2	-	-
Interest received from cash held under Housing Development Account		5	(1)	-	-
Net change in cash held under sinking fund		27	58	-	-
Net cash used in investing activities		(965)	(1,349)	(15)	-

Statements of Cash Flows
(Cont'd)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Cash flows from financing activities					
Proceeds from issuance of ordinary shares		-	22,666	-	22,666
Drawdown of term loans	(b)	471	1,028	-	-
Advance repayment to a director	(b)	-	(3,376)	-	(3,376)
Net repayment of term loans	(b)	(4,250)	(1,600)	(4,250)	(1,600)
Net repayment of lease liabilities	(b)	(3,490)	(2,450)	-	-
Net repayment of hire purchase payable	(b)	(52)	-	-	-
Net repayment of revolving credit	(b)	(1,075)	(1,297)	(1,075)	(75)
Net cash (used in)/from financing activities		(8,396)	14,971	(5,325)	17,615
Net changes in cash and cash equivalents		(4,178)	10,737	(665)	4,372
Effect of exchange rate changes		429	20	-	-
Cash and cash equivalents at the beginning of the financial year		(10,206)	(20,963)	(4,445)	(8,817)
Cash and cash equivalents at the end of the financial year		(13,955)	(10,206)	(5,110)	(4,445)
Analysis of cash and cash equivalents					
Cash and bank balances		5,580	4,465	2,172	2,162
Fixed deposits with licensed banks		5,244	715	4,644	-
Bank overdraft		(24,168)	(14,633)	(11,926)	(6,607)
Less:					
- Deposit pledged		(600)	(715)	-	-
- Cash held under sinking fund		(11)	(38)	-	-
		(13,955)	(10,206)	(5,110)	(4,445)

Statements of Cash Flows
(Cont'd)

(a) Purchase of property, plant and equipment

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Purchase of property, plant and equipment	1,361	1,408	17	* -
Cash payments on purchase of property, plant and equipment	1,361	1,408	17	* -

(b) Reconciliation of liabilities arising from financing activities

Group	1 April 2022 RM'000	Non-cash Acquisition RM'000	Non-cash Others RM'000	Drawdown RM'000	Cash flows RM'000	31 March 2023 RM'000
Term loans	61,070	-	-	471	(4,250)	57,291
Lease liabilities	4,071	217	(222)	-	(3,490)	576
Hire purchase payable	-	108	-	-	(52)	56
Revolving credit	9,475	-	-	-	(1,075)	8,400
	74,616	325	(222)	471	(8,867)	66,323

	1 April 2021 RM'000	Non-cash Acquisition RM'000	Non-cash Others RM'000	Drawdown RM'000	Cash flows RM'000	31 March 2022 RM'000
Term loans	61,642	-	-	1,028	(1,600)	61,070
Lease liabilities	4,592	2,208	(279)	-	(2,450)	4,071
Advance from a director	3,376	-	-	-	(3,376)	-
Revolving credit	10,772	-	-	-	(1,297)	9,475
	80,382	2,208	(279)	1,028	(8,723)	74,616

(b) Reconciliation of liabilities arising from financing activities (continued)

Company	1 April 2022 RM'000	Cash flows RM'000	31 March 2023 RM'000
Term loans	56,650	(4,250)	52,400
Revolving credit	9,475	(1,075)	8,400
	66,125	(5,325)	60,800

	1 April 2021 RM'000	Cash flows RM'000	31 March 2022 RM'000
Term loans	58,250	(1,600)	56,650
Advance from a director	3,376	(3,376)	-
Revolving credit	9,550	(75)	9,475
	71,176	(5,051)	66,125

** Representing amount less than RM1,000.*

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

1. CORPORATE INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office and the principal place of business of the Company is located at Unit 8E, Level 8, Wisma YPR, No.1, Lorong Kapar, Off Jalan Syed Putra, 58000 Kuala Lumpur.

The Company's principal activities are investment holding and the provision of management services. The principal activities of its subsidiaries are stated in Note 9 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

The financial statements of the Group and of the Company were authorised for issuance by the Board of Directors in accordance with a resolution of the directors on 31 July 2023.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysia Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Adoption of amendments/improvements to MFRSs and explanation of change in accounting policy

(a) Adoption of amendments/improvements to MFRSs

The Group and of the Company have adopted the following amendments/improvements to MFRSs for the current financial year:

<u>Amendments/Improvements to MFRSs</u>

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 116	Property, Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 141	Agriculture

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of amendments/improvements to MFRSs and explanation of change in accounting policy (continued)

(b) Change in accounting policy

IFRS Interpretations Committee ("IFRIC") Agenda Decision on IAS 7 Statement of Cash Flows ("Agenda Decision")

In April 2022, IFRIC concluded that restrictions on the use of a demand deposit arising from a contract with a third party do not result in the deposit no longer being cash, unless those restrictions change the nature of the deposit in a way that it would no longer meet the definition of cash in IAS 7. Therefore, the demand deposit shall be included as a component of 'cash and cash equivalents' in the statement of cash flows if it meets the definition of cash in IAS 7.

In previous financial years, cash and bank balances with restricted use were not included as a component of 'cash and cash equivalents' in the Group's consolidated statement of cash flows. Upon the adoption of the Agenda Decision, the Group reassessed its cash and bank balances according to the guidance set out therein and concluded that certain cash and bank balances qualify as cash and cash equivalents. Accordingly, the Group has reclassified these cash and bank balances as cash and cash equivalents and has applied this classification retrospectively.

The effects of the adoption of the Agenda Decision on the consolidated statement of cash flows are as follows:

	As previously reported RM'000	Adjustments RM'000	As restated RM'000
<u>Condensed Consolidated Statement of Cash Flows</u>			
Group			
Financial year ended 31 March 2022			
Net cash flows used in investing activities	(1,349)	1	(1,348)
Cash and cash equivalents at 1 April 2021	(21,420)	456	(20,964)
Cash and cash equivalents at 31 March 2022	(10,663)	457	(10,206)

The adoption of the Agenda Decision did not have any financial impact on the consolidated statement of financial position as at 31 March 2022 and consolidated statement of comprehensive income for the financial year then ended.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

(a) The Group and the Company have not adopted the following new MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023#
MFRS 3	Business Combinations	1 January 2023#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2023#
MFRS 9	Financial Instruments	1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2024
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#/ 1 January 2024
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 140	Investment Property	1 January 2023#

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

(b) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs are summarised below.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

In another amendments, an entity is required to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

(b) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs are summarised below. (continued)

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

Amendments to MFRS 112 Income Taxes

The amendments specify how an entity should account for deferred tax on transactions such as leases and decommissioning obligation.

In specified circumstances, MFRS 112 exempts an entity from recognising deferred tax when it recognises assets or liabilities for the first time. There had been some uncertainties about whether the exemption from recognising deferred tax applied to transactions such as leases and decommissioning obligations – transactions for which an entity recognises both an asset and a liability. The amendments clarify that the exemption does not apply and that entity is required to recognise deferred tax on such transactions.

(c) The Group and the Company are currently assessing the impact of initial application of the above applicable new MFRS, and amendments/improvements to MFRSs. Nevertheless, the Group and the Company expect that the initial application is unlikely to have material financial impacts to the current period and prior period financial statements of the Group and the Company.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group and the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

2. BASIS OF PREPARATION (CONTINUED)

2.6 Fundamental accounting principle

The financial statements of the Group and the Company have been 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 assumptions that the Group and the Company will be able to realise its assets and liquidate its liabilities in the normal course of business.

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.

The ability of the Group to continue as a going concern dependent, among others, upon the following:

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

In the events that these are not forthcoming, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Accordingly, the financial statements of the Group may require adjustments relating to the recoverability and classification of recorded assets and liabilities that may be necessary should the Group be unable to continue as going concern.

The Group's performance in hospitality and travel division has improved during the financial year. The Group has reopened its hospitality and travel division in Malaysia, Singapore, Hong Kong and Indonesia, operating at full capacity.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries and associates used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combination (continued)

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of an available-for-sale financial asset or a held for trading financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associates are measured at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.11(b) to the financial statements.

Contributions to subsidiaries are amounts which the Company does not expect repayment in the foreseeable future and are considered as part of the Company's investment in the subsidiaries.

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Foreign currency transactions and operations (continued)

(a) Translation of foreign currency transactions (continued)

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company has applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15 *Revenue from Contracts with Customers.*

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when its business model for managing those assets changes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows (continued):

(i) Financial assets (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- **Amortised cost**

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through other comprehensive income (FVOCI)**

  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a) to the financial statements. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows (continued):

(i) Financial assets (continued)

Debt instruments (continued)

- **Fair value through profit or loss (FVPL)**

  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

  Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows (continued):

(ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 *Financial Instruments* are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 *Financial Instruments* and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

(c) Derecognition

A financial asset or a part of it is derecognised when and only when:

(i) the contractual rights to receive the cash flows from the financial asset expire, or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(c) Derecognition (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition of measurement of impairment losses is in accordance with Note 3.11(b) to the financial statements.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.16 to the financial statements.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Freehold land and buildings are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation on buildings and any accumulated impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the freehold land and buildings does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

The revaluation reserve is transferred to retained earnings as the assets are used. The amount of revaluation reserve transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment (continued)

(b) Subsequent cost

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated.

Property, plant and equipment are depreciated on straight-line basis over the estimated useful lives of the assets using the following annual rates:

Buildings	2%
Condominium	2%
Motor vehicles	10%-20%
Furniture and fittings	10%
Office equipment	10%
Data processing equipment	20%
Electrical installation	10%
Renovation	10%
Boats	15%

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases

(a) Definition of lease

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

(b) Lessee accounting

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use assets and lease liabilities as separate lines in the statements of financial position.

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b) to the financial statements.

Leasehold land is measured at fair value, based on valuations by external independent valuers, less accumulated depreciation on buildings and any accumulated impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the leasehold land and building does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (continued)

(b) Lessee accounting (continued)

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (continued)

(b) Lessee accounting (continued)

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(c) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group and the Company are intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.6(a) to the financial statements, then it classifies the sub-lease as an operating lease.

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. The Group uses the cost model to measure its investment properties after initial recognition. Accordingly, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b) to the financial statements.

Buildings are depreciated on a straight-line basis over their estimated useful lives of 50 years.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.16 to the financial statements.

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of investment properties.

The Group uses the cost model to measure its investment properties after initial recognition. Accordingly, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b) to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value, cost being determined based on specific identification.

Land held for property development

Land held for property development consists of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Cost includes cost of land and attributable development expenditures.

Land held for property development will be reclassified to properties under development when significant development work has been undertaken and is expected to be completed within the normal operating cycle.

Property under development

Cost includes:
- freehold and leasehold rights for land
- amounts paid to contractors for construction
- borrowing costs, planning and design costs, costs for site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative sale value of the property sold.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3.9 Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance).

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a) to the financial statements.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer.

3.10 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Impairment of assets

(a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, financial assets measured at FVOCI, lease receivables, contract assets or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 *Financial Instruments* which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, contract assets and lease receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 *Financial Instruments* to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 to 90 days past due.

