

**GRAND TWINS
INTERNATIONAL (CAMBODIA) PLC**

(Incorporated in Cambodia)
Registration No: 00012347

**CONDENSED INTERIM FINANCIAL STATEMENTS
For The Financial Period From
1 January 2022 To 31 March 2022**

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

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STATEMENT BY DIRECTORS

In the opinion of directors, the accompanying condensed interim statement of financial position of Grand Twins International (Cambodia) Plc ("GTI") as at 31 March 2022, and the related condensed interim statement of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and condensed notes to the interim financial information (collectively known as "Condensed Interim Financial Statements") are presented fairly, in all material respects, in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reportings*.

Signed on behalf of board of directors :-


CHEN TSUNG CHI
Director




WANG YI TING
Director



REPORT ON THE REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

Crowe (KH) Co., Ltd
Chartered Accountants
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We have reviewed the accompanying condensed interim financial statements of Grand Twins International (Cambodia) Plc (“the Company”), which comprise the condensed interim statement of financial position as at 31 March 2022, and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period then ended, and accompanying explanatory notes (collectively known as “Condensed Interim Financial Statements”). The directors of the Company are responsible for the preparation and presentation of these Condensed Interim Financial Statements in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on the Condensed Interim Financial Statements based on our review.

Scope of review

We conducted our review in accordance with Cambodian International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Cambodian International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Interim Financial Statements of the Company are not prepared, in all material respects, in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*.

Crowe (KH) Co.,Ltd.



Onn Kien Ho
Director

Date 13 MAY 2022

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

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CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Note	Unaudited		Audited	
		31 March 2022		31 December 2021	
		USD	KHR'000	USD	KHR'000
			(Note 4)		(Note 4)
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	8	11,669,118	47,259,928	11,943,103	48,656,202
Intangible assets	9	2,911	11,790	3,150	12,833
		<u>11,672,029</u>	<u>47,271,718</u>	<u>11,946,253</u>	<u>48,669,035</u>
CURRENT ASSETS					
Inventories	10	25,455,808	103,096,022	26,907,390	109,620,707
Trade and other receivables	11	47,698,611	193,179,374	46,457,239	189,266,792
Cash and cash equivalents	12	613,082	2,482,982	1,950,806	7,947,584
		<u>73,767,501</u>	<u>298,758,378</u>	<u>75,315,435</u>	<u>306,835,083</u>
TOTAL ASSETS		<u>85,439,530</u>	<u>346,030,096</u>	<u>87,261,688</u>	<u>355,504,118</u>
EQUITY AND LIABILITY					
EQUITY					
Share capital	13	10,000,000	40,450,000	10,000,000	40,450,000
Share premium	14	17,280,000	69,897,600	17,280,000	69,897,600
Retained earnings		41,594,907	170,353,272	41,319,740	169,236,094
Currency translation difference		-	(1,757,499)	-	(108,353)
TOTAL EQUITY		<u>68,874,907</u>	<u>278,943,373</u>	<u>68,599,740</u>	<u>279,475,341</u>
LIABILITIES					
NON-CURRENT LIABILITIES					
Deferred tax liabilities		96,147	389,395	96,147	391,703
Trade and other payables	15	360,000	1,458,000	450,000	1,833,300
		<u>456,147</u>	<u>1,847,395</u>	<u>546,147</u>	<u>2,225,003</u>
CURRENT LIABILITIES					
Trade and other payables	15	8,281,759	33,541,124	10,278,243	41,873,563
Borrowings	16	7,663,059	31,035,389	7,774,957	31,675,175
Income tax liabilities		163,658	662,815	62,601	255,036
Current liabilities		<u>16,108,476</u>	<u>65,239,328</u>	<u>18,115,801</u>	<u>73,803,774</u>
TOTAL LIABILITIES		<u>16,564,623</u>	<u>67,086,723</u>	<u>18,661,948</u>	<u>76,028,777</u>
TOTAL EQUITY AND LIABILITIES		<u>85,439,530</u>	<u>346,030,096</u>	<u>87,261,688</u>	<u>355,504,118</u>

