PARKSON RETAIL ASIA LIMITED
(Company registration number: 201107706H)
Incorporated in the Republic of Singapore

AUDIT OPINION BY THE INDEPENDENT AUDITOR ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Pursuant to Rule 704(5) of the Listing Manual of Singapore Exchange Securities Trading Limited, the Board of Directors (“**Board**”) of Parkson Retail Asia Limited ("**Company**", and together with its subsidiaries, the "**Group**") wishes to highlight that the independent auditor has, without qualifying its opinion, included in its report an emphasis of matter in respect of the audited financial statements of the Group for the financial year ended 31 December 2022 (“**AFS 2022**”).

The independent auditor wishes to draw shareholders' attention that notwithstanding that the Group reported a net profit from continuing operations before taxation of SGD44,106,000 for the financial year ended 31 December 2022, the Group’s and the Company’s current liabilities exceeded their current assets by SGD59,281,000 and SGD19,839,000 respectively, and the Group continues to show that total liabilities exceeded its total assets by SGD17,001,000 as at 31 December 2022. These events or conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern. As disclosed in Note 2(a) to the AFS 2022, the ability of the Group to continue as a going concern is dependent on the Group generating sufficient cash flows from its operations to meet working capital needs.

The Board wishes to further highlight that the independent auditor’s report of the audited financial statements of the Group for the previous 18-month financial period ended 31 December 2021 contained similar emphasis of matter as disclosed above.

A copy of the independent auditor’s report together with the extract of Note 2(a) to the AFS 2022 is annexed to this announcement.

The Company will be issuing its full annual report in due course, which will contain the audited financial statements and the independent auditor’s report. The next Annual General Meeting will be convened in April 2023.

For and on behalf of the Board
PARKSON RETAIL ASIA LIMITED

Tan Sri William Cheng Heng Jem
Executive Chairman

4 April 2023

Independent Auditor's Report to the Members of Parkson Retail Asia Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Parkson Retail Asia Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

The Group operates in the retail industry where the commitments from the landlords for the leased store premises are required to support and maintain is critical to the Group's ability to continue as a going concern. We draw attention to Note 2(a) and Note 35 to the financial statements.

Independent Auditor's Report to the Members of Parkson Retail Asia Limited (Cont'd)

Material Uncertainty Related to Going Concern (Cont'd)

Notwithstanding that the Group reported net profit from continuing operations before taxation of SGD44,106,000 for the year ended 31 December 2022 [For the period from 1 July 2020 to 31 December 2021 - net loss from continuing operations before taxation of SGD63,086,000 (excluding gain on deconsolidation and write-back of liabilities relating to a subsidiary in liquidation, PT Tozy Sentosa)], the Group's and the Company's current liabilities exceeded their current assets by SGD59,281,000 and SGD19,839,000 (2021 - SGD102,558,000 and SGD13,291,000) respectively, and the Group continues to show that total liabilities exceeded its total assets by SGD17,001,000 (2021 - SGD49,257,000) as at 31 December 2022. These events or conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. As disclosed in Note 2(a), the ability of the Group to continue as a going concern is dependent on the Group generating sufficient cash flows from its operations to meet working capital needs.

<u>Vietnam subsidiary</u>
In so far as to the preparation of the financial statements of a subsidiary in Vietnam, Parkson Vietnam Co Ltd ("Parkson Vietnam"), in the opinion of the directors of the said subsidiary, have been prepared on a going concern basis. No financial support has been provided by the Group and by the ultimate holding company, Parkson Holdings Berhad, to Vietnam subsidiaries nor any financial guarantees provided to third parties, notwithstanding the fact that one of the bank accounts has been frozen since 21 March 2022 under the court order instituted by the Landlord (Note 13).

