



GRAND TWINS INTERNATIONAL
(CAMBODIA) PLC

The First Quaterly Report of 2020

As at ended 31 March 2020

GRAND TWINS INTERNATIONAL
(CAMBODIA) PLC



**MISSION , BUSINESS STRENGTH
& FUTURE PLANS**

GRAND TWINS

*“The First Private Listed Company in
In Cambodia Securities Exchange”*

Our Slogan

“You Wear, We Care”

Our Vision

- Performance Upgrading
- Quality Improving
- Technology Placing

Our Mission

Exceed customers' expectations in quality, delivery, and cost through continuous improvement and customer interaction

Grand Twins Internation (Cambodia)Plc.

“A Leading Garment Manufacturerer

In Cambodia”

Company's Strengths

- We benefit from our strong relationship with with QMI Industrial Co., Ltd (“QMI Taiwan”).
- We have produced world renowned sport wears brand Adidas®
- We have received tax exemptions from both Canada and the European Union;
- We have a reliable team work
- We have an experience of management team
- We enjoy geographical diversification of market
- We have introduce high technology to our products

Business Strategies and Future Plan

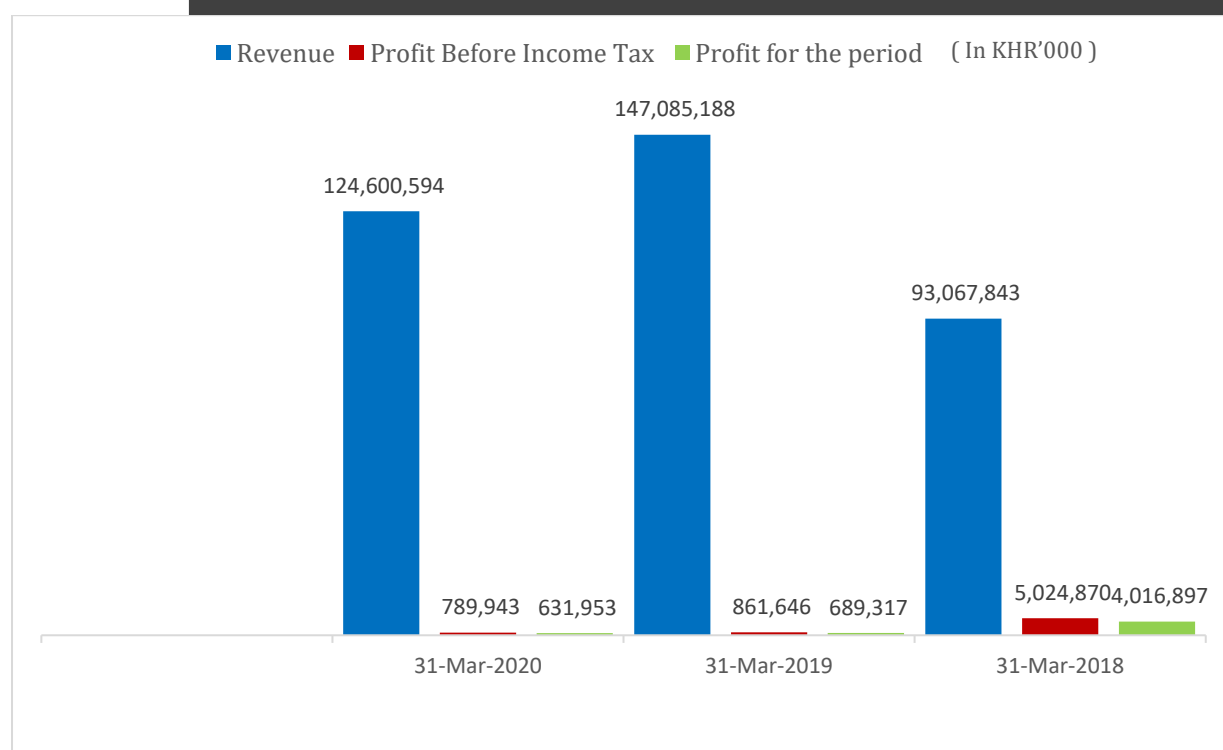
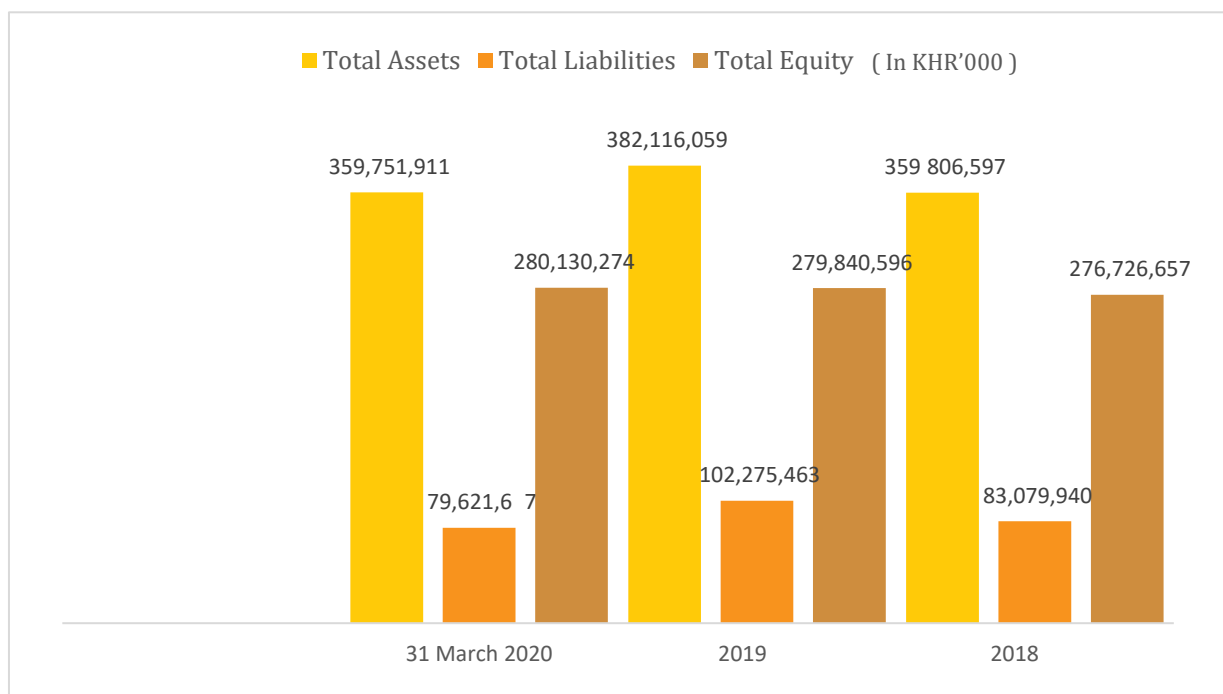
- We invest in technology that allows us to continue to offer new and innovative products offerings
- We aim to respond to customers' needs
- We aim for efficiency in production and delivery
- We aim for excellent quality