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CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2022

	Note		Unaudited 3 months to 31 March 2022	Unaudited 3 months to 31 March 2021
		USD	KHR'000 (Note 4)	USD KHR'000 (Note 4)
Revenue	17	27,580,841	111,978,214	32,731,176
Cost of sales	18	(25,485,498)	(103,471,122)	(31,150,903)
Gross profit		2,095,343	8,507,092	1,580,273
Other income	19	80,760	327,886	77,466
Administrative expenses		(902,629)	(3,664,674)	(970,692)
Distribution costs		(677,455)	(2,750,467)	(482,688)
Other expenses		(902)	(3,662)	(16,056)
Operating profit		595,117	2,416,175	188,303
Finance income	19	578	2,347	427
Finance costs	20	(90,411)	(367,069)	(91,084)
Profit before income tax		505,284	2,051,453	97,646
Income tax expense	21	(230,117)	(934,275)	(19,529)
Profit for the period		275,167	1,117,178	78,117
Other comprehensive income		-	-	-
Total comprehensive income for the period		275,167	1,117,178	78,117

Earnings per share attributable to shareholders of the Company during the period are as follows:

	Notes		Unaudited 3 months to 31 March 2022	Unaudited 3 months to 31 March 2021
		USD	KHR'000 (Note 4)	USD KHR'000 (Note 4)
Basic earnings per share	23	0.007	0.028	0.002
Diluted earnings per share	23	0.007	0.028	0.002

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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2022**

	Note	Share capital USD	Share premium USD	Retained earnings USD	Total equity	
					USD	KHR'000 (Note 4)
Balance as at 1 January 2022 (Audited)		10,000,000	17,280,000	41,319,740	68,599,740	279,475,341
Profit for the quarter		-	-	275,167	275,167	1,117,178
Currency translation difference		-	-	-	-	(1,649,146)
Balance as at 31 March 2022 (USD) (Unaudited)		<u>10,000,000</u>	<u>17,280,000</u>	<u>41,594,907</u>	<u>68,874,907</u>	<u>278,943,373</u>
Balance as at 1 January 2021 (Audited)		10,000,000	17,280,000	41,682,835	68,962,835	278,954,667
Profit for the quarter		-	-	78,117	78,117	315,982
Dividend paid	22	-	-	(500,000)	(500,000)	(2,000,000)
Currency translation difference		-	-	-	-	(22,499)
Balance as at 31 March 2021 (USD) (Unaudited)		<u>10,000,000</u>	<u>17,280,000</u>	<u>41,260,952</u>	<u>68,540,952</u>	<u>277,248,150</u>

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**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2022**

	Note	Unaudited 3 months to 31 March 2022		Unaudited 3 months to 31 March 2021	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Operating activities					
Profit before income tax		505,284	2,051,453	97,646	394,977
Adjustments for:					
Amortisation of intangible assets	9	239	970	403	1,630
Depreciation of property, plant and equipment	8	277,940	1,128,436	315,011	1,274,219
Interest expense	20	90,411	367,069	91,084	368,435
Interest income		(578)	(2,347)	(427)	(1,727)
Operating profit before working capital		873,296	3,545,581	503,717	2,037,534
Changes in working capital:					
- inventories		1,451,582	5,878,907	591,953	2,394,450
- trade and other receivables		(1,241,372)	(5,027,557)	1,570,748	6,353,676
- trade and other payables		(2,086,484)	(8,450,260)	(1,899,078)	(7,681,771)
Cash generated from operating activities		(1,002,978)	(4,053,329)	767,340	3,103,889
Income tax paid		(129,060)	(522,693)	(68,686)	(277,835)
Net cash from operating activities		(1,132,038)	(4,576,022)	698,654	2,826,054
Investing activities					
Purchases of property, plant and equipment	8	(3,955)	(16,018)	(61,094)	(247,125)
Interest received		578	2,347	427	1,727
Net cash used in investing activities		(3,377)	(13,671)	(60,667)	(245,398)
Financing activities					
Interest paid	20	(90,411)	(367,069)	(91,084)	(368,435)
Repayment of bank borrowings	16	(111,898)	(453,187)	(7,167,865)	(28,994,014)
Drawdown of borrowings	16	-	-	7,060,000	28,557,700
Dividend paid	22	-	-	(500,000)	(2,000,000)
Net cash used in financing activities		(202,309)	(820,256)	(698,949)	(2,804,749)
Net change in cash and cash equivalents		(1,337,724)	(5,409,949)	(60,962)	(224,093)
Cash and cash equivalents, at the beginning of period		1,950,806	7,947,584	974,600	3,942,257
Currency translation difference		-	(54,653)	-	(22,498)
Cash and cash equivalents, at the end of period		613,082	2,482,982	913,638	3,695,666