The Group and the Company consider a financial asset to be in default when:

- the counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Impairment of assets (continued)

(a) Impairment of financial assets and contract assets (continued)

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default of past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statements of financial position.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Impairment of assets (continued)

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets and investment properties measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Share capital

Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.13 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. The Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3.14 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

For lawsuit provisions, a probability-weighted expected outcome is applied in the measurement, taking into account past court judgements made in similar cases and advice of legal experts.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group and the Company applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics in the property development business if the Group and the Company reasonably expect that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

(a) Hotel and resort

Revenue from the provision of room, food and beverage sales from hotel and resort operations are recognised upon services rendered to the customer.

(b) Travel services and tours

Revenue from group travel services and tours, hotel arrangements and air ticketing are recognised upon services rendered to the customer.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Revenue and other income (continued)

(c) Property development

The Group and the Company develop and sell residential and commercial properties. Contracts with customers may include multiple distinct promises to customers and therefore accounted for as separate performance obligations. In the contract with customer contains more than one performance obligation, when the stand-alone selling price are not directly observable, they are estimated based on expected cost plus margin.

Revenue from residential and commercial properties are recognised as and when the control of the asset is transferred to the customer. Based on the terms of the contract and the laws that apply to the contract, control of the asset is transferred over time as the Group's and the Company's performance does not create an asset with an alternative use to the Group and the Company has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of property development costs incurred for work performed to date bear to the estimated total property development costs (an input method).

The Group and the Company recognised the property revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The performance obligation is determined by the survey of work performed and is determined by the architects and engineers for the stage of completion and the cost charge based on the fixed profit margin on the goods or services transferred.

The consideration is due based on the scheduled payments in the contract, therefore, no element of financing is deemed present. When a particular milestone is reached in excess of the scheduled payments, a contract asset will be recognised for the excess of revenue recognised to date under the input method over the progress billings to-date and include deposits or advances received from customers. When the progress billings to-date and include deposits or advances received from customers exceeds revenue recognised to date then the Group and the Company recognise a contract liability for the difference.

Consistent with market practice, the Group and the Company collect deposit from customers for sale of properties. A contract liability is recognised for the customer deposits as the Group and the Company have obligations to transfer the goods or services to the customer in respect of deposits received. Customer deposits would be recognised as revenue upon transfer of goods or services to the customer.

(d) Sales of completed properties

The Group sells completed properties and the revenue from sales of completed properties is recognised at a point in time when control of the products has been transferred, being when the customers accept the delivery of the goods.

(e) Membership and subscription fees

Membership and subscription fees are recognised over time over the membership and subscription period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Revenue and other income (continued)

(f) Management fee and interest income

Management fee and interest income are recognised on an accrual basis.

(g) Dividend income

Dividend income is accounted for in the profit or loss when the rights to receive have been established.

3.16 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.17 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(i) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Income tax (continued)

(ii) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Where property, plant and equipment and right-of-use assets are carried at fair value in accordance with the accounting policy as disclosed in Note 3.5 to the financial statements, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Income tax (continued)

(ii) Deferred tax (continued)

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

(iii) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.18 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.19 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer of the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

There were no transfers between levels of the fair value hierarchy during the financial year.

3.21 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgements are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

(a) Inventories

Property inventories are stated at the lower of cost and net realisable value.

Significant judgement is required in arriving at the net realisable value, particularly the estimated selling price of property inventories in the ordinary course of the business. The Group has considered all available information, including but not limited to expected sales prices, property market conditions, locations of property inventories and target buyers.

Inventories are reviewed on a regular basis and the Group will make an allowance for excess or obsolete inventories based on the factor above.

The carrying amounts of inventories are disclosed in Note 10 to the financial statements.

(b) Property development revenues

The Group and the Company recognised property development revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the property development costs incurred, the estimated total property development revenue and expenses, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amounts of property development revenues and costs are disclosed in Notes 21 and 22 to the financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

	Buildings RM'000	Freehold land RM'000	Condominium RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Office equipment RM'000	Data processing equipment RM'000	Electrical installation RM'000	Boats RM'000	Renovations RM'000	Total RM'000
Group											
2023											
Valuation/Cost											
At 1 April 2022	169,488	7,650	427	827	9,068	12,289	2,967	1,264	83	21,520	225,583
Additions	-	-	-	-	62	550	127	122	-	500	1,361
Disposal	-	-	-	(218)	-	-	(6)	-	-	-	(224)
Written off	-	-	-	-	-	(29)	-	-	-	-	(29)
Reclassification from right-of-use assets	-	-	-	337	-	-	-	-	-	-	337
Exchange differences	3	-	-	-	7	13	28	-	-	11	62
At 31 March 2023	169,491	7,650	427	946	9,137	12,823	3,116	1,386	83	22,031	227,090
Accumulated depreciation											
At 1 April 2022	5,702	-	69	827	8,784	8,763	2,824	760	76	17,016	44,821
Charge for the financial year	5,754	-	8	67	91	573	74	86	2	751	7,406
Disposal	-	-	-	(218)	-	-	(3)	-	-	-	(221)
Written off	-	-	-	-	-	(26)	-	-	-	-	(26)
Reclassification from right-of-use assets	-	-	-	225	-	-	-	-	-	-	225
Exchange differences	-	-	-	-	7	13	28	-	-	5	53
At 31 March 2023	11,456	-	77	901	8,882	9,323	2,923	846	78	17,772	52,258
Carrying amount											
At 1 April 2022	163,786	7,650	358	-	284	3,526	143	504	7	4,504	180,762
At 31 March 2023	158,035	7,650	350	45	255	3,500	193	540	5	4,259	174,832
Representing											
- cost	-	-	350	45	255	3,500	193	540	5	4,259	9,147
- valuation	158,035	7,650	-	-	-	-	-	-	-	-	165,685
	158,035	7,650	350	45	255	3,500	193	540	5	4,259	174,832

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RM'000	Freehold land RM'000	Condominium RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Office equipment RM'000	Data processing equipment RM'000	Electrical installation RM'000	Boats RM'000	Renovations RM'000	Total RM'000
Group											
2022											
Valuation/Cost											
At 1 April 2021	169,127	7,770	427	827	9,072	13,857	2,968	1,195	83	20,825	226,151
Additions	-	-	-	-	23	554	16	74	-	741	1,408
Written off	-	-	-	-	(28)	(2,124)	(19)	(5)	-	(47)	(2,223)
Revaluation	621	(120)	-	-	-	-	-	-	-	-	501
Reclassification from accumulated depreciation	(269)	-	-	-	-	-	-	-	-	-	(269)
Exchange differences	9	-	-	-	1	2	2	-	-	1	15
At 31 March 2022	169,488	7,650	427	827	9,068	12,289	2,967	1,264	83	21,520	225,583
Accumulated depreciation											
At 1 April 2021	146	-	55	827	8,705	10,329	2,733	683	75	16,320	39,873
Charge for the financial year	5,819	-	14	-	103	542	108	81	1	719	7,387
Written off	-	-	-	-	(25)	(2,111)	(19)	(4)	-	(24)	(2,183)
Reclassification to valuation/cost	(269)	-	-	-	-	-	-	-	-	-	(269)
Exchange differences	6	-	-	-	1	3	2	-	-	1	13
At 31 March 2022	5,702	-	69	827	8,784	8,763	2,824	760	76	17,016	44,821
Carrying amount											
At 1 April 2021	168,981	7,770	372	-	367	3,528	235	512	8	4,505	186,278
At 31 March 2022	163,786	7,650	358	-	284	3,526	143	504	7	4,504	180,762
Representing											
- cost	-	-	358	-	284	3,526	143	504	7	4,504	9,326
- valuation	163,786	7,650	-	-	-	-	-	-	-	-	171,436
	163,786	7,650	358	-	284	3,526	143	504	7	4,504	180,762

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Office equipment RM'000	Furniture and fittings RM'000	Data processing equipment RM'000	Electrical installation RM'000	Renovations RM'000	Total RM'000
Company						
2023						
Cost						
At 1 April 2022	33	102	83	30	314	562
Additions	1	-	16	-	-	17
Disposal	-	-	(4)	-	-	(4)
At 31 March 2023	34	102	95	30	314	575
Accumulated depreciation						
At 1 April 2022	27	78	78	28	220	431
Charge for the financial year	2	10	4	* -	31	47
Disposal	-	-	(2)	-	-	(2)
At 31 March 2023	29	88	80	28	251	476
Carrying amount						
At 1 April 2022	6	24	5	2	94	131
At 31 March 2023	5	14	15	2	63	99
2022						
Cost						
At 1 April 2021	33	102	83	30	314	562
Additions	-	-	-	* -	-	-
Written off	-	-	-	* -	-	-
At 31 March 2022	33	102	83	30	314	562
Accumulated depreciation						
At 1 April 2021	25	68	72	28	189	382
Charge for the financial year	2	10	6	-	31	49
Written off	-	-	-	* -	-	-
At 31 March 2022	27	78	78	28	220	431
Carrying amount						
At 1 April 2021	8	34	11	2	125	180
At 31 March 2022	6	24	5	2	94	131

** Representing amount less than RM1,000.*

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) The details of independent professional valuation of land and buildings are as follows:

Year of valuation	Description of property	Basis of valuation
2022	Land and building	Open market value

(b) Fair value information

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Freehold land	Sales comparison approach	Price per square feet RM52 (2022: RM52)	The higher the price per square feet, the higher the fair value
Building 1	Sales comparison approach	Price per square feet RM110 (2022: RM110)	The higher the price per square feet, the higher the fair value
Building 2	Sales comparison approach	Price per square feet RM261 (2022: RM261)	The higher the price per square feet, the higher the fair value
Building 3	Sales comparison approach	Price per square feet RM350 (2022: RM350)	The higher the construction costs per square feet, the higher the fair value
Building 4	Cost approach	Price per square feet RM89 (2022: RM89)	The higher the cost of replacement per square feet, the higher the fair value
Freehold land and building	Income approach	Estimated higher yield rate per room RM565,000 (2022: RM565,000)	The higher the yield rate per room, the higher the fair value

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Fair value information (continued)

Valuation processes applied by the Group

The fair value of freehold land, building 1, building 2, building 3, and building 4 are determined by external independent valuer, a member of the Institute of Valuers in Malaysia and the fair value of freehold land and building is determined by external independent valuer, a member of the Masyarakat Profesi Penilai Indonesia with appropriate recognised professional qualifications and recent experience in the location and category of property being valued. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size.

Highest and best use

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

(c) Had the revalued land and buildings been carried at historical cost less accumulated depreciation, the net carrying amount of the land and buildings that would have been included in the financial statements of the Group are as follows:

	2023 RM'000	2022 RM'000
Group		
Freehold land	6,223	6,223
Buildings	66,478	68,719
	72,701	74,942

(d) Included in the Group's property, plant and equipment are certain land and buildings with the net carrying amount of RM115.281 million (2022: RM119.765 million) that have been pledged to secure against banking facilities granted to the Group as disclosed in Note 17 to the financial statements.

(e) Included in the Group's property, plant and equipment are certain buildings was registered under the name of third-party amount of RM13.302 million (2022: RM13.336 million).