Key Data and Indicator for The First Quarter of 2020

CONDENSED INTERIM FINANCIAL STATEMENTS Q1-2020 & PREVIOUS YEAR

Description		Q1- 2020	2019	2018
		KHR'000	KHR'000	KHR'000
Financial Position				
Total Assets		359,751,911	382,116,059	359,806,597
Total Liabilities		79,621,637	102,275,463	83,079,940
Total Equity		280,130,274	279,840,596	276,726,657
Comprehensive Income		Q1-2020	Q1-2019	Q1-2018
Revenue		124,600,594	147,085,188	93,067,843
Profit Before Income Tax		789,943	861,646	5,024,870
Profit for the period		631,953	689,317	4,019,897
Comprehensive Income for the period		631,953	689,317	4,019,897
Fianancial Ratio		Q1-2020	2019	2018
Solvency Ratio		77.87%	73.23%	76.91%
Liquidity Ratio	Current Ratio	4.14	3.41	4.05
	Quick Ratio	2.63	2.47	2.68
		Q1-2020	Q1-2019	Q1-2018
Profitability Ratio	Return on Assets	0.18%	0.19%	1.25%
	Return on Equity	0.23%	0.25%	1.47%
	Gross Profit Margin	5.93%	7.69%	11.41%
	Profit Margin	0.51%	0.47%	4.32%
	Earnings Per Share	15.80	17.23	100.15
Interest Coverage Ratio		1.77%	2.23%	19.79%
Dividend Yield (if any)		-	-	-
Others Financial Ratio (if any)		-	-	-