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

1. GENERAL INFORMATION

Grand Twins International (Cambodia) Plc (“the Company”) was registered on 15 November 2007 as a private limited liability company in the Kingdom of Cambodia. On 19 February 2013, the Company made amendments to its Articles of Incorporation to change to a public limited company. On 16 June 2014, the Company was listed on the Cambodia Securities Exchange.

The registered office and principal place of business of the Company is at Phum Trapeangpoe, Sangkat Chom Chao, Khan Posenchey, Phnom Penh, Kingdom of Cambodia.

The Company’s holding company is Grand Twins International Ltd, a company incorporated in the British Virgin Islands.

2. PRINCIPAL ACTIVITY

The principal activity of the Company is the manufacturing of garments. There have been no significant changes in the nature of this activity during the financial period.

3. BASIS OF PREPARATION

The condensed interim financial statements are as at and for the period ended 31 March 2022. They have been prepared in accordance with Cambodian International Accounting Standard 34 ‘*Interim Financial Reporting*’ (“CIAS 34”). They do not include all of the information required in the annual financial statements in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”), and should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and notes to the condensed interim financial statements.

4. FUNCTIONAL AND PRESENTATION CURRENCY

The national currency of Cambodia is the Khmer Riel (“KHR”). However, as the Company transacts its business and maintains its accounting records primarily in United States Dollars (“USD”), Management has determined the USD to be the Company’s for measurement and presentation purpose as it reflects the economic substance of the underlying events and circumstances of the Company.

Transactions in foreign currencies other than USD are translated to USD at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than USD at the reporting date are translated into USD at the rates of exchange ruling at that date.

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4. FUNCTIONAL AND PRESENTATION CURRENCY (CONT'D)

The translations of USD amounts into KHR presented in the financial statements are included solely to comply with the Law on Accounting and Auditing (April 2016) and have been made using the prescribed official annual average exchange rate of USD1 to KHR4,060 for the quarter ended 31 March 2022 (31 March 2021: KHR4,045) and closing rate USD1 to KHR4,050 as at 31 March 2022 (31 March 2021: KHR4,045) as announced by the National Bank of Cambodia ("NBC"). These translations are unaudited and should not be construed as representations that the USD amounts have been, could have been, or could in the future be, converted into KHR at this or any other rate of exchange.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted are consistent with those adopted in the Company's audited financial statements for the financial year ended 31 December 2021.

6. SEASONALITY OR CYCLICALITY OF OPERATION

The demand for the Company's products is sensitive to seasonal changes.

7. USE OF ESTIMATES AND JUDGEMENTS

When preparing the interim condensed financial statements, Management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by Management, and will seldom equal the estimated results.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022****8. PROPERTY, PLANT AND EQUIPMENT**