As at 31 December 2022, Parkson Vietnam has capital deficiency of SGD30,165,000 (2021 - SGD28,935,000), the current liabilities exceeded the current assets by SGD37,827,000 (2021 - SGD39,541,000), reported loss before taxation of SGD2,475,000 (Period ended 31 December 2021 - profit before tax of SGD6,057,000 after including one off gain of SGD12,179,000 from income from subleasing right-of-use assets) and net operating cash used in was SGD3,708,000 (Period ended 31 December 2021 - SGD8,653,000) for the financial year ended 31 December 2022.

In respect of the legal claim of VND68.9 billion (SGD4.1 million) against Parkson Vietnam on the leased premises in Da Nang (Vinh Trung outlet), full disclosure is shown in Note 35 to the financial statements. On 2 June 2022, Parkson Vietnam handed over the premises to the Landlord.

In so far as to the sales tax receivable of SGD1,153,000 (2021 - SGD1,425,000) as at 31 December 2022, the extent of the recoverability is pending on the future revenue earned for the tax to be offset under the tax regulations in Vietnam.

Independent Auditor's Report to the Members of Parkson Retail Asia Limited (Cont'd)

Material Uncertainty Related to Going Concern (Cont'd)

As at the date of this financial statements, the only retail store which continues to be in operation is located at Saigon Tourist Plaza in Ho Chi Minh City. All payments made to vendors for supplies of merchandise and services of the said retail store were paid within credit terms and the liabilities owing to landlord are on extended credit period. We were not aware of any negative news regarding any possible repossession of the lease premises at Saigon Tourist Plaza from the management of the subsidiary concerned as at the date of this report. To the extent of profit forecast provided for our review, there remains uncertainties as to the liquidity position of Parkson Vietnam to meet, in particular to the lease commitments, and financial resources to meet all liabilities as they fall due.

As at 31 December 2022, the Group has unutilised banking facilities of approximately SGD2,302,000 (2021 - SGD2,506,000) and unutilised loan facility of approximately RM23,200,000 (2021 - RM2,700,000) with the ultimate holding company, Parkson Holdings Berhad available for use to pay all liabilities when fall due.

If, for any reason the assumptions as mentioned above do not materialise, may result in the Group not being able to continue as a going concern, it could have an impact on the classification of assets and liabilities, and the ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the financial statements. No such adjustments have been made to these financial statements.

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 current period. These matters were addressed in the context of our audit of the financial statements 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 the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Independent Auditor's Report to the Members of Parkson Retail Asia Limited (Cont'd)

Key Audit Matters (Cont'd)

Key Audit Matter	Our responses and work performed

<u>Impairment assessment of property, plant and equipment and right-of-use assets</u>
 	
The Group operates department stores primarily in Malaysia and Vietnam. The carrying amounts of the property, plant and equipment and right-of-use assets of the Group as at 31 December 2022 are SGD20,801,000 (2021 - SGD26,524,000) and SGD149,987,000 (2021 - SGD171,898,000) respectively and are material to the Group's financial statements.
 	
Due to losses incurred by certain subsidiaries caused in part by the uncertain global economic environment, there is higher inherent risk relating to the impairment of non-financial assets.
 	
The Group's property, plant and equipment and right-of-use assets as at 31 December 2022 are mainly held by a subsidiary, Parkson Corporation Sdn Bhd, which operates in Malaysia.
 	
Management judgement is involved in the identification of any impairment indicators or indications for reversal of impairment losses recognised in prior period as well as the assessment of the recoverable amounts of these assets. Such judgement is made based on forecasted future store performance, which is, amongst others, dependent on the expected store traffic and the competitive environment in local markets.
	Our review of the impairment assessment included the following procedures, amongst others:
	
	- we performed a review of the relevant audit working papers of the identified risks for which we instructed and coordinated the work of our component auditors in addressing the significant misstatements relating to the impairment assessment reviewed by the component auditors;
	
	- we assessed the appropriateness of the management's identification of CGU and impairment indicators of assets related to the individual department stores;
	