Comprehensive Income for The First Quarter 2020 and Previous Quater



COMPOSITION OF BOARD OF DIRECTOR

COMPOSITION OF BOARD OF DIRECTOR



Mr. Yang Shaw Shin
Chairman of Board of Director



Mr. **Chen Tsung-Chi**
Executive Director and
Chief Executive Officer



Mr. Ly Kun Thai
Independent Director



Mr. **Huang, Tung-Fu**
Non-Executive Director



Ms. **Wang Yi Ting**
Non-Executive Director

Chairman Statement
and
Directors Valuation on Comapny
Performance



Mr. Yang Shaw Shin
Chairman

STATEMENT of CHAIRMAN

We are Board of directors of Grand Twins, it is our great pressure to present the Interim Condensed Financial report of Q1 2020. as at 31 March 2020 of Grand Twins International (Cambodia) Plc. (or Grand Twins).

Efficiency on Customer service

Since the begining or our operation in 2007, Grand Twins has produced and expanded the products to meet customer's required, that has been awareness as a leading garment manufacturer in cambodia. We strongly believe on our ability on creating, developing and distributing to our customers in all over the world.

We continuously to maintain good relationship with our main customer namely Addida, in order to received more purchase order in 2020, meanwhile, we continuously collaborate with other customers to increase our other revenues such as from subcontract and CMP to stablized and gain higher revenue than previous year.

Financial Performance Highlight for the 1st quarter of 2020

As the quarter ended 31 March 2020, Grand Twins has generated KHR 124,601 Millions (USD 30.667 Million), and interpreted to profit before tax KHR 790 Millions (USD 194,423) and net income for the period KHR 632 Millions (155,538 Millions). As a result from the decreasing in revenue since we had expanded and improved our production facility to meet our customer's required standard.

Expectation for the quarters in 2020

At the current financial quarter 2020, we are committed to keep more effort to enhance our corporate governance and accomplish our vision and mission. Our Target is to archieve higher profit than previous year.

Furthermore, we would like to express our pressure and feel thankful to Board of Director, Management Team, all staffs and workers for always support and good management in past quarter and year. We are also thankful to all supporting customers especially to our major customers who always support and place order lead to today succeed.

Phnom Penh, Date: 30 July 2020
Sinagture and Stamp

Chairman



Mr. Yang Shaw Shin

DIRECTOR'S REPORT ON THE VALUATION OF THE COMPANY PERFORMANCE

Grand Twins is gladly present the interim condensed financial report of Q1-2020 Grand Twins International (Cambodia) Ltd. (Grand Twins) and the received financial information as at 31 March 2020.

Principal activities

The main activities of the Company is manufacturing of garments. Since the date of incorporation, there have been no significant changes in the nature of this activity.

Financial Performance

The financial performance for the quarter end 31 March 2020, is disclosed in the interim report in section 6 "Interim Condensed Financial Report" of independent auditor

	In KHR '000'	US Dollar
Total Revenue	124,600,594	30,667,141
Profit Before Tax	789,943	194,423
Net Income	631,953	155,538

Assets

When preparing the interim condensed financial statements, Management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets.

Financial statement is authorised, our Directors has taken appropriate rule to interpret value of current assets to current market value apply in normal operation, while recorded reducing value in accounting book to correspond to expected market value. As the date of this report, the Director does not aware of any circumstances which would give misleading values for the assets in the financial statements of the Company.

Valuation methods

At the date of this report, the Director is not aware of any circumstances that have arisen that would give misleading and inappropriate values for the assets in the financial statement.

Contingent and other liabilities

At the date of this report there does not exist:

- Any charge on the assets of the Company that has arisen since the end of the year which secures the liabilities of any other person as quarter ended 31 March 2020; or
- Any contingent liability in respect of the Company that has arisen.

In the Director opinion, there is no contingent and other liabilities has become enforceable in 3 months as quarter ended, that will or may substantially affect the ability of company to meet its obligations when they fall due.

Change of circumstances

As of the date of this report, the Director is not aware of any circumstances not otherwise deal with in this report or the financial statements of the Company which would render any amount stated in the financial statements misleading.