	Leasehold land USD	Building and structures USD	Plant and machineries USD	Motor vehicles USD	Equipment and computers USD	Total USD
Unaudited						
Cost						
Balance at 1 January 2022	3,880,000	8,971,311	18,370,664	86,400	1,993,698	33,302,073
Addition	-	-	-	-	3,955	3,955
Balance at 31 March 2022	3,880,000	8,971,311	18,370,664	86,400	1,997,653	33,306,028
Accumulated depreciation						
Balance at 1 January 2022	(388,000)	(5,881,983)	(13,158,164)	(84,298)	(1,846,525)	(21,358,970)
Depreciation	(9,600)	(58,139)	(199,728)	(303)	(10,170)	(277,940)
Balance at 31 March 2022	(397,600)	(5,940,122)	(13,357,892)	(84,601)	(1,856,695)	(21,636,910)
Carrying amount at 31 March 2022 (USD)	3,482,400	3,031,189	5,012,772	1,799	140,958	11,669,118
KHR'000 (Note 4)	14,103,720	12,276,315	20,301,727	7,286	570,880	47,259,928
Audited						
Cost						
Balance at 1 January 2021	3,880,000	8,971,311	18,118,369	109,550	1,970,925	33,050,155
Additions	-	-	252,295	-	34,736	287,031
Disposal	-	-	-	(23,150)	(11,963)	(35,113)
Balance at 31 December 2021	3,880,000	8,971,311	18,370,664	86,400	1,993,698	33,302,073
Accumulated depreciation						
Balance at 1 January 2021	(349,200)	(5,649,429)	(12,197,894)	(105,525)	(1,801,638)	(20,103,686)
Depreciation	(38,800)	(232,554)	(960,270)	(1,660)	(56,232)	(1,289,516)
Disposal	-	-	-	22,887	11,345	34,232
Balance at 31 December 2021	(388,000)	(5,881,983)	(13,158,164)	(84,298)	(1,846,525)	(21,358,970)
Carrying amount at 31 December 2021 (USD)	3,492,000	3,089,328	5,212,500	2,102	147,173	11,943,103
KHR'000 (Note 4)	14,226,408	12,585,922	21,235,725	8,564	599,583	48,656,202

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

9. INTANGIBLE ASSETS

	Computer software	
	Unaudited 2022 USD	Audited 2021 USD
Cost		
Balance at 1 March/31 December	<u>224,957</u>	<u>224,957</u>
Accumulated amortisation		
Balance at 1 January	(221,807)	(220,195)
Amortisation	<u>(239)</u>	<u>(1,612)</u>
Balance at 31 March/December	<u>(222,046)</u>	<u>(221,807)</u>
Carrying amount at 31 March/December	<u>2,911</u>	<u>3,150</u>
KHR'000 (Note 4)	<u>11,790</u>	<u>12,833</u>

10. INVENTORIES

	Unaudited 31 March 2022		Audited 31 December 2021	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Raw materials	11,677,513	47,293,928	13,385,572	54,532,820
Work-in-progress	7,851,667	31,799,251	8,274,748	33,711,323
Finished goods	<u>5,926,628</u>	<u>24,002,843</u>	<u>5,247,070</u>	<u>21,376,564</u>
	<u>25,455,808</u>	<u>103,096,022</u>	<u>26,907,390</u>	<u>109,620,707</u>
Recognised in profit or loss:-				
Impairment loss on inventories	-	-	379,106	1,544,478

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

11. TRADE AND OTHER RECEIVABLES

	Unaudited 31 March 2022		Audited 31 December 2021	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Trade receivables				
Amount due from related party				
QMI Industrial Co., Ltd.	44,496,028	180,208,913	43,340,486	176,569,140
Other receivables				
Amount due from related parties				
Quint Major Industrial Co., Ltd.	26,648	107,924	26,648	108,564
QMI Industrial Co., Ltd.	15,092	61,123	11,049	45,014
Value-added tax receivables	1,348,434	5,461,158	1,291,151	5,260,149
Prepayments				
QMI Industrial Co., Ltd.	-	-	5,000	20,370
Quint Major Industrial Co., Ltd.	-	-	2,760	11,244
Other third parties	1,812,409	7,340,256	1,780,145	7,252,311
	<u>3,202,583</u>	<u>12,970,461</u>	<u>3,116,753</u>	<u>12,697,652</u>
	<u>47,698,611</u>	<u>193,179,374</u>	<u>46,457,239</u>	<u>189,266,792</u>