6. RIGHT-OF-USE ASSETS

(a) The details of right-of-use assets:

	Leasehold lands RM'000	Lease buildings RM'000	Motor vehicles RM'000	Total RM'000
Group				
Valuation/Cost				
2023				
At 1 April 2022	50,600	8,783	337	59,720
Additions	-	217	-	217
Expiration of lease contract	-	(5,012)	-	(5,012)
Reclassification to property, plant and equipment	-	-	(337)	(337)
Exchange differences	-	2	-	2
At 31 March 2023	50,600	3,990	-	54,590
Accumulated depreciation and impairment				
At 1 April 2022	681	6,896	224	7,801
Depreciation	680	1,652	-	2,332
Expiration of lease contract	-	(5,012)	-	(5,012)
Reclassification to property, plant and equipment	-	-	(224)	(224)
Exchange differences	-	1	-	1
At 31 March 2023	1,361	3,537	-	4,898
Carrying amount				
At 1 April 2022	49,919	1,887	113	51,919
At 31 March 2023	49,239	453	-	49,692
Representing				
- cost	-	453	-	453
- valuation	49,239	-	-	49,239

6. RIGHT-OF-USE ASSETS (CONTINUED)

(a) The details of right-of-use assets: (continued)

	Leasehold lands RM'000	Lease buildings RM'000	Motor vehicles RM'000	Total RM'000
Group				
Valuation/Cost				
2022				
At 1 April 2021	50,600	6,585	337	57,522
Additions	-	2,185	-	2,185
Exchange differences	-	13	-	13
At 31 March 2022	50,600	8,783	337	59,720
Accumulated depreciation and impairment				
At 1 April 2021	-	5,413	157	5,570
Depreciation	681	1,475	67	2,223
Exchange differences	-	8	-	8
At 31 March 2022	681	6,896	224	7,801
Carrying amount				
At 1 April 2021	50,600	1,172	180	51,952
At 31 March 2022	49,919	1,887	113	51,919
Representing				
- cost	-	1,887	113	2,000
- valuation	49,919	-	-	49,919

6. RIGHT-OF-USE ASSETS (CONTINUED)

(a) The details of right-of-use assets: (continued)

The Group's leasehold land generally has lease terms of 99 years.

The lease building was mainly for the office space and operation site. The leases for office space and operation site generally have lease term between 2 to 10 years.

Included in the Group's right-of-use assets are certain leasehold lands with the net carrying amount of RM22.492 million (2022: RM22.796 million) that have been pledged to secure against banking facilities granted to the Group as disclosed in Note 17 to the financial statements.

(b) The details of independent professional valuation of the 4 parcels of lands are as follows:

Year of valuation	Description of property	Basis of valuation
2021	Leasehold lands	Open Market Value

(c) **Fair value information**

Fair values of revalued leasehold lands are categorised as follows:

	Group 2023 RM'000	Group 2022 RM'000
Level 3		
Leasehold lands	49,239	49,919

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Leasehold land 1	Sales comparison approach	Price per square feet RM42 (2022: RM42)	The higher the price per square feet, the higher the fair value
Leasehold land 2	Sales comparison approach	Price per square feet RM24 (2022: RM24)	The higher the price per square feet, the higher the fair value

6. RIGHT-OF-USE ASSETS (CONTINUED)

(c) Fair value information (continued)

Valuation processes applied by the Group

The fair value of leasehold lands are determined by external independent valuers, a member of the Institute of Valuers in Malaysia with appropriate recognised professional qualifications and recent experience in the location and category of property being valued. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size.

Highest and best use

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

(d) Had the revalued leasehold lands been carried at historical cost less accumulated depreciation, the net carrying amount of the leasehold lands that would have been included in the financial statements of the Group are as follows:

	2023 RM'000	2022 RM'000
Group		
Leasehold lands	26,528	26,892

7. INVESTMENT PROPERTIES

	Group 2023 RM'000	Group 2022 RM'000
Leasehold properties		
Cost		
At 1 April	3,756	3,756
Disposal	(344)	-
At 31 March	3,412	3,756
Accumulated depreciation		
At 1 April	764	707
Charge for the financial year	52	57
Disposal	(139)	-
At 31 March	677	764
Accumulated impairment loss		
At 1 April	453	453
Disposal	(47)	-
At 31 March	406	453
Carrying amount		
At 31 March	2,329	2,539
Fair value		
At 31 March	2,708	2,685

Fair value information

Valuation processes applied by the Group

The Group's finance department includes a team that performs valuation analysis of investment properties required for financial reporting purposes, including Level 3 fair values. This team reports directly to the management. The fair values are arrived at based on comparisons with prices of similar properties in the same location or adjacent locations. Location differences may significantly affect the estimates of the fair values.

8. INVESTMENT IN ASSOCIATES

	Group 2023 RM'000	Group 2022 RM'000
Unquoted shares, at cost	-	321
Shares of post acquisition reserves	-	(316)
Less:		
Accumulated impairment losses	-	(5)
	-	-

Details of associates are as follows:

Name of company	Principal place of business/ Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %	Principal activities
Vacation Asia (Thailand) Limited	Thailand	-	49	Travel services and tours
Reliance Holidays (Thailand) Limited	Thailand	-	49	Travel services and tours

- These financial statements are not audited by Messrs Baker Tilly Monteiro Heng PLT.
- The Group has discontinued recognised of its share of losses as the share of accumulated losses of the associate has exceeded the Group's investment in that associate.
- The financial year end of the associated company is 31 December.
- The associates have been dissolved during the financial year.

9. INVESTMENT IN SUBSIDIARIES

	Company 2023 RM'000	Company 2022 RM'000
At cost		
Unquoted shares	36,900	36,900
Less: Impairment losses	(10,400)	(10,400)
	26,500	26,500
Loans that are part of net investments	213,606	212,650
Less: Impairment losses	(29,653)	(29,653)
	183,953	182,997
	210,453	209,497

Loans that are part of net investments represent amount owing by subsidiary which is non-trade in nature, unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as long-term source of capital to the subsidiary. As this amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less accumulated impairment loss, if any.

Details of the subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %	Principal activities
Subsidiaries				
Hotel Division				
Direct subsidiaries				
Fortune Valley Sdn Bhd	Malaysia	100	100	Development and management of hotels
Avillion Hotel Group Sdn Bhd	Malaysia	100	100	Hotel and resort management

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name of company	Principal place of business/ Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %	Principal activities
Indirect subsidiaries held through Avillion Hotel Group Sdn Bhd				
Avillion Hotels International Sdn Bhd	Malaysia	100	100	Hotel and resort management
Avi Spa Sdn Bhd	Malaysia	100	100	Operate and manage spa and health centre
Avillion Suite Hotel (PD) Sdn Bhd	Malaysia	100	100	Provision of management services for hotel suites and service apartments
Avillion Vista Hotel Sdn Bhd	Malaysia	100	100	Provision of management services for hotel suites and service apartments
Avillion Hotel (KL) Sdn Bhd	Malaysia	100	100	Provision of marketing for resorts and hotels
PT Avillion Indonesia #	Indonesia	100	100	Management and advisory consultancy in hotel, property and tourism industry
Property Division				
Direct subsidiary				
RPB Development Sdn Bhd	Malaysia	100	100	Hotel and resort development
Indirect subsidiaries held through RPB Development Sdn Bhd				
Mela Lifestyle Sdn Bhd	Malaysia	100	100	Property development
Meridian Haven Sdn Bhd	Malaysia	100	100	Investment holding
Nesline Sdn Bhd	Malaysia	100	100	Investment holding
Festive Place Sdn Bhd	Malaysia	100	100	Development and management of tourism related projects and property investment
Admiral Cove Development Sdn Bhd	Malaysia	80	80	Property and resort development
Admiral Hill Hotel Sdn Bhd	Malaysia	80	80	Property and resort development

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name of company	Principal place of business/ Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %	Principal activities
Indirect subsidiaries held through Meridian Haven Sdn Bhd				
Golden Envoy (M) Sdn Bhd	Malaysia	100	100	Property development
Indirect subsidiaries held through Nesline Sdn Bhd				
Taman Unik Sdn Bhd	Malaysia	100	100	Investment holding
Indirect subsidiaries held through Festive Place Sdn Bhd				
Vast Access Sdn Bhd	Malaysia	100	100	Investment and property holding
Indirect subsidiaries held through Admiral Cove Development Sdn Bhd				
Admiral Marina Berhad	Malaysia	80	80	Operation of a marina club including berthing facilities
Genius Field Sdn Bhd	Malaysia	80	80	Investment holding
<u>Travel division</u>				
Direct subsidiaries				
RPB Holdings (Overseas) Limited	British Virgin Islands	100	100	Investment holding
Reliance E-Com Sdn Bhd	Malaysia	100	100	Investment company in relation to electronic commerce
Indirect subsidiaries held through Reliance E-Com Sdn Bhd				
Reliance Shipping & Travel Agencies (Perak) Sdn Bhd	Malaysia	100	100	Investment holding

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name of company	Principal place of business/ Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %	Principal activities
Travel Division				
Indirect subsidiaries held through RPB Holdings (Overseas) Limited				
Reliance Travel Agencies (S) Pte. Ltd *	Singapore	100	100	Travel services, outbound tours and other related services
Vacation Singapore DMC Pte. Ltd *	Singapore	100	100	Travel services, outbound tours and other related services
Australian Vacations Pty Ltd *^	Australia	-	100	Travel services and tours
Reliance Travel (Hong Kong) Limited *	Hong Kong	100	100	Travel services and tours
Vacation Asia (HK) Limited *	Hong Kong	100	100	Travel services and tours
Support Companies				
Direct subsidiary				
RPB Capital Holdings Sdn Bhd *	Malaysia	100	100	Investment holding
Indirect subsidiaries held through RPB Capital Holdings Sdn Bhd				
Read Advertising Sdn Bhd *	Malaysia	100	100	Advertising and media services
OS Resources Sdn Bhd *	Malaysia	100	100	Office services, administrative and provision of information technology products and services and property investment

* Companies audited by another firm of auditors other than Baker Tilly Monteiro Heng PLT.

^ The subsidiary has been dissolved during the financial year. As such, the management accounts had been used for the purpose of consolidation.

Companies not required to be audited in their countries of incorporation. The financial statements have been reviewed for consolidation purposes.

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The Group's subsidiaries that have material non-controlling interest ("NCI") are as follows:

(a) NCI percentage of ownership, interest and voting interest

	Admiral Cove Development Sdn Bhd RM'000	Admiral Hill Hotel Sdn Bhd RM'000	Total RM'000
2023			
	20%	20%	
Carrying amount of NCI	2,478	(18)	2,460
Loss allocated to NCI	(519)	(121)	(640)
2022			
	20%	20%	
Carrying amount of NCI	2,997	103	3,100
Loss allocated to NCI	(49)	(93)	(142)

(b) Summarised statements of financial position

	Admiral Cove Development Sdn Bhd RM'000	Admiral Hill Hotel Sdn Bhd RM'000
2023		
Total assets	113,878	8,323
Total liabilities	(101,495)	(8,412)
Net assets	12,383	(89)
2022		
Total assets	116,437	8,406
Total liabilities	(101,459)	(7,889)
Net assets	14,978	517

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The Group's subsidiaries that have material non-controlling interest ("NCI") are as follows: (continued)

(c) Summarised statements of comprehensive income

	Admiral Cove Development Sdn Bhd RM'000	Admiral Hill Hotel Sdn Bhd RM'000
2023		
Revenue	10,055	-
Loss before tax	(2,695)	(606)
Income tax expense	99	-
Net loss for the year	(2,596)	(606)
Loss for the year allocated to NCI	(519)	(121)
2022		
Revenue	7,708	-
Loss before tax	(338)	(466)
Income tax expense	96	-
Net loss for the year	(242)	(466)
Loss for the year allocated to NCI	(49)	(93)

(d) Summarised statements of cash flow

	Admiral Cove Development Sdn Bhd RM'000	Admiral Hill Hotel Sdn Bhd RM'000
2023		
Cash flow used in operating activities	(314)	-
Cash flow from investing activities	102	-
2022		
Cash flow from operating activities	282	-
Cash flow used in investing activities	(95)	-

10. INVENTORIES

	Note	Group 2023 RM'000	Group 2022 RM'000
At cost:			
Non-current			
Property held for development	(a)		
- Freehold land		12,902	12,902
- Leasehold land		14,972	14,972
- Development costs		27,168	27,437
		55,042	55,311
Current			
Property under development	(b)		
- Freehold land		31,969	31,969
- Development costs		13,660	11,986
Completed properties	(c)	11,600	12,550
Trading merchandise		380	252
Others		240	295
		57,849	57,052
		112,891	112,363

(a) Property held for development with a total carrying amount of RM17.382 million (2022: RM7.455 million) have been pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Note 17 to financial statements.