Items of an unusual nature

In the opinion of the management, the results of the operations of the Company presented in the Company's financial statements for the quarter ended 31 March 2020, have not been substantially affected by any item, transaction or event of a material and unusual nature. In the opinion of the Director, there have not been any item, transaction or even of a material and unusual nature likely, to affect substantially the results of the operations of the Company.

Event after the balance sheet date

Other than those events disclosed in the Note to the financial statements, there has not arisen any item transaction or event of a material and unusual nature likely to affect substantially the interim financial performance of our Company for the quarter ended 31 March 2020.

The Director's Responsibility for the Financial Statements

The Director is responsible for ensuring that the financial statement are properly drawn up so as to present fairly. In all materials aspects, the financial position of the company as at for the quarter ended 31 March 2020 of it interim financial performance and cash flow for the years and period then ended.

In preparing these financial statement, the Direcotor is required to:

1. Adopt appropriate policies in accordance with the Cambodian Accounting Standard (CAS) which are supported y reasonable and prudent judgment and estimate and then apply them consistently;
2. Comply with the disclosure requirement of the CAS, or if there has been any departure in the interest of true and fair presentation, this has been appropriately disclosed, explained and quantified in the financial statement;
3. Maintain adequate accounting records and an effective system of internal controls;
4. Prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue operations in the foreseeable future; and
5. Effectively control and direct the Company and be involved in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

The Directors of the Company do hereby confirm that the interim condensed financial statements, together with the notes thereto, present fairly, in all material respects the financial position of the Company as the quarter ended 31 March 2020 and its financial performance and cash flows for the years and period then ended in accordance with Cambodian Accounting Standards.

Statement of CEO

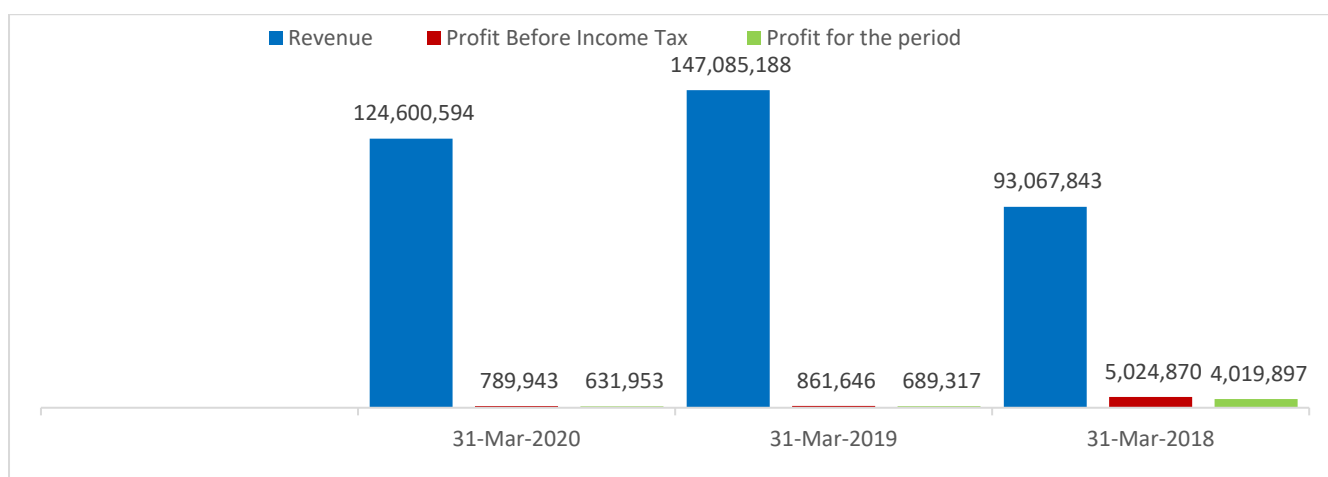
STATEMENT of CEO



Mr. Chen Tsung-Chi
CEO

As representative of Twins International (Cambodia) Plc. (Grand Twins). I have a great honored and pleasure to present our interim condensed Financial report for quarter ended 31 March 2020. In this first quarter of 2020, Grand Twin has generated total revenue KHR 124,611 Millions (USD 30.667 Million), and interpreted to profit before tax KHR 790 Millions (USD 194,428) and net income for the period KHR 632 Millions (155,542 Millions).