12. CASH AND CASH EQUIVALENTS

	Unaudited 31 March 2022		Audited 31 December 2021	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Cash on hand	98,011	396,945	38,926	158,585
Cash in banks	515,071	2,086,037	1,911,880	7,788,999
	<u>613,082</u>	<u>2,482,982</u>	<u>1,950,806</u>	<u>7,947,584</u>

13. SHARE CAPITAL

	Unaudited 31 March 2022		Audited 31 December 2021	
	Shares	USD	Shares	USD
Ordinary shares of USD 0.25 each				
Authorised	200,000,000	50,000,000	200,000,000	50,000,000
Issued and fully paid:	40,000,000	10,000,000	40,000,000	10,000,000
KHR'000 (Note 4)	-	40,450,000	-	40,450,000

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

14. SHARE PREMIUM

The share premium represents the excess amount received by the Company over the par value of its shares pursuant to the issuance of 1,123,810 and 6,876,190 new ordinary shares of USD0.25 each to the Cambodian public and selected investor, respectively, at an issue price of USD2.41 per share on 16 June 2014.

15. TRADE AND OTHER PAYABLES

	Unaudited 31 March 2022		Audited 31 December 2021	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Non-current				
Other payables	360,000	1,458,000	450,000	1,833,300
Current				
Trade payables	1,148,425	4,651,121	1,822,936	7,426,641
Amounts due to related parties				
Quint Major Industrial Co., Ltd	5,645,913	22,865,948	6,398,414	26,067,139
QMI Industrial Co., Ltd	30,489	123,480	9,023	36,760
Accruals	1,107,273	4,484,456	1,695,702	6,908,290
Withholding tax payables	330,845	1,339,922	330,845	1,347,863
Other payables	18,814	76,197	21,323	86,870
	<u>8,281,759</u>	<u>33,541,124</u>	<u>10,278,243</u>	<u>41,873,563</u>
	<u>8,641,759</u>	<u>34,999,124</u>	<u>10,728,243</u>	<u>43,706,863</u>

16. BORROWINGS

	Unaudited 31 March 2022		Audited 31 December 2021	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Short-term loans				
First Commercial Bank (Note 16.1)	6,400,000	25,920,000	6,400,000	26,073,600
Taiwan Cooperative Bank (Note 16.2)	1,263,059	5,115,389	1,374,957	5,601,575
	<u>7,663,059</u>	<u>31,035,389</u>	<u>7,774,957</u>	<u>31,675,175</u>

16.1. Term loan with the First Commercial Bank

With reference to a loan agreement dated 28 June 2016, the Company was provided with a short-term loan of up to USD 6,400,000 (revolving loan) by First Commercial Bank, Phnom Penh Branch. The term of the loan is for one year and the maturity date is specified in each promissory note. The annual interest on the loan is the floating rate of nine months LIBOR rate plus 4.2% \geq 5%. Interest is calculated on the basis of 360 days per year and payable on a monthly basis.

The loan was renewed on 6 July 2018 for a one-year term. The annual interest on the loan is the floating rate of six months LIBOR rate plus 3.8% \geq 5%.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

16. BORROWINGS (CONT'D)

16.1. Term loan with the First Commercial Bank (Cont'd)

The loan was subsequently renewed on 4 September 2019 for another one-year term. The annual interest rate on the loan is the floating rate of six months LIBOR rate plus 3% \geq 5%. Monthly interest payable is calculated on the basis of 360 days per year.

The loan was renewed on 6 November 2020 for one-year term. The interest is the floating rate of six months Libor rate Plus 3% \geq 5% per annum. Monthly interest payable is calculated on the basis of 360 days per year.

The Company has signed the new loan agreement with the term 5 years, which starting from 30 March 2022 to 29 March 2027. The annual interest rate is the fixed rate of 4.85% and the monthly interest payable is calculated on the basis 360 days per year.