(b) Property under development with a total carrying amount of RM17.249 million (2022: RM17.331 million) have been pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Note 17 to financial statements.

(c) Completed properties with a total carrying amount of RM5.355 million (2022: RM5.355 million) have been pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Note 17 to financial statements.

(d) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year in respect of continuing operations was RM12.269 million (2022: RM5.210 million) respectively.

11. TRADE AND OTHER RECEIVABLES

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Non-current:				
Non-trade				
Other receivables	3,392	3,392	3,392	3,392
Less: Impairment losses	(3,392)	(3,392)	(3,392)	(3,392)
	-	-	-	-
Total other receivables (non-current)	-	-	-	-
Current:				
Trade				
Trade receivables	5,645	4,923	-	-
Less: Impairment losses	(474)	(370)	-	-
	5,171	4,553	-	-
Non-trade				
Other receivables	3,413	3,451	2,326	2,316
Deposits and prepayments	1,813	1,637	11	9
	5,226	5,088	2,337	2,325
Less: Impairment losses	(2,316)	(2,316)	(2,316)	(2,316)
	2,910	2,772	21	9
Total trade and other receivables (current)	8,081	7,325	21	9
Total trade and other receivables (current and non-current)	8,081	7,325	21	9

Trade receivables are non-interest bearing and normal credit terms offered by the Group and the Company range from 30 days to 90 days (2022: 30 days to 90 days).

The Group and the Company apply the simplified approach to trade receivables and general approach to other receivables measuring expected credit losses.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables is as follows:

	Group 2023 RM'000	Group 2022 RM'000
At 1 April	370	153
Charge for the financial year	104	217
At 31 March	474	370

12. AMOUNT OWING BY/(TO) SUBSIDIARIES

(a) The amount due by/(to) subsidiaries are unsecured, non-interest bearing, not expected to be repayable within the next 12 months.

(b) The amount due by/(to) subsidiaries are unsecured, non-interest bearing and repayable on demand.

13. FIXED DEPOSITS WITH LICENSED BANK

The fixed deposits have been pledged to banks from banking facilities granted to certain subsidiaries and hence, are not available for general use.

The range of effective interest rates at the end of the financial year for fixed deposits with licensed banks are 2.30% - 2.70% (2022: 1.90% - 2.00%). The deposits have maturity period of 1 month (2022: 6 months).

14. CASH AND BANK BALANCES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash held pursuant to Section 7A of the Housing Development * (Control and Licensing) Act, 1966	185	457	-	-
Cash maintained in debt service reserve account	2,629	2,629	2,156	2,156
Cash held under sinking fund *	11	38	-	-
	2,825	3,124	2,156	2,156

* Restricted from general use

15. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amounts	
	2023 Units ('000)	2022 Units ('000)	2023 RM'000	2022 RM'000
Issued and fully paid up (no par value):				
At 1 April / 31 March	1,133,288	1,133,288	236,095	236,095

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

16. RESERVES

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Foreign currency translation reserve	(a)	9,234	8,795	-	-
Revaluation reserve	(b)	94,668	98,385	-	-
		103,902	107,180	-	-
Accumulated losses		(133,772)	(132,731)	(141,313)	(136,473)
		(29,870)	(25,551)	(141,313)	(136,473)

(a) Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as the foreign currency differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation or another currency.

16. RESERVES (CONTINUED)

(b) Revaluation reserve

	Group	
	2023 RM'000	2022 RM'000
At 1 April	98,385	101,657
Revaluation surplus	-	501
Deferred tax liabilities relating to revaluation reserve	4	(51)
Realisation of revaluation reserve	(3,721)	(3,722)
At 31 March	94,668	98,385

Revaluation reserve relates to the revaluation of the Group's land and buildings, net of tax.

17. LOANS AND BORROWINGS

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current:					
Term loans	(a)	52,491	53,320	47,600	48,900
Lease liabilities	(b)	173	497	-	-
Hire purchase payable	(c)	4	-	-	-
		52,668	53,817	47,600	48,900
Current:					
Bank overdraft					
- Secured	(d)	24,168	13,019	11,926	4,993
- Unsecured		-	1,614	-	1,614
Term loans	(a)	4,800	7,750	4,800	7,750
Lease liabilities	(b)	403	3,574	-	-
Hire purchase payable	(c)	52	-	-	-
Revolving credit	(d)	8,400	9,475	8,400	9,475
		37,823	35,432	25,126	23,832
Total loans and borrowings:					
Bank overdraft					
- Secured	(d)	24,168	13,019	11,926	4,993
- Unsecured		-	1,614	-	1,614
Term loans	(a)	57,291	61,070	52,400	56,650
Lease liabilities	(b)	576	4,071	-	-
Hire purchase payable	(c)	56	-	-	-
Revolving credit	(d)	8,400	9,475	8,400	9,475
		90,491	89,249	72,726	72,732

17. LOANS AND BORROWINGS (CONTINUED)

(a) Term loans

The Company has been granted with term loans as follows:

Term loan 1 of the Company of RM70 million from financial institution for a period of 13 years is to refinance the overdraft and term loan. The repayment is by quarterly instalment commencing upon expiry of the 12 months grace period from the date of first drawdown. The effective interest rate is at 0.50% per annum above the Bank's Cost of Funds and is secured as follows:

(i) Legal charge over properties of a subsidiary as disclosed in Note 5 to the financial statements;
(ii) Legal charge over inventories of subsidiaries as disclosed in Note 10 to the financial statements;
(iii) Debenture over fixed and floating assets; and
(iv) Corporate guarantee by a subsidiary of the Company.

Term loan 2 of the Company of RM12 million from financial institution for a period of 3 years is to refinance the term loan and working capital. The repayment is by quarterly instalment commencing upon expiry of the 6 months grace period from the date of first drawdown. The effective interest rate is at 9% per annum and is secured over inventories of subsidiaries.

A subsidiary has been granted with term loan as follows:

Term loan 3 of a subsidiary of RM12.5 million from financial institution is to finance refurbishment and maintenance and repair related cost at Avillion Port Dickson Resort. The repayment is by instalment commencing on July 2024. The interest rate is at 0.50% per annum above the Bank's Cost of Funds and is secured and supported as follows:

(i) Legal charge over property of the subsidiary as disclosed in Note 5 to the financial statements;
(ii) Debenture over fixed and floating assets; and
(iii) Corporate guarantee by the Company.

17. LOANS AND BORROWINGS (CONTINUED)

(b) Lease liabilities

Future minimum lease payments under leases together with the present value of net minimum lease payments are as follows:

	Group	
	2023 RM'000	2022 RM'000
Minimum lease payment:		
Not later than one year	437	3,723
Later than one year and not later than 5 years	188	546
Later than 5 years	-	-
	625	4,269
Less: Future finance charges	(49)	(198)
Present value of minimum lease payments	576	4,071
Present value of minimum lease payments:		
Not later than one year	403	3,574
Later than one year and not later than 5 years	173	497
Later than 5 years	-	-
	576	4,071
Less: Amount due within 12 months	(403)	(3,574)
Amount due after 12 months	173	497

(c) Hire purchase payables

Hire purchase payables of the Group bears interest ranging from 4.92% (2022: 4.92%) per annum and are secured by the Group's motor vehicles under hire purchase arrangements.

(d) Bank overdraft and revolving credit

Bank overdraft and revolving credit are secured by way of:

(i) Legal charge over inventories of subsidiaries as disclosed in Note 10 to the financial statements;
(ii) Legal charge over leasehold lands of subsidiaries as disclosed in Note 6 to the financial statements;
(iii) Legal charge over investment property of a subsidiary as disclosed in Note 7 to the financial statements;
(iv) Corporate guarantee by the Company and the Group; and
(v) Pledge of short-term deposits as disclosed in Note 13 to the financial statements.

18. DEFERRED TAX LIABILITIES

The component and movements of deferred tax assets and liabilities of the Group and the Company during the financial year are as follows:

	Revaluation of land and buildings RM'000	Property, plant and equipment RM'000	Total RM'000
Group			
At 1 April 2021	29,999	6,625	36,624
Recognised in other comprehensive income	50	-	50
Recognised in profit or loss (Note 26)	(1,176)	(897)	(2,073)
At 31 March 2022	28,873	5,728	34,601
Recognised in other comprehensive income	(4)	-	(4)
Recognised in profit or loss (Note 26)	(1,175)	(377)	(1,552)
At 31 March 2023	27,694	5,351	33,045

	Property, plant and equipment RM'000	Total RM'000
Company		
At 1 April 2021	16	16
Recognised in profit or loss (Note 26)	(16)	(16)
At 31 March 2022/31 March 2023	-	-

18. DEFERRED TAX LIABILITIES (CONTINUED)

Unrecognised deferred tax assets

The tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of 31 March 2023, the estimated amount of deferred tax assets calculated at the applicable tax rate, which is not recognised in the financial statements due to uncertainty of its realisation is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Tax effects of unused tax losses	45,351	43,893	11,789	10,645
Tax effects of unabsorbed capital allowance	92	76	28	19
Tax effects of other deductible differences	284	522	(23)	(31)
	45,727	44,491	11,794	10,633

Pursuant to Section 8 of the Finance Act 2022 (Act 833), the amendment to Section 44(5F) of Income Tax Act 1967, the time limit on the carried forward unused tax losses has been extended to maximum 10 consecutive years. This amendment is deemed to have effect for the year of assessment 2019 and subsequent year of assessment.

Furthermore, unutilised business losses brought forward from year of assessment 2018 can be carried forward for another 10 consecutive years of assessment (i.e. from year of assessments 2019 to 2028).

The unused tax losses are available indefinitely for offset against future taxable profits of the Group except for certain unused tax losses which are available for utilisation up to the following financial years:

	2023	
	Group RM'000	Company RM'000
Unused tax losses arising from local entities		
Year of assessments:		
2025	7,776	-
2028	13,498	7,926
2029	3,391	1,426
2030	2,063	114
2031	1,168	528
2032	1,672	651
2033	-	1,144
	29,568	11,789

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade				
Trade payables	7,056	7,837	-	-
Non-trade				
Other payables	5,500	6,864	3,698	3,564
Accrued expenses	4,746	3,198	407	479
Deposit payables	4,588	3,776	2,000	2,000
	21,890	21,675	6,105	6,043

Trade payables are non-interest bearing and the normal credit period granted to the Group range from 30 days to 90 days (2022: 30 days to 90 days).