Financial Performance for quarter ended 31 March 2020, 2019 and 2018 (in KHR'000)



High Financial Performance for the 1st quarter of 2020

For the 1st quarter of 2020, we have generated in total revenue KHR 124,601 Millions (USD 30.667 Millions) that sale of products have accounted KHR 122,722 Millions (USD 30.202 Millions), and revenue from subcontract KHR 1,889 Millions (USD 464.787 Millions). Therefore, as quarter ended 31 March 2020, we don't have any revenue from CPM.

Expectation for the quarters in 2020

At the current financial quarter 2020, we are committed to keep more effort to enhance our corporate governance and accomplish our vision and mission. Our Target is to achieve higher profit from previous year.

Thanking Note

Furthermore, we would like to express our pressure and feel thankful to Board of Director, Management Team, all staffs and workers for always support and good management in past quarter and year. We are also thankful to all supporting customers especially to our major customers who always support and place order lead to today succeed.

Phnom Penh, Date: 30 July 2020
Sinagture and Stamp
Chief Executive Officer



Mr. Chen Tsung-Chi

Contents

Mission, Business Strength, & Future Plans	i
Key Datas and Indicator for the first quarter 2020	iv
Composition of Board of Director	vii
Statement of Chairman	x
Statement of CEO	xiii
Section 1: Company Corporate Information	
a. Company Overview	1
b. Business Overview	5
c. Significant Event in the first quarter 2020	18
Section 2: Business Performance	
a. Company Business Performance	20
b. Revenue Source	24
Section 3: Condensed Interim Financial Statements	26
Section 4: Management Discussion and Analysis on Fianancial Condition	43
a. Overview of Operations	43
b. Significant Factors Affecting Profit	49
c. Material Changes in Sale and Revenue	50
d. mpact of Foreign Exchange /Interest Rates I Commodity Prices	50
e. Impact of inflation	51
f. Government/ Economics/ Fiscal/ Monetary Policy	51
Section 5 : Sinificant Information to Protect Investor	54
Director Signature	

I. Company Corporate Information

COMPANY OVERVIEW



Company Name in Khmer : **ក្រុមហ៊ុន ហ្វ្រង់តូ ធួន អ៊ិនធើណេសិនណល (ខេមបូឌា) ភីអិលស៊ី**

Company Name in Latin : GRAND TWINS INTERNAIONAL (CAMBODIA) Plc.