The short-term loan is secured by the following:

- (a) Letter of guarantee by Mr. Yang Shaw Shin, Director of the Company;
- (b) First mortgage on the land owned by Mr. Yang Shaw Shin with title deed No. 12050501-0119, dated on 9 April 2013 located at Phum Chum Pou Voin, Trapaing Por, Sangkat Chom Chao, Khan Dangkor, Phnom Penh, Cambodia; and,
- (c) All present and future assets of the Company.

For the three-month period to 31 March 2022, there is no payment on the principal amount (2021: USD7,060,000) and no drawn down made by the Company (2021: USD7,060,000).

16.2. Term loan with the Taiwan Cooperative Bank

The Company entered into a loan agreement with the Taiwan Cooperative Bank on 6 November 2017 for USD3,000,000 payable over 84 months starting from the date of first drawdown. On 29 November 2017 and 22 December 2017, the Company drawn down USD2,000,000 and USD1,000,000, respectively.

The annual interest rate of the loan is six months LIBOR rate plus 3.5795%. Interest is payable on a monthly basis, starting from the date of loan disbursement.

The term loan is secured by the following:

- (a) Letter of guarantee by Mr. Yang Shaw Shin, Director of the Company;
- (b) First-rank hypothec over the real properties owned by Mr. Yang Shaw Shin (including land(s) and all constructions) as follows:
 - (i) Certificate of land title 005315 (Ixii 0019/21090908-0001) issued on 27 February 2014 of 226,697m², locate at Phum Chorm Pol, Khum Porpel, Srok Tram Kak, Takeo province, Cambodia
 - (ii) Certificate of land title 005366 (Ixii 0020/21090908-0002) issued on 23 July 2014 of 14,871 m², locate at Phum Chorm Pol, Khum Porpel, Srok Tram Kak, Takeo province, Cambodia.

For the three-month period to 31 March 2022, the Company paid the principal amounting to USD111,898 (2021: USD107,865).

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16. BORROWINGS (CONT'D)

16.2. Term loan with the Taiwan Cooperative Bank (Cont'd)

According to covenants in the loan agreement entered into between the Company and Taiwan Cooperative Bank, the financial indicators of the Company shall not be weaker than the following:

Financial indicators	Performance mark
Current ratio	1.0
Debt asset ratio	0.75
Return on Equity ratio	20% per annum

The Company has not met the return on equity ratio covenant for the financial year ended 31 December 2021. As at 31 March 2022, the Company's return on equity is 0.40% for the 3 months period ended on that date. The Company has not applied nor obtained any dispensation from the lender for the breach of the loan covenant. In view of this, the loan has been classified as current liabilities as the lender has the right to recall the loan due to the breach.

17. REVENUE

	USD	Unaudited 3 months to 31 March 2022 KHR'000 (Note 4)	USD	Unaudited 3 months to 31 March 2021 KHR'000 (Note 4)
Sale of goods	27,580,841	111,978,214	32,425,163	131,159,784
Subcontract revenue	-	-	306,013	1,237,823
	<u>27,580,841</u>	<u>111,978,214</u>	<u>32,731,176</u>	<u>132,397,607</u>

17.1. Disaggregated revenue information

	USD	Unaudited 3 months to 31 March 2022 KHR'000 (Note 4)	USD	Unaudited 3 months to 31 March 2021 KHR'000 (Note 4)
Revenue from contracts with customers	<u>27,580,841</u>	<u>111,978,214</u>	<u>32,731,176</u>	<u>132,397,607</u>
Timing of revenue recognition:				
Point in time	<u>27,580,841</u>	<u>111,978,214</u>	<u>32,731,176</u>	<u>132,397,607</u>

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18. COST OF SALES

	USD	Unaudited 3 months to 31 March 2022 KHR'000 (Note 4)	USD	Unaudited 3 months to 31 March 2021 KHR'000 (Note 4)
Direct materials	20,665,700	83,902,742	23,273,570	94,141,591
Direct labour	2,189,328	8,888,672	2,104,156	8,511,311
Overhead	2,630,470	10,679,708	5,773,177	23,352,501
	<u>25,485,498</u>	<u>103,471,122</u>	<u>31,150,903</u>	<u>126,005,403</u>