20. CONTRACT LIABILITIES

	Group	
	2023 RM'000	2022 RM'000
Contract liabilities relating to property development	2,311	914
Contract liabilities relating to hotel and resort management	1,370	203
	3,681	1,117

(i) Significant changes in contract balances

	2023 Contract liabilities (Increase)/ decrease	2022 Contract liabilities (Increase)/ decrease
Revenue recognised that was included in contract liability beginning of the financial year	1,117	745
Increase due to consideration received from customers, but revenue not recognised	(3,681)	(1,117)

21. REVENUE

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Hotel and resort management	38,909	21,767	-	-
Property development	13,606	7,774	-	-
Tours operations and other travel related services	14,138	2,534	-	-
Management fee	-	-	660	660
	66,653	32,075	660	660
Timing of revenue recognition:				
At a point in time	62,301	31,149	660	660
Over time	4,352	926	-	-
	66,653	32,075	660	660

Disaggregation of revenue

The Group and the Company report the following major segments: hotel management, property development, travel and support services and group management in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into major goods or services, timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

22. COST OF SALES

	Group	
	2023	**2022**
	RM'000	**RM'000**
Hotel and resort management	6,992	3,831
Property development	7,875	2,907
Tours operations and other travel related services	11,160	2,301
	26,027	9,039

23. FINANCE INCOME

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest income from short term deposits	32	6	24	-
Interest income on financial instruments measured at amortised cost	-	-	813	3,111
	32	6	837	3,111

24. FINANCE COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expense on:				
- Term loan	3,829	2,854	3,485	2,609
- Bank overdrafts	1,416	1,360	717	539
- Revolving credit	757	705	757	628
- Lease liabilities	152	263	-	-
- Hire purchase payable	6	3	-	-
- Unwinding of discount on amount owing from a subsidiary	-	-	4	1,071
- Others	-	56	-	100
	6,160	5,241	4,963	4,947

25. LOSS BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at loss before tax:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
After charging:				
Auditors' remuneration:				
- statutory audit				
- current year	330	333	62	60
- prior year	1	(128)	2	(28)
- non-statutory audit	12	12	12	12
Depreciation of:				
- property, plant and equipment	7,406	7,387	47	49
- right-of-use assets	2,332	2,223	-	-
- investment properties	52	57	-	-
Impairment loss on:				
- investment in subsidiaries	-	-	-	5,884
- trade and other receivables	104	217	-	-
Loss on deconsolidation of subsidiaries	-	20	-	-
Written off on:				
- property, plant and equipment	3	40	-	-
- amount owing from subsidiary	-	-	-	648
- trade and other receivables	14	15	-	-
Net unrealised foreign exchange loss	-	-	592	100
Expenses relating to short term and low value assets	572	350	-	-
Directors' remuneration:				
- fees	160	150	160	150
- other emoluments	204	329	204	329
- defined contribution plans	6	12	6	12
Staff cost:				
- short term benefits	14,266	6,620	936	448
- defined contribution plans	1,349	938	98	49
And crediting:				
Gain on disposal of:				
- property, plant and equipment	54	-	-	-
- investment properties	5	-	-	-
Waiver of:				
- trade and other payables	-	398	-	-
- amount owing to subsidiary	-	-	1,547	2,819
COVID-19 related rent concessions income	113	279	-	-

26. INCOME TAX (EXPENSE)/CREDIT

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Current income tax charge	(1,931)	(390)	-	-
- Over/(under) provision in prior year	271	(6)	-	-
	(1,660)	(396)	-	-
Deferred tax: (Note 18)				
- Current	1,501	1,117	-	-
- Overprovision in prior year	51	956	-	16
	1,552	2,073	-	16
Income tax credit recognised in profit or loss	(108)	1,677	-	16

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2022: 24%) of the estimated assessable profit for the financial year.

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Loss before tax	(5,294)	(10,779)	(4,840)	(10,975)
Tax at Malaysian statutory income tax rate of 24% (2022: 24%)	1,271	2,587	1,162	2,634
Different tax rates in other countries	57	(106)	-	-
Tax effects arising from:				
- Non-deductible expenses	(3,468)	(3,749)	(1,460)	(3,215)
- Income not subject to tax	716	1,110	577	747
- Origination of deferred tax assets not recognised	(181)	(291)	(279)	(166)
- Crystallisation of deferred tax liabilities	1,175	1,176	-	-
- Over provision in prior year	322	950	-	16
Income tax credit	(108)	1,677	-	16

27. LOSS PER SHARE

Basic loss per ordinary share

Basic loss per share is based on the loss for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2023	**2022**
Loss attributable to owners of the Company (RM'000)	(4,762)	(8,960)
Weighted average number of ordinary shares in issue (unit '000)	1,133,288	1,008,945
Basic loss per ordinary share (sen)	(0.42)	(0.89)

Diluted loss per ordinary share

Diluted loss per ordinary share is based on the loss for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The basic and diluted loss per ordinary share are equal as the Group has no dilutive potential ordinary share(s).

28. FINANCIAL GUARANTEE

	Company	
	2023	**2022**
	RM'000	**RM'000**
Corporate guarantee given by the Company to banks for credit facilities granted to the subsidiaries	16,634	18,420

29. RELATED PARTIES

(a) Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

(i) Company's holding company;
(ii) Entities having significant influence over the Group;
(iii) Subsidiaries;
(iv) Entities in which directors have substantial financial interests; and
(v) Key management personnel of the Group's and the Company's holding company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Company	
	2023 RM'000	2022 RM'000
Subsidiaries		
Management fee received	660	660

(c) Compensation of key management personnel

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Short-term employee benefits	2,004	1,340	999	613
Contributions to EPF	176	112	88	38
	2,180	1,452	1,087	651

30. SEGMENT INFORMATION

The Group prepared the segment information in accordance with MFRS 8 *Operating Segments* and on the basis of internal reports on the Group's strategic business units which are regularly reviewed by the Board of Directors in order to allocate resources to the segments and to assess their performances.

For management purposes, the Group is organised into the following operating divisions:
- Hotel management
- Property development
- Travel
- Support services and group management

Factors used to identify reportable segment

Hotel management segment, property development segment, travel segment and support services and group management segment are organised and identified as separate reportable segments due to the nature of the principal activities in which the business operates.

Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the directors.

Segment liabilities

The total segment liability is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the directors.

30. SEGMENT INFORMATION (CONTINUED)

	Hotel management		Property	Travel		Support services and group		
	Malaysia RM'000	Overseas RM'000	development RM'000	Malaysia RM'000	Overseas RM'000	management RM'000	Elimination RM'000	Total RM'000
Group								
2023								
Segment assets and liabilities								
Assets								
Segment assets	164,013	608	173,928	135	4,080	16,331	-	359,095
Liabilities								
Segment liabilities	22,876	618	9,064	15	3,469	80,020	-	116,062
Current tax liabilities								1,303
Deferred tax liabilities								33,045
Total liabilities								150,410
Additions to non-current assets (other than financial instruments and deferred tax assets):								
- Property, plant and equipment	1,253	9	68	-	14	17	-	1,361
- Right-of-use assets	-	-	-	-	217	-	-	217
	1,253	9	68	-	231	17	-	1,578

30. SEGMENT INFORMATION (CONTINUED)

	Hotel management		Property	Travel		Support services and group			
	Malaysia RM'000	Overseas RM'000	development RM'000	Malaysia RM'000	Overseas RM'000	management RM'000	Elimination RM'000	Notes	Total RM'000
Group									
2023									
Revenue									
External	38,769	140	13,606	-	14,138	-	-		66,653
Inter-segment	3,205	-	-	-	-	1,211	(4,416)	(a)	-
	41,974	140	13,606	-	14,138	1,211	(4,416)		66,653
Results									
Segment loss	4,459	(333)	(3,413)	(39)	(308)	(5,660)	-		(5,294)
Loss before taxation									(5,294)
Income tax expense	(185)	-	84	1	-	(8)	-		(108)
Loss for the financial year									(5,402)
Income:									
Gain on disposal of:									
- plant and equipment	54	-	-	-	-	-	-		54
- investment properties	-	-	5	-	-	-	-		5
Interest income	-	-	7	-	1	24	-		32

30. SEGMENT INFORMATION (CONTINUED)

	Hotel management		Property	Travel		Support services			
	Malaysia RM'000	Overseas RM'000	development RM'000	Malaysia RM'000	Overseas RM'000	and group management RM'000	Elimination RM'000	Notes	Total RM'000
Group									
2023									
Expense:									
Depreciation of:									
- Property, plant and equipment	5,941	26	1,277	18	54	90	-		7,406
- Right-of-use assets	1,825	44	377	-	86	-	-		2,332
- Investment properties	-	-	52	-	-	-	-		52
Staff cost:									
- Short term benefits	9,239	66	2,912	-	1,217	832	-		14,266
- Defined benefit plans	852	-	302	-	82	113	-		1,349
Written off on:									
- Property, plant and equipment	-	-	3	-	-	-	-		3
- Trade receivables	-	-	14	-	-	-	-		14
Impairment loss on trade and other receivables	-	-	104	-	-	-	-		104

30. SEGMENT INFORMATION (CONTINUED)

	Hotel management		Property	Travel		Support services		
	Malaysia RM'000	Overseas RM'000	development RM'000	Malaysia RM'000	Overseas RM'000	and group management RM'000	Elimination RM'000	Total RM'000
Group								
2022								
Segment assets and liabilities								
Assets								
Segment assets	169,811	662	174,582	159	3,306	11,784	-	360,304
Liabilities								
Segment liabilities	19,840	500	8,281	22	3,834	79,564	-	112,041
Current tax liabilities								18
Deferred tax liabilities								34,601
Total liabilities								146,660
Additions to non-current assets (other than financial instruments and deferred tax assets):								
- Property, plant and equipment	1,398	-	10	-	-	-	-	1,408
- Right-of-use assets	2,185	-	-	-	-	-	-	2,185
	3,583	-	10	-	-	-	-	3,593

30. SEGMENT INFORMATION (CONTINUED)

	Hotel management Malaysia RM'000	Hotel management Overseas RM'000	Property development RM'000	Travel Malaysia RM'000	Travel Overseas RM'000	Support services and group management RM'000	Elimination RM'000	Notes	Total RM'000
Group									
2022									
Revenue									
External	21,767	-	7,774	-	2,534	-	-		32,075
Inter-segment	-	-	-	-	-	1,169	(1,169)	(a)	-
	21,767	-	7,774	-	2,534	1,169	(1,169)		32,075
Results									
Segment loss	(1,662)	(228)	(1,451)	(869)	(759)	(5,810)	-		(10,779)
Loss before taxation									(10,779)
Income tax expense	1,579	-	81	1	-	16	-		1,677
Loss for the financial year									(9,102)
Income:									
Interest income	-	-	5	-	1	-	-		6
Waiver of trade payables	-	-	-	-	398	-	-		398

30. SEGMENT INFORMATION (CONTINUED)

	Hotel management		Property	Travel		Support services and group			
	Malaysia RM'000	Overseas RM'000	development RM'000	Malaysia RM'000	Overseas RM'000	management RM'000	Elimination RM'000	Notes	Total RM'000
Group									
2022									
Expense:									
Depreciation of:									
- Property, plant and equipment	5,884	-	1,306	14	60	123	-		7,387
- Right-of-use assets	1,803	43	377	-	-	-	-		2,223
- Investment properties	-	-	57	-	-	-	-		57
Staff cost:									
- Short term benefits	3,864	38	1,613	-	555	550	-		6,620
- Defined benefit plans	608	-	213	-	57	60	-		938
Written off on:									
- Property, plant and equipment	5	-	-	-	35	-	-		40
- Trade receivables	10	-	5	-	-	-	-		15
Impairment loss on trade and other receivables	-	-	217	-	-	-	-		217
Loss on deconsolidation of subsidiaries	-	-	2	(85)	-	103	-		20

30. SEGMENT INFORMATION (CONTINUED)

Notes

Nature of elimination to arrive at amounts reported in the consolidated financial statements:

(a) Inter-segment revenue is eliminated on consolidation.

31. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The following table analyses the financial instruments in the statement of financial position by the classes of are financial instruments to which they are assigned as financial assets and financial liabilities at amortised cost ("AC").

	RM'000	RM'000
Group		
2023		
Financial assets		
Trade and other receivables *	6,985	6,985
Fixed deposits with licensed banks	5,244	5,244
Cash and bank balances	5,580	5,580
	17,809	17,809
Financial liabilities		
Loans and borrowings	89,915	89,915
Trade and other payables ^	21,602	21,602
	111,517	111,517
2022		
Financial assets		
Trade and other receivables *	6,349	6,349
Fixed deposits with licensed banks	715	715
Cash and bank balances	4,465	4,465
	11,529	11,529
Financial liabilities		
Loans and borrowings	89,249	89,249
Trade and other payables ^	21,314	21,314
	110,563	110,563

** Exclude prepayments and GST refundable.*
^ Exclude SST payable.

31. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (continued)

The financial instruments in the statement of financial position are being assigned as financial assets and financial liabilities at amortised cost ("AC"). (continued)

	Carrying amount RM'000	AC RM'000
Company		
2023		
Financial assets		
Trade and other receivables *	9	9
Amount owing by subsidiaries	5,335	5,335
Fixed deposits with licensed banks	4,644	4,644
Cash and bank balances	2,172	2,172
	12,160	12,160
Financial liabilities		
Loans and borrowings	72,726	72,726
Trade and other payables	6,105	6,105
Amount owing to subsidiaries	49,120	49,120
	127,951	127,951
2022		
Financial assets		
Trade and other receivables *	9	9
Amount owing by subsidiaries	5,348	5,348
Cash and bank balances	2,162	2,162
	7,519	7,519
Financial liabilities		
Loans and borrowings	72,732	72,732
Trade and other payables	6,043	6,043
Amount owing to subsidiaries	38,777	38,777
	117,552	117,552

** Exclude prepayments.*

31. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group and the Company have formal risk management policies and guidelines, as approved by the Board of Directors, which set out its overall business strategies, its tolerance for risks and its general risk management philosophy. Such policies are monitored and undertaken by the management.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits placed with licensed banks, financial institutions, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represent the Group's and the Company's maximum exposure to credit risk in relation to financial assets. No financial assets carry a significant exposure to credit risk other than disclosed in the notes.

The Group and the Company do not hold any collateral and thus, the credit exposure is continuously monitored by the directors.

Trade receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

31. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(i) Credit risk (continued)

Trade receivables (continued)

The Group and the Company apply the simplified approach to providing for impairment losses prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected loss provision for all trade receivables. To measure impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward-looking information.

The following table provides information about the credit risk exposure and impairment losses for Group's trade receivables as 31 March 2023 and 31 March 2022 which are grouped together as they are expected to have similar risk nature.

	Group	
	2023	2022
	RM'000	RM'000
Neither past due nor impaired	3,265	1,441
Past due but not impaired		
Past due 1 to 30 days	910	1,897
Past due 31 to 60 days	164	150
Past due 61 to 90 days	70	194
Past due 91 to 120 days	1,236	1,241
	2,380	3,482
Impairment losses	(474)	(370)
	5,171	4,553

<u>Receivables that are neither past due nor impaired</u>

Trade receivables that were neither past due nor impaired relate to customers from whom there were no default. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

<u>Receivables that are past due but not impaired</u>

Trade receivables that were past due but not impaired relate to customers where there is no expectation of default. The directors are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

31. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(i) Credit risk (continued)

Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occuring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.11(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM16.634 million (2022: RM18.420 million) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 31 (b)(ii). As at the reporting date, there was no loss allowance for impairment as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to subsidiaries' secured borrowings.

31. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(ii) Liquidity risk (continued)

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met on timely basis. In addition, the Group and the Company maintain sufficient level of cash and available financing facilities at a reasonable level to its overall debt position to meet their working capital requirement.

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

		<----------Contractual cash flows---------->			
	Carrying amounts RM'000	On demand or within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Financial liabilities					
Group					
2023					
Trade and other payables *	21,602	21,602	-	-	21,602
Term loans	57,291	8,315	49,871	12,524	70,710
Bank overdraft	24,168	23,168	1,000	-	24,168
Revolving credit	8,400	7,100	1,300	-	8,400
Lease liabilities	576	437	188	-	625
Hire purchase payable	56	58	5	-	63
	112,093	60,680	52,364	12,524	125,568
2022					
Trade and other payables *	21,314	21,314	-	-	21,314
Term loans	61,070	11,031	54,949	8,873	74,853
Bank overdraft	14,633	12,133	2,500	-	14,633
Revolving credit	9,475	6,075	3,400	-	9,475
Lease liabilities	4,071	3,723	546	-	4,269
	110,563	54,276	61,395	8,873	124,544

** Exclude SST payable.*

31. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(ii) Liquidity risk (continued)

Maturity analysis (continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations. (continued)

		<----------Contractual cash flows---------->			
	Carrying amounts RM'000	On demand or within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Financial liabilities					
Company					
2023					
Trade and other payables	6,105	6,105	-	-	6,105
Term loans	52,400	8,027	44,434	12,524	64,985
Bank overdraft	11,926	11,926	-	-	11,926
Revolving credit	8,400	7,100	1,300	-	8,400
Amount owing to subsidiaries	49,120	29,259	32,335	-	61,594
Financial guarantees	-	16,634	-	-	16,634
	127,951	79,051	78,069	12,524	169,644
2022					
Trade and other payables	6,043	6,043	-	-	6,043
Term loans	56,650	10,800	50,103	8,873	69,776
Bank overdraft	6,607	6,607	-	-	6,607
Revolving credit	9,475	6,075	3,400	-	9,475
Amount owing to subsidiaries	38,777	26,502	22,324	-	48,826
Financial guarantees	-	18,420	-	-	18,420
	117,552	74,447	75,827	8,873	159,147

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's and the Company's operating activities (when sales, purchases and borrowings that are denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

31. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(iii) Foreign currency risk (continued)

The Group and the Company do not engage in foreign currency hedging on its foreign currency exposures but the management is monitoring these exposures on an ongoing basis.

The Group's and the Company's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows.

	Denominated in				
	SGD RM'000	HKD RM'000	AUD RM'000	IDR RM'000	Total RM'000
Group					
2023					
Trade and other receivables *	20	344	-	-	364
Fixed deposits with licensed banks	-	590	-	-	590
Cash and bank balances	1,312	846	-	23	2,181
Trade and other payables	(1,256)	(1,580)	-	(400)	(3,236)
Loan and borrowings	(134)	(499)	-	(218)	(851)
Net exposure	(58)	(299)	-	(595)	(952)
2022					
Trade and other receivables *	60	1,394	-	-	1,454
Fixed deposits with licensed banks	-	563	-	-	563
Cash and bank balances	311	332	12	21	676
Trade and other payables	(1,230)	(2,183)	(48)	(215)	(3,676)
Loan and borrowings	-	(374)	-	(285)	(659)
Net exposure	(859)	(268)	(36)	(479)	(1,642)

	Denominated in			
	SGD RM'000	HKD RM'000	AUD RM'000	Total RM'000
Company				
2023				
Other payables	(3,885)	(7,351)	-	(11,236)
2022				
Other payables	(3,759)	(7,022)	(1,608)	(12,389)

** Exclude prepayment*

31. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(iii) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The Group's and Company's principal foreign currency exposure relates mainly to Singapore Dollar ("SGD"), Hong Kong Dollar ("HKD"), Australia Dollar ("AUD") and Indonesian Rupiah ("IDR").

The following table demonstrates the sensitivity to a reasonably possible change in the SGD, HKD, AUD and IDR, with all other variables held constant on the Group's and the Company's total equity and profit for the financial year.

	Change in rate	Effect on profit or loss for the financial year 2023 RM'000	2022 RM'000
Group			
- SGD	+ 10%	(4)	(65)
	- 10%	4	65
- HKD	+ 10%	(23)	(20)
	- 10%	23	20
- AUD	+ 10%	-	(3)
	- 10%	-	3
- IDR	+ 10%	(45)	(36)
	- 10%	45	36
Company			
- SGD	+ 10%	(295)	(286)
	- 10%	295	286
- HKD	+ 10%	(559)	(534)
	- 10%	559	534
- AUD	+ 10%	-	(122)
	- 10%	-	122

31. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group and the Company obtain financing through leasing arrangement, bank borrowings and other financial liabilities. The Group's and the Company's policy is to obtain the borrowings with the most favourable interest rates in the market.

The Group and the Company constantly monitor its interest rate risk and do not utilise interest swap contracts or other derivative instruments for trading or speculative purposes. At the end of the reporting period, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

Sensitivity analysis for interest rate risk

A change of 100 basis point in interest rates at the reporting date would result in the profit or loss before tax to be higher/(lower) by the amounts shown below. The analysis assumes that all other variables remain constant.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
100 basis points increase				
Floating rate financial liabilities	845	820	668	655
100 basis points decrease				
Floating rate financial liabilities	(845)	(820)	(668)	(655)

31. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	2023 RM'000	2022 RM'000
Group		
Financial assets		
Trade and other receivables *	6,985	6,349
Fixed deposits with licensed banks	5,244	715
Cash and bank balances	5,580	4,465
	17,809	11,529
Financial liabilities		
Trade and other payables ^	21,602	21,314
Term loan	57,291	61,070
Bank overdraft	24,168	14,633
Hire purchase payable	56	-
Revolving credit	8,400	9,475
	111,517	106,492
Company		
Financial assets		
Trade and other receivables *	9	9
Amount owing by subsidiaries	5,335	5,348
Fixed deposits with licensed banks	4,644	5,348
Cash and bank balances	2,172	2,162
	12,160	12,867
Financial liabilities		
Trade and other payables	6,105	6,043
Amount owing to subsidiaries	49,120	38,777
Term loans	52,400	56,650
Bank overdraft	11,926	6,607
Revolving credit	8,400	9,475
	127,951	117,552

** Exclude prepayment and GST refundable*
^ Excluded SST payable

The carrying amount of these financial assets and liabilities are reasonable approximations of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

31. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value hierarchy

Transfer between levels of fair values hierarchy

There is no transfer between levels of fair values hierarchy during the financial year.

The table below analyses non-financial asset that not carried at fair value for which fair value is disclosed, together with their carrying amounts shown in the statements of financial position.

	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
Group						
2023						
Non-financial asset						
Investment properties	7	-	-	2,708	2,708	2,329
2022						
Non-financial asset						
Investment properties	7	-	-	2,685	2,685	2,539

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused that transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

Specific valuation technique used to value financial instruments include assumptions by referring to location and condition of the assets.