	- where an impairment indicator is identified,
	
	  - we evaluated the reasonableness of management's key assumptions underlying the VIU computation such as discount rate and growth rates;
	
	  - we compared the actual results of the stores against forecast previously made by management and taking into consideration the viability of the stores' future plans, local economic development and industry outlook;
	
	  - we reviewed the auditor's expert in assessing the appropriateness of the valuation methodologies, assumptions and reasonableness of estimates used by the management's expert;

Independent Auditor's Report to the Members of Parkson Retail Asia Limited (Cont'd)

Key Audit Matters (Cont'd)

Key Audit Matter	**Our responses and work performed**
<u>Impairment assessment of property, plant and equipment and right-of-use assets (Cont'd)</u> For the purpose of impairment testing, the recoverable amount of the asset is determined based on the higher of value-in-use ("VIU") and fair value less costs of disposal ("FVLCD"), for the cash-generating-unit ("CGU") (i.e. retail store) to which the assets belong. Management has recognised a net reversal of impairment loss on property, plant and equipment and right-of-use assets of SGD215,000 (Period ended 31 December 2021 - impairment loss of SGD5,999,000) and SGD872,000 (Period ended 31 December 2021 - impairment loss of SGD35,148,000) respectively for the current financial year. We have identified the impairment testing performed on the Group's property, plant and equipment and right-of-use assets to be a Key Audit Matter due to the significant judgement and assumptions applied in arriving at the estimates used in computing the recoverable values of these assets and the uncertainties which arise as a result of having to consider long-term trends and market conditions and their impact on the key assumptions used.	Our review of the impairment assessment included the following procedures, amongst others (Cont'd): - we performed sensitivity analysis over the assumptions, estimates and its measurement against source data and appropriate external sources, where appropriate; - we assessed and evaluated whether the management's expert has the necessary competence, capability and objectivity for the required purposes; - we assessed the competency, capability and objectivity of the auditor's expert; and - we also considered the adequacy of the Group's disclosures made to the financial statements in relation to the impairment of property, plant and equipment and right-of-use assets. The Group's disclosures for property, plant and equipment and right-of-use assets are included in Note 4 and Note 20 to the financial statements respectively.

Independent Auditor's Report to the Members of Parkson Retail Asia Limited (Cont'd)

Key Audit Matters (Cont'd)

Key Audit Matter	**Our responses and work performed**
<u>Allowance for inventory shrinkage and obsolescence</u> The Group's inventories of SGD20,097,000 (2021 - SGD19,465,000) mainly consist of inventories at department stores and represented 6% (2021 - 6%) of the Group's total assets as at the reporting date. Inventories are subject to the risk of theft and/or obsolescence which is an inherent risk to the Group. Inventories are carried at the lower of cost and net realisable value. The Group's inventories as at 31 December 2022 are mainly held by Parkson Corporation Sdn Bhd and Parkson Private Label Sdn Bhd, both operating in Malaysia. The allowance for inventory shrinkage and obsolescence totalled SGD178,000 (Period ended 31 December 2021 - SGD672,000) for the current financial year. We have identified the allowance for inventory shrinkage and obsolescence as a Key Audit Matter as the determination of the net realisable value of inventories requires significant management judgement.	Our review of the allowance for inventory shrinkage and obsolescence included the following procedures, amongst others: - we performed a review of the relevant audit working papers of the identified risks for which we instructed and coordinated the work of our component auditors in addressing the significant misstatements relating to the assessment for inventory shrinkage and obsolescence carried out by the component auditors; - we reviewed management's reconciliation of stock count results to inventory record and performed roll forward/backward of stock count to period end quantity, where applicable; - we assessed the adequacy of the shrinkage allowance made by assessing the total shrinkage loss recognised after the inventory cycle counts and projected it to year end; - we tested the design and effectiveness of system controls over the purchasing, receiving and invoice matching process; - we assessed the adequacy of the allowance for obsolescence made by the management by reviewing selling prices of samples of inventories, ageing of inventories and gross margins of inventories sold during the year and after the year end;