19. OTHER INCOME

	USD	Unaudited 3 months to 31 March 2022 KHR'000 (Note 4)	USD	Unaudited 3 months to 31 March 2021 KHR'000 (Note 4)
Interest income	578	2,347	427	1,727
Rental income	72,675	295,061	67,737	273,996
Realised foreign exchange gain	1,012	4,109	9,067	36,676
Sale of waste	6,627	26,906	-	-
Others	446	1,810	662	2,678
	<u>81,338</u>	<u>330,233</u>	<u>77,893</u>	<u>315,077</u>

20. FINANCE COSTS

This amount represents interest expense on borrowings.

21. INCOME TAX EXPENSE

Under the Cambodian Law on Taxation, the Company has an obligation to pay tax on income at the rate of 20% of the taxable income or a minimum tax, whichever is higher.

The minimum tax is calculated at the rate of 1% of the annual turnover inclusive of all taxes. The prepayment of tax on income is temporarily suspended until the end of year 2022 in accordance with Prakas No. 1130MEF.Prk dated on 27 October 2017 issued by the Ministry of Economy and Finance.

Please refer to Note 27 for the explanation on the tax contingencies in Cambodia.

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22. DIVIDENDS

	Unaudited 3 months to 31 March 2022		Unaudited 3 months to 31 March 2021	
	Dividend Per share KHR	Amount of Dividend KHR'000	Dividend Per share KHR	Amount of Dividend KHR'000
Dividend paid	-	-	50	2,000,000

On 22 January 2021, the dividend payment of KHR 50 per share, amounting to a total dividend payment of KHR2,000million (equivalent to USD500,000) in respect of the financial year ended 31 December 2019 has been approved by the shareholders. The dividend was paid on 5 February 2021.

23. EARNINGS PER SHARE

	Unaudited 3 months to 31 March 2022		Unaudited 3 months to 31 March 2021	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Profit attributable to ordinary equity holders	275,167	1,117,178	78,117	315,982
Weighted average number of shares in issue	40,000,000	40,000,000	40,000,000	40,000,000
Basic earnings per share	0.007	0.028	0.002	0.008
Diluted earnings per share	0.007	0.028	0.002	0.008

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company had no dilutive potential ordinary shares as at the periods ended. As such, the diluted earnings per share were equivalent to the basic earnings per share.

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24. RELATED PARTY BALANCES AND TRANSACTIONS

The following balances are outstanding with related parties:

			31 March 2022		31 December 2021	
			USD	KHR'000	USD	KHR'000
Amounts due from						
QMI Industrial Co., Ltd	Common control	Trade receivables	44,496,028	180,208,913	43,340,486	176,569,140
		Non-trade receivables	15,092	61,123	16,049	65,384
Quint Major Industrial Co., Ltd.	Common control	Trade receivables	26,648	107,924	26,648	108,564
		Non-trade receivables	-	-	2,760	11,244
			<u>44,537,768</u>	<u>180,377,960</u>	<u>43,385,943</u>	<u>176,754,332</u>
Amounts due to						
Quint Major Industrial Co., Ltd	Common control	Trade payables	5,645,913	22,865,948	6,398,414	26,067,139
QMI Industrial Co., Ltd	Common control	Trade payables	30,489	123,480	9,023	36,760
			<u>5,676,402</u>	<u>22,989,428</u>	<u>6,407,437</u>	<u>26,103,899</u>

The outstanding balances are unsecured, free of interest with no fixed terms of repayment.