32. CAPITAL MANAGEMENT

The Group's primary objective when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or reduce borrowings.

There were no changes made on the capital management objectives, policies and processes of the Group during the financial year.

The Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital plus net debt. Net debt is calculated as total interests bearing financial liabilities less cash and bank balances and fixed deposits.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Loans and borrowings (Note 17)	90,491	89,249	72,726	72,732
Less: Cash and bank balances	(5,580)	(4,465)	(2,172)	(2,162)
Less: Fixed deposits with licensed banks (Note 13)	(5,244)	(715)	(4,644)	-
Net debt	79,667	84,069	65,910	70,570
Total equity	208,685	213,644	94,782	99,622
Gearing ratio (%)	38	39	70	71

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **TAN SRI DATO' SRI DR. SAMSUDIN BIN HITAM** and **STEPHEN GEH SIM WHYE**, being two of the directors of **Avillion Berhad**, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 60 to 159 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023 and of its financial performance and cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors,

……………………………………………………………….

TAN SRI DATO' SRI DR. SAMSUDIN BIN HITAM
Director

……………………………………………………………..

STEPHEN GEH SIM WHYE
Director

Kuala Lumpur

Date: 31 July 2023

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, **CHONG SET FUI**, being the officer primarily responsible for the financial management of **Avillion Berhad**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 60 to 159 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

…………………………………..
CHONG SET FUI
(MIA membership no: 10921)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 31 July 2023.

Before me,

…………………………………..
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AVILLION BERHAD (INCORPORATED IN MALAYSIA)

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Avillion Berhad, which comprise the statements of financial position as at 31 March 2023 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, as set out on pages 60 to 159.

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 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with the 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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.

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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company of the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in Material Uncertainty Related to Going Concern section, we have determined the matters below to be the key audit matters to be communicated in our report.

Group

Inventories (Note 10 to the financial statements)

The Group has significant balances of completed properties and properties held for development as at 31 March 2023. We focused on this area because the assessment of the net realisable value of these completed properties and properties held for development requires the application of significant judgements made by the directors.

Our audit response:

Our audit procedures included, among others:

- understanding the assumption used by the directors in determining the value of properties held for development;
- comparing the recent transacted prices of comparable properties;
- performing site visit on selected completed properties to ascertain the condition; and
- reviewing subsequent sales and Group's assessment on estimated net realisable value on selected inventory items.

Independent Auditors' Report
(Cont'd)

Key Audit Matters (continued)

Group (continued)

Revenue and corresponding costs recognition for property development activities (Note 21 and Note 22 to the financial statements)

The amount of revenue of the Group's property development activities is recognised over the period of contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of performance obligation is determined by reference to proportion of development costs incurred for works performed to date bear to the estimated total costs for each project (input method). We focused on this area because significant Group's judgement is required, in particular with regards to determining the progress towards satisfaction of a performance obligation, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

Our audit response:

Our audit procedures included, among others:

- understanding the Group's process in the calculation of the progress towards complete satisfaction of performance obligation;
- checking the mathematical computation of recognised revenue and corresponding costs for the projects during the financial year; and
- comparing the Group's assessment on the potential deduction to revenue arising from liquidated and ascertained damages against the contractual delivery dates and estimated delivery dates, progress reports, interview of relevant project personnel and correspondence from solicitors.

Company

We have determined that there are no key audit matters to communicate in our report which arose from the audit of the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Ong Teng Yan
No. 03076/07/2025 J
Chartered Accountant

Kuala Lumpur

Date: 31 July 2023

LIST OF TOP 12 PROPERTIES
AS AT 31 MARCH 2023

No	Location	Description/ Existing Use	Tenure	Age of Building	Land Area (sq. ft.)	Net Book Value (RM'000)	Revaluation Date/ Date of Acquisition
Avillion Hotel, Port Dickson							
1a.	C.T. 5972, Lot 1273, 3rd Mile, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan	Consists of hotel, water villas, water chalets, meeting rooms, spa, F&B outlets and other facilities	Freehold	26 years	15,507	131,423	17.05.2021
1b.	H.S.(D) 12303, 15353 and 18191, 3rd Mile, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan.		Leasehold (99 years expiry -2095)	25 years	480,505		
2.	C.T. 2977, Lot 312, 3rd Mile, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan	Car Parks	Freehold	–	124,431	6,350	25.04.2022
Admiral Cove, Port Dickson							
3.	H.S.(D) 13643 and 19662, 5th Mile, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan.	Admiral Cove Premier Integrated Marina Resort	Leasehold (99 years expiry-2094)	25 years	969,372	63,717	17.05.2021
4.	H.S.(D) 18699 PT 3413, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan.	Land for development	Leasehold (99 years expiry-2097)	–	1,077,272	9,654	18.05.2004
5.	H.S.(D) 18698 PT 3412, Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan.	Land for development	Leasehold (99 years expiry-2097)	–	226,442	4,469	18.05.2004
6.	H.S.(D) 24667 PT 215, 5th Mile, Mukim Pekan, Teluk Kemang, Daerah Port Dickson, Negeri Sembilan	Land for development	Leasehold (99 years expiry-2102)	–	475,349	8,301	06.06.2002
Port Dickson							
7.	Lot 307 Geran 52795 Mukim Si Rusa Daerah Port Dickson Negeri Sembilan	Land for development	Freehold	–	145,657	9,316	02.07.2013
8.	Lot 43 & 44 Geran 76526 & 64282 Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan.	Land for development	Freehold	–	41,246	2,305	28.06.2017
9.	Lot 5823 Geran 239972 Mukim Si Rusa, Daerah Port Dickson, Negeri Sembilan.	Land for development (currently used as event venue)	Freehold	–	40,300	2,308	24.08.2007

List of Top 12 Properties
(Cont'd)

No	Location	Description/ Existing Use	Tenure	Age of Building	Land Area (sq. ft.)	Net Book Value (RM'000)	Revaluation Date/ Date of Acquisition
Kuala Lumpur							
10a	Geran Mukim 815, No. Lot 2694, Mukim Setapak, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL	Land for development	Freehold	–	68,028	17,249	31.01.2011
10b	Geran Mukim 816, No. Lot 2695, Mukim Setapak, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL.	Land for development	Freehold	–	61,247		
10c.	Geran Mukim 814, No. Lot 2696, Mukim Setapak, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL.	Land for development	Freehold	–	66,736		
10d	Geran Mukim 817, No. Lot 2697, Mukim Setapak, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL.	Land for development	Freehold	–	65,337		
10e	Geran Mukim 818, No. Lot 2698, Mukim Setapak, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL.	Land for development	Freehold	–	63,938		
Langkawi							
11.	H.S.(D) 1/96, P.T. No 703, Mukim Kedawang, District of Langkawi, Kedah	Land for development	Freehold	–	478,025	17,525	27.10.2010
Bali, Indonesia							
12.	SHM No. 2354, 2572 & 2570 Jalan Danau Tamblingan No.75A Kelurahan Sanur Kecamatan Denpasar Selatan Kota Denpasar, Provinsi Bali	Consists of villas, F&B outlets and other facilities	Freehold	–	45,972	13,302	01.04.2022

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JUNE 2023

Issued Share Capital	:	RM 236,095,074
Total Number of Issued Shares	:	1,133,288,100 ordinary shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 30 JUNE 2023

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares Held
less than 100	533	7.91	14,566	0.00
100 to 1,000	805	11.95	341,472	0.03
1,001 to 10,000	1,946	28.88	12,240,364	1.08
10,001 to 100,000	2,744	40.73	107,362,617	9.48
100,001 to 56,664,404 (*)	709	10.52	786,052,941	69.36
56,664,405 AND ABOVE (**)	1	0.01	227,276,140	20.05
TOTAL	**6,738**	**100.00**	**1,133,288,100**	**100.00**

REMARKS : * - LESS THAN 5% OF ISSUED HOLDINGS
**** - 5% AND ABOVE OF ISSUED HOLDINGS**

REGISTER OF SUBSTANTIAL SHAREHOLDERS

		Direct Interest		Indirect Interest	
No.	**Name of Shareholders**	**No. of Shares held**	**% of Issued Capital**	**No. of Shares held**	**% of Issued Capital**
1.	Ibu Kota Developments Sdn Bhd	247,297,590	21.82	–	–
2.	Daza Holdings Sdn Bhd	–	–	247,297,590*	21.82
3.	Datuk Md Wira Dani Bin Abdul Daim	–	–	247,297,590**	21.82

* *Deemed interested by virtue of direct interest in Ibu Kota Developments Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.*

** *Deemed interested by virtue of his interest in Daza Holdings Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.*

DIRECTOR'S SHAREHOLDINGS

	Direct Interest		Indirect Interest	
	No. of Shares	**% of Issued Capital**	**No. of Shares**	**% of Issued Capital**
Tan Sri Dato' Sri Dr. Samsudin Bin Hitam	–	–	–	–
Stephen Geh Sim Whye	–	–	–	–
Rungit Singh A/L Jaswant	–	–	–	–
Taufiq Bin Abdul Khalid	–	–	–	–
Datin Norizan Binti Idris	–	–	–	–

Analysis of Shareholdings
(Cont'd)

THIRTY (30) LARGEST SHAREHOLDERS

NO.	NAME	HOLDINGS	%
1	IBU KOTA DEVELOPMENTS SDN BHD	227,276,140	20.05
2	MAGICAL ZONE SDN BHD	48,300,000	4.26
3	LANDBELT CORPORATION SDN BHD	42,957,000	3.79
4	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	42,809,520	3.78
5	YAYASAN POK RAFEAH, BERDAFTAR	41,649,900	3.68
6	DREAM CRUISER SDN. BHD.	33,850,500	2.99
7	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CLEARSTREAM BANKING S.A.	28,257,187	2.49
8	LEE OOI KIM	28,100,000	2.48
9	OASIS HARVEST HOLDINGS SDN. BHD.	24,969,100	2.20
10	GIGANTIC PROMOTIONS SDN. BHD.	23,707,125	2.09
11	IBU KOTA DEVELOPMENTS SDN. BHD.	20,021,450	1.77
12	GIGANTIC PROMOTIONS SDN. BHD.	18,500,000	1.63
13	LANDBELT CORPORATION SDN BHD	13,111,400	1.16
14	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHIN SEOH	13,100,000	1.16
15	MOHAMMED FEROZ BIN MOHAMMED ILYAS	12,000,000	1.06
16	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR MUKHRIZ MAHATHIR (PB)	11,900,000	1.05
17	KHADIJAH BINTI ABDUL KHALID	10,023,600	0.88
18	VAERSA CAPITAL SDN BHD	9,493,500	0.84
19	SEIK THYE KONG	8,827,800	0.78
20	OASIS HARVEST HOLDINGS SDN BHD	8,000,000	0.71
21	TAN SOON HIN	7,730,000	0.68
22	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OASIS HARVEST HOLDINGS SDN BHD	7,131,353	0.63
23	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VIVEK A/L SASHEENDRAN	6,561,800	0.58
24	AFFIN HWANG INVESTMENT BANK BERHAD IVT (CEN)	6,500,100	0.57
25	RAMNATH A/L R.SUNDARAM	6,400,000	0.56
26	VAERSA CAPITAL LIMITED	6,333,800	0.56
27	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' SRI GAN CHOW TEE	6,300,000	0.56
28	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SULAIMAN ABDUL RAHMAN B ABDUL TAIB	6,086,000	0.54
29	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR MAZMUR CAPITAL SDN BHD (PB)	6,000,000	0.53
30	M-OCEAN HOLDINGS SDN BHD	5,147,915	0.45
	TOTAL	**731,045,190**	**64.51**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-First ("31st") Annual General Meeting of **AVILLION BERHAD ("the Company")** will be held fully virtual from the Online Meeting Platform at https://rb.gy/1bfx1 on Wednesday, 13 September 2023 at 11.00 a.m. or any adjournment thereof for the purpose of transacting the following businesses:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 March 2023 together with the Directors' and Auditors' Report thereon. **(Explanatory Note 1)**