Independent Auditor's Report to the Members of Parkson Retail Asia Limited (Cont'd)

Key Audit Matters (Cont'd)

Key Audit Matter	**Our responses and work performed**
Allowance for inventory shrinkage and obsolescence (Cont'd)	Our review of the allowance for inventory shrinkage and obsolescence included the following procedures, amongst others (Cont'd): - we reviewed the audit procedures performed by the auditors of the subsidiaries and held discussions with them and management in assessing the assumptions used in the estimates; and - we also considered the adequacy of the Group's disclosures made to the financial statements in relation to the allowance for inventory shrinkage and obsolescence. The Group's disclosures for inventories are included in Note 12 to the financial statements.

Independent Auditor's Report to the Members of Parkson Retail Asia Limited (Cont'd)

Key Audit Matters (Cont'd)

Key Audit Matter	Our responses and work performed
<u>Impairment assessment of investments in subsidiaries (Parent company only)</u> As at 31 December 2022, the Company has significant investment in a subsidiary, Parkson Corporation Sdn Bhd. Due to the economic slowdown and uncertainty in the global economic environment, which has affected the Group's operations, there is higher risk that impairment for investments in subsidiaries is required to be recognised. There is significant management judgement involved in the assessment of the recoverability of the cost of investment in Parkson Corporation Sdn Bhd which operates department stores in Malaysia. Other than Parkson Corporation Sdn Bhd, impairment losses have been made for all other investments in subsidiaries held by the Company. There is no impairment loss charged for the current financial year. Management's assessment of the recoverable amount of the investments in subsidiaries involves estimation and judgement relating to the assumptions used in profit forecast and discounted cashflows and considers the heightened level of estimation uncertainty associated with the market and economic conditions prevailing at the reporting date.	Our review of the impairment assessment of investments in subsidiaries of the Company included the following procedures, amongst others: - we assessed the reasonableness of the assumptions used in the cash flow projections approved by the board of directors; - we held discussions with management and the auditors of the subsidiaries to obtain an understanding of assumptions used in the cash flow projections; - we evaluated the reasonableness of the assumptions used by management in their cash flow projections, which included a comparison of the historical performance of the subsidiaries against forecasts, and considering the viability of future plans, local economic conditions and industry outlook; - we assessed and evaluated whether the management's expert has the necessary competence, capability and objectivity for the required purposes; - we assessed the competency, capability and objectivity of the auditor's expert; and - we also considered the adequacy of the Group's disclosures made to the financial statements in relation to the impairment of investment in subsidiaries held by the Company. The Group's disclosures for investment in subsidiaries of the Company are included in Note 5 to the financial statements.

Independent Auditor's Report to the Members of Parkson Retail Asia Limited (Cont'd)

Key Audit Matters (Cont'd)

Key Audit Matter	Our responses and work performed
<u>Impairment assessment of investments in subsidiaries (Parent company only) (Cont'd)</u> Key assumptions and estimates used in the cash flow projections included pre-tax discount rates, budgeted gross margins and growth rates. Thus, we have identified this as a Key Audit Matter.	

Other matters

The Group

In so far as to limitation of scope beyond the control of the Company as described in the Annual Report 2021 where P.T. Tozy Sentosa ("PT Tozy") was placed under bankruptcy proceedings and all books and records are in the hands of the Receivers, the effect of the limitation of scope beyond the control of the Company in relation to:

(i) the gain on deconsolidation on the derecognition of PT Tozy of SGD13,666,000 (Note 22(b)) in the profit and loss;
(ii) the write back of liabilities totalling SGD53,893,000 (Note 22(b)) in the profit and loss; and
(iii) the translation reserve of SGD1,089,000 in the other comprehensive income

do not have any resultant effect to the income statement for the financial period ended 31 December 2021. This is because the compensating effect is within the income statement.