The Company had the following transactions with related parties during the financial period:

	Unaudited 3 months to 31 March 2022		Unaudited 3 months to 31 March 2021	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
<u>Under common control</u>				
QMI Industrial Co., Ltd				
Sales of goods	27,580,840	111,978,210	13,275,881	53,700,940
Sale of waste	6,627	26,906	-	-
Purchases of raw materials	14,286,925	58,004,916	20,144,878	81,486,033
Purchases of machinery and equipment	3,475	14,109	16,225	65,630
Cash collection	12,145,000	49,308,700	13,676,422	55,321,126
Offset with trade payables	14,286,925	58,004,916	20,144,878	81,486,033
Payments on behalf for the Company	4,043	16,415	10,850	43,887
Payments on behalf by the Company	21,466	87,152	51,156	206,925
Advances to the Company	120,000	487,200	632,000	2,556,440
Repayment of advances by the Company	<u>127,760</u>	<u>518,706</u>	<u>302,500</u>	<u>1,223,613</u>

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24. RELATED PARTY BALANCES AND TRANSACTIONS (CONT'D)

Quint Major Industrial Co., Ltd.

Subcontract cost	3,297,499	13,387,846	3,624,720	14,661,993
Rental of machinery	72,676	295,065	67,737	273,995
Repayment	4,050,000	16,443,000	4,570,000	18,485,650
Payments on behalf for the Company	-	-	13,862	56,073
Repayment of advances by the Company	-	-	66,568	269,269

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Unaudited		Audited	
	31 March 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
Financial assets				
Amortised cost				
Trade and other receivables*	44,537,768	180,377,960	43,378,183	176,722,718
Cash and cash equivalents	613,082	2,482,982	1,950,806	7,947,584
	<u>45,150,850</u>	<u>182,860,942</u>	<u>45,328,989</u>	<u>184,670,302</u>

* Excludes prepayments and VAT receivables.

	Unaudited		Audited	
	31 March 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
Financial liabilities				
Amortised cost				
Trade and other payables**	8,310,914	33,659,202	10,397,398	42,358,999
Borrowings	7,663,059	31,035,389	7,774,957	31,675,175
	<u>15,973,973</u>	<u>64,694,591</u>	<u>18,172,355</u>	<u>74,034,174</u>

** Excludes withholding tax payables.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Company is to optimise value creation for its shareholders whilst minimising the potential adverse impact arising from volatility of the financial markets.

The directors are responsible for setting the objectives and underlying principles of financial risk management for the Company. The Management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits in accordance with the objectives and underlying principles approved by the Directors.

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26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

26.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to perform as contracted. The Company is mainly exposed to credit risk from credit sales. It is the Company's policy to monitor the financial standing of its counter parties on an ongoing basis to ensure that the Company is exposed to minimal credit risk.

The Company's primary exposure to credit risk arises through its trade receivables from its customers. The credit period is three months and the Company seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by Management.

26.2 Liquidity and cash flow risk

Liquidity and cash flow risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations when they fall due.

The Company actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Company maintains a level of cash and cash equivalents deemed adequate to finance the Company's activities for the next twelve months.

26.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Company would fluctuate because of changes in market interest rates.

The exposure of the Company to interest rate arises primarily from borrowing. The Company manages its interest rate exposure by closely monitoring the debt market and where necessary, maintaining a prudent mix of fixed and floating rate borrowings. The Company does not use derivative financial instruments to hedge any debt obligations.

27. TAXATION CONTINGENCIES

The taxation system in Cambodia is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities who are enabled by law to impose severe fines, penalties and interest charges. These facts may create tax risks in Cambodia substantially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of current tax legislations. However, the relevant authorities may have differing interpretations and the effects could be significant.

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28. COMMITMENT

At the end of the current financial period, the Company has a commitment for capital expenditure in respect of the purchase of new research office units from TACC (C.R) Ltd amounting to USD5,913,044 (31 December 2021: USD5,913,044). As of 31 March 2022, the construction of the building where the research office will be located is still in progress.

29. SIGNIFICANT EVENT DURING THE REPORTING PERIOD

There is no significant event during the reporting period.

30. EVENT AFTER THE REPORTING PERIOD

There is no significant adjusting or non-adjusting event that has occurred between 31 March 2022 and the date of authorisation of the Condensed Interim Financial Statements.

31. AUTHORISATION OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The Condensed Interim Financial Statements as at and for the period ended 31 March 2022 were approved for issue by the Board of Directors on 13 May 2022.