2. To re-elect Encik Taufiq Bin Abdul Khalid who is retiring pursuant to Clause 100 of the Company's Constitution and being eligible, has offered himself for re-election. **Resolution 1** **(Explanatory Note 2)**

3. To re-elect Mr. Stephen Geh Sim Whye who is retiring pursuant to Clause 107 of the Company's Constitution and being eligible, has offered himself for re-election. **Resolution 2** **(Explanatory Note 3)**

4. To approve the payment of Directors' fees and other emoluments of RM196,049.00 for the financial year ended 31 March 2023. **Resolution 3**

5. To approve the payment of Directors' fees and benefits to Non-Executive Directors up to an amount not exceeding RM300,000.00 from 1 April 2023 until the next Annual General Meeting. **Resolution 4** **(Explanatory Note 4)**

6. To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration. **Resolution 5**

As Special Business

To consider and, if thought fit, to pass the following resolution: -

7. **Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016** **Resolution 6** **(Explanatory Note 5)**

   "**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being, subject always to the approvals of all the relevant regulatory authorities.

   AND FURTHER THAT pursuant to Section 85 of the Companies Act, 2016 read together with Clause 54 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company and to offer new shares arising from the issuance and allotment of the new shares pursuant to Sections 75 and 76 of the Companies Act 2016 **AND THAT** the Board of Directors of the Company is exempted from the obligation to offer such new shares first to the existing shareholders of the Company."

As Other Business

8. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

By Order of the Board

WONG YOUN KIM (MAICSA No. 7018778 / SSM Practising Certificate No. 201908000410)
ANDREA HUONG JIA MEI (MIA No. 36347 / SSM Practising Certificate No. 202008003125)
Company Secretaries
Kuala Lumpur

Date: 31 July 2023

Notes :

REMOTE PARTICIPATION AND VOTING

1. The Broadcast Venue of the Annual General Meeting ("AGM") is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be physically present at the main venue in Malaysia. No shareholders/proxies/corporate representatives shall be physically present at the Broadcast Venue on the meeting day. Members are advised to refer to the Administrative Guide which is available on the Company's corporate website at https://www.avillionberhad.com/, for the remote participation and voting at the AGM using the Virtual Meeting Facilities.

INFORMATION FOR SHAREHOLDERS/PROXIES

2. A member entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting.

3. A member may appoint not more than 2 proxies to attend the same meeting.

4. A proxy may but need not to be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend the Meeting shall have the same rights as the member to speak and vote at the Meeting. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.

5. Where a member is an exempt authorised nominee who holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

6. The Form of Proxy must be signed by the appointer or by his attorney duly authorised in writing or if the appointer is a corporation, either under seal or under hand of an officer or attorney duly authorised. If no name is inserted in the space for the name of your proxy, the Chairman of the Meeting will act as your proxy.

7. The Proxy Form must be deposited at Acclime Corporate Services Sdn. Bhd. of Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Malaysia, not less than twenty-four (24) hours before the time set for holding the Meeting or any adjournment thereof.

8. For the purpose of determining a member who shall be entitled to attend and vote at the 31st AGM, the Company shall be requesting the Record of Depositors as at 6 September 2023. Only a depositor of the Company whose name appears on the Record of Depositors as at 6 September 2023 shall be entitled to attend and vote at the said meeting as well as for appointment of proxy (ies) to attend and vote on his/her stead.

Explanatory Notes

1. **To receive and adopt the Audited Financial Statements**

   Agenda item no. 1 is meant for discussion only as the provisions of Section 340(1)(a) of the Companies Act, 2016, does not require a formal approval of the shareholders and hence, is not put forward for voting.

2. **To re-elect Encik Taufiq Bin Abdul Khalid who is retiring pursuant to Clause 100 of the Company's Constitution and being eligible, has offered himself for re-election**

   Clause 100 of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company. The Director who is subject to retirement by rotation in accordance with Clause 100 of the Company's Constitution is **Encik Taufiq Bin Abdul Khalid**.

   The Board has conducted assessments on Directors on character, integrity, competence, and experience and time commitment in effectively discharging their respective roles as Directors of the Company. The individual Directors were assessed based on performance criteria set in the areas of Board dynamics and participation, competency and capability, independence and objectivity, probity and personal integrity, contribution and performance together with their ability to make analytical inquiries and offer advice and guidance. The Board agreed with the Nomination Committee's recommendation that the Director who is retiring in accordance with Clause 100 of the Company's Constitution is eligible to stand for re-election. The retiring Director had abstained from the deliberation and decision on his own eligibility to stand for re-election at the Board meeting.

3. **To re-elect Mr. Stephen Geh Sim Whye who is retiring pursuant to Clause 107 of the Company's Constitution and being eligible, has offered himself for re-election**

   Clause 107 of the Company's Constitution provides that the Directors shall have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but the total number of Directors shall not at any time exceed the maximum number fixed in accordance with this Constitution. Any Director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

   Mr. Stephen Geh Sim Whye was appointed on 12 December 2022 as an Independent Non-Executive Director of the Company, and is standing for re-election as the Director of the Company in accordance with Clause 107 of the Company's Constitution and being eligible, has offered himself for re-election at the 31st AGM of the Company.

4. **Payment of Directors' fees and benefits to Non-Executive Directors**

   Section 230(1) of the Companies Act, 2016 which came into effect on 31 January 2017, provides among others, that the fees of Directors and any benefits payable to Directors shall be approved at a general meeting.

   In this respect, the Board wishes to seek shareholders' approval for the payment of Directors' fees and for benefits payable to Non-Executive Directors to be paid monthly in arrears after each month of completed service of the Directors.

Explanatory Notes (Cont'd)

5. **Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016**

   The proposed Resolution 6, if passed, will give the Directors of the Company authority to issue and allot shares as the Directors in their discretion considered to be in the best interest of the Company, without having to convene a general meeting as it would be both time-consuming and costly to organise a general meeting. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

   The Company did not issue any shares pursuant to Sections 75 and 76 of the Companies Act, 2016 under the general authority which was approved at the 30th AGM held on 21 September 2022 and which will lapse at the conclusion of the 31st AGM to be held on 13 September 2023.

   The renewal of this general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), acquisitions, working capital and/or settlement of bank facilities.

   The approval of the issuance and allotment of the new shares under Sections 75 and 76 of the Companies Act 2016 shall have the effect of the shareholders having agreed to waive their statutory pre-emptive rights pursuant to Section 85 of the Companies Act, 2016 and Clause 54 of the Constitution of the Company, the shareholders of the Company hereby agree to waive and are deemed to have waived their statutory pre-emptive rights pursuant to Section 85 of the Companies Act, 2016 and Clause 54 of the Constitution of the Company pertaining to the issuance and allotment of new shares under Sections 75 and 76 of the Companies Act 2016, which will result in a dilution to their shareholding percentage in the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. The 31st AGM of the Company will be conducted fully virtual from the Online Meeting Platform at https://rb.gy/1bfx1 by Acclime Corporate Services Sdn. Bhd. on Wednesday, 13 September 2023 at 11.00 a.m.

2. The Directors who are seeking re-election and/or continuing in office as Independent Non-Executive Directors at the 31st AGM of the Company are :-

   i. Encik Taufiq Bin Abdul Khalid (Clause 100)
   ii. Mr. Stephen Geh Sim Whye (Clause 107)

   The Profile of the Directors seeking for re-election are set out in the Company's 2023 Annual Report. The details of the Directors' interest in the securities of the Company are set out in the Company's 2023 Annual Report.

   The details of attendance of the Directors of the Company at Board of Directors' Meetings held during the financial year ended 31 March 2023 are disclosed in the Profile of Directors of the Annual Report 2023.

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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AVILLION BERHAD
[199201013018 (244521-A)]
(Incorporated in Malaysia)

PROXY FORM
31st Annual General Meeting

CDS Account No.	
No. of Shares Held	

I/We. ....
[Full name and NRIC/Company No.]

of ....
[Address]

Telephone No: .... Email Address: ....

being a Member/Members of AVILLION BERHAD hereby appoint ....

....
[Full name and NRIC No.]

of ....
[Address]

Telephone No: .... Email Address: ....

*and/or failing him/her ....
[Full name and NRIC No.]

of ....
[Address]

Telephone No: .... Email Address: ....

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the 31st Annual General Meeting of the Company to be held fully virtual from the Online Meeting Platform at https://rb.gy/1bfx1 on Wednesday, 13 September 2023 at 11.00 a.m. and at any adjournment thereof.

Please indicate your voting instructions with an "X" in the appropriate space. If no specific direction as to voting is given, the proxy will vote or abstain from voting on the resolution at his/her discretion.

ORDINARY RESOLUTION		**FOR**	**AGAINST**
1.	To re-elect Encik Taufiq Bin Abdul Khalid who is retiring pursuant to Clause 100 of the Company's Constitution and being eligible, has offered himself for re-election.		
2.	To re-elect Mr. Stephen Geh Sim Whye who is retiring pursuant to Clause 107 of the Company's Constitution and being eligible, has offered himself for re-election.		
3.	To approve the payment of Directors' fees and other emoluments of RM196,049.00 for the financial year ended 31 March 2023.		
4.	To approve the payment of Directors' fees and benefits to Non-Executive Directors up to an amount not exceeding RM300,000.00 from 1 April 2023 until the next Annual General Meeting.		
5.	To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.		
6.	Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		

....
Signature of Shareholder or Common Seal

Dated this .... day of 2023

NOTES:-

1. The Broadcast Venue of the Annual General Meeting ("AGM") is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be physically present at the main venue in Malaysia. No shareholders/proxies/corporate representatives shall be physically present at the Broadcast Venue on the meeting day. Members are advised to refer to the Administrative Guide which is available on the Company's corporate website at https://www.avillionberhad.com/, for the remote participation and voting at the AGM using the Virtual Meeting Facilities.
2. A member entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting.
3. A member may appoint not more than 2 proxies to attend the same meeting.
4. A proxy may but need not to be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend the Meeting shall have the same rights as the member to speak and vote at the Meeting. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
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AFFIX
STAMP

AVILLION BERHAD
[199201013018 (244521-A)]

COMPANY SECRETARY
Level 5, Tower 8, Avenue 5, Horizon 2,
Bangsar South City,
59200 Kuala Lumpur
Malaysia.

2nd Fold Here

Fold This Flap For Sealing

AVILLION

BERHAD

(Registration No. 199201013018 (244521-A))

Avillion Berhad
(Registration No. 199201013018 (244521-A))
8th Floor, Wisma YPR, Lorong Kapar,
Off Jalan Syed Putra,
58000, Kuala Lumpur, Malaysia.

www.avillionberhad.com