The Company

Arising from the liquidation of PT Tozy, the cost of investment that has been fully impaired and written off in the financial period ended 31 December 2021 is deemed to be properly dealt with as the extent of recovery of investment is beyond remote.

Independent Auditor's Report to the Members of Parkson Retail Asia Limited (Cont'd)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Independent Auditor's Report to the Members of Parkson Retail Asia Limited (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 SSA 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 SSA, 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, 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 internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report to the Members of Parkson Retail Asia Limited (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 current period and are therefore the key audit matters. We describe these matters in our auditor's 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 our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Teo Soo Chuen.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 4 April 2023

2(a) Going concern basis

<u>The Group</u>
Notwithstanding the fact that the Group reported profit for the year of SGD28,755,000 (Period ended 31 December 2021 - SGD13,730,000), as at 31 December 2022, the Group's current liabilities exceeded its current assets by SGD59,281,000 (2021 - SGD102,558,000), and the Group's total liabilities exceeded its total assets by SGD17,001,000 (2021 - SGD49,257,000). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

The management has prepared an 18-month projected cashflows forecast from 1 January 2023 to review the appropriateness of the going concern and the directors of the Company are of the view that it is appropriate to prepare the Group's financial statements on a going concern on the following bases:

(a) the Group will be able to generate sufficient cash flows from its Malaysia operations to pay its liabilities as and when they fall due;

(b) management intends to manage cashflow of the subsidiaries on overall Group basis, where necessary;

(c) there are no changes in the credit terms granted by suppliers and the Group intends to adhere to the average trade payables turnover days consistent with prior years;

(d) the Group has unutilised banking facilities of approximately SGD2,302,000 (2021 - SGD2,506,000) as of 31 December 2022 that is available for use;

(e) the Group has unutilised loan facility of approximately RM23,200,000 (2021 - RM2,700,000) with the ultimate holding company, Parkson Holdings Berhad available for use;

(f) the Group has cash and short term deposits of SGD106,574,000 (2021 - SGD69,061,000) as of the reporting date;

(g) there are no financial guarantee contracts that is likely to be materialised; and

(h) the Group has regarded the subsidiaries in the Republic of Vietnam as a separate legal entity to which the resources whether financial or otherwise, is limited to the capital contribution which the Group has participated in. The cash resource is the only available working capital that the subsidiaries can depend upon for its continual operations. As at the reporting date, a bank account of a subsidiary, Parkson Vietnam Co Ltd was frozen since 21 March 2022 under the court order instituted by the landlord.

Notwithstanding the above, the assumptions are subject to other factors including but not limited to general economic conditions either nationally or in regions in which the Group operates. As the assumptions were made based on conditions prevailing as at the reporting date, actual outcome may differ materially from these assumptions.

If, for any reason the assumptions as mentioned above do not materialise, may result in the Group not being able to continue as a going concern, it could have an impact on the classification of assets and liabilities, and the ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the financial statements. No such adjustments have been made to these financial statements.

2(a) Going concern basis (Cont'd)

The Company

As at 31 December 2022, the Company's current liabilities exceeded the Company's current assets by SGD19,839,000 (2021 - SGD13,291,000).

As at the balance sheet date, included in current liabilities are mainly:

- non-trade amount due to ultimate holding company of SGD6,622,000 (2021 - SGD6,483,000);
- non-trade amount due to a subsidiary, Parkson Corporation Sdn Bhd, totalling SGD11,333,000 (2021 - SGD4,860,000); and
- non-trade amounts due to other related companies totalling SGD564,000 (2021 - SGD601,000).

These non-trade amounts represent advances which are unsecured, non-interest bearing and are repayable on demand.

The ultimate holding company, Parkson Holdings Berhad and the subsidiary, Parkson Corporation Sdn Bhd have each given an undertaking that it shall not demand immediate repayment from the Company in the next twelve months from the date of this financial statements.