Standard Code : KH1000020003

Address : PHUM TRA PANG POR, SANGKAT CHOM CHAU, KHAN POSENCHAY, PHNOM PENH CITY, CAMBODIA

Tel: : (855) 23 890 325

Fax : (855) 23 890 326

Website : www.Grandtwins.com.kh

Email : yuthy.phuong@qmico.com

Business Registration No : 00012347

Date : 15 Nov 2007

Business License No. : N/A

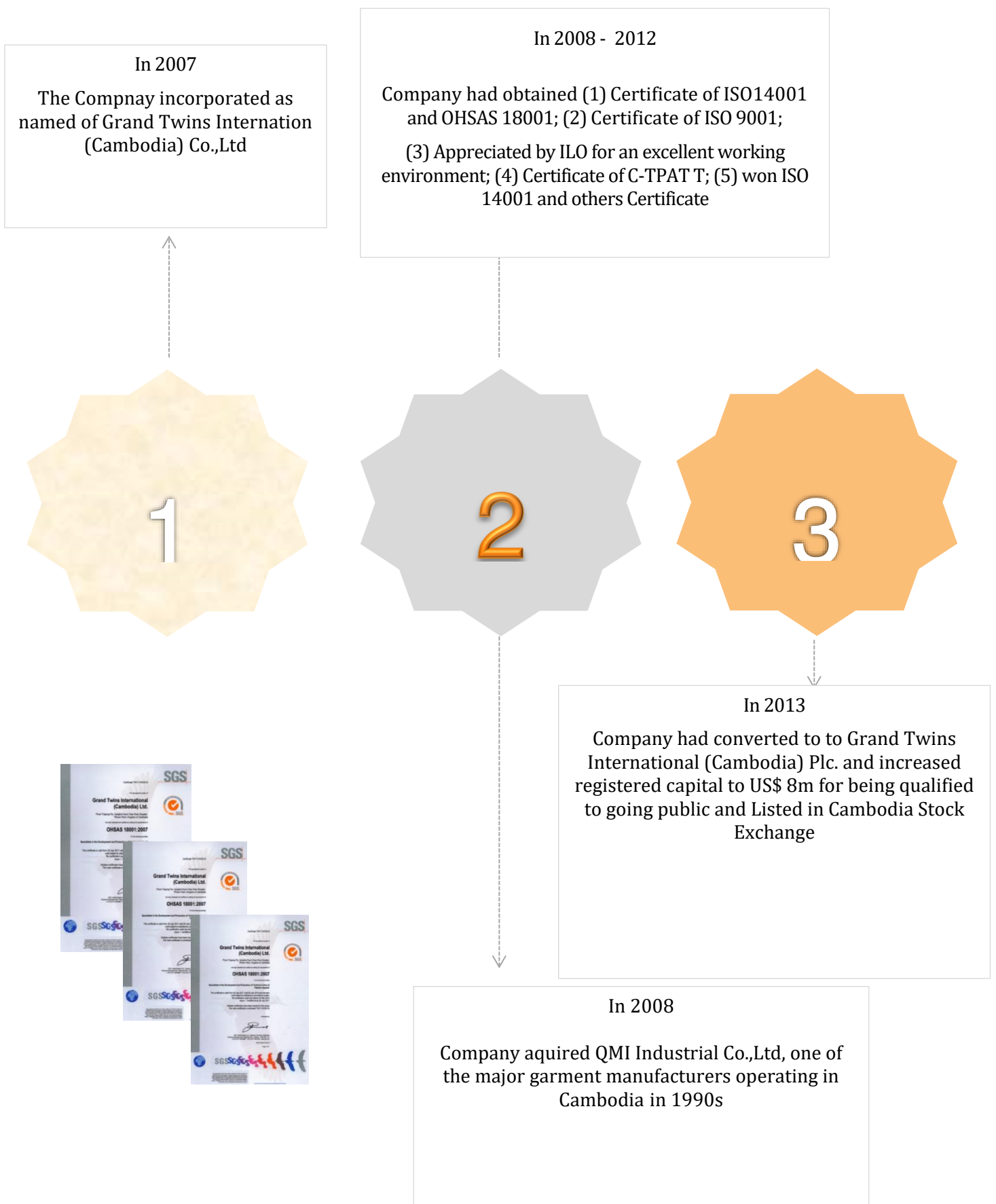
Date : N/A

Prociple Approval and Register Disclosure Document: 005/គ.ម.ក Date : 16 April 2014

Representative : Mr. Chen Tsung-Chi

Position : Chief Executive Officer

COMPANY'S OVERVIEW





In 2014

Company Has Officially Going Public and listed in Cambodia Securities Exchange(CSX) in 16th Jun 2014

In 2015 - 2018

Board of Director had Resolved and Approved to Contribute the 4th Dividend for shareholders in last June, and the 4th Shareholder Meeting was held on 25th Dec 2018

4

5

6

The 4th Quarter of 2019



BUSINESS OVERVIEW

GRAND TWINS (“The Company” or “GTI”) has incorporated under the Laws of the Kingdom of Cambodia on November 15, 2007 with registered name **GRAND TWINS INTERNATIONAL (CAMBODIA) PLC**

In 19 Feb 2013, the company converts to a public limited company and changed their name to **Grand Twins International (Cambodia) Plc**. On 16 July 2018 in addition, GTI acquired QMI Industrial Co., Ltd, one of the major garment manufacturers that operating in Cambodia since 1990s. since the GTI is manufacturing subcontractor and manufacturer of apparel for export. In 16 June 2014, GTI has officially going public and listing in Cambodia Securities Exchange (CSX).

GTI is a manufacturing subcontractor and also a manufacturer of apparel for export, and as well as a sport Original Design Manufacturer (ODM). Today, Our main products are; world renowned sport apparel brand namely “Adidas”, “Reebok”, “Taylor Made”, “Salomon”, “New Balance (NB)”, “Kohl’s”, “Nautica”, “North@Face”, “Russell Athletic@” and others.

Adidas Group is one of the global leaders within the sporting goods industry, offering abroad range of products around its core brands: Adidas, Reebok, TaylorMade, Rockport and Reebok-CCM Hockey. Headquartered in Herzogenaurach, Germany.

We have produced numberious sportwear for Adidas Group. As for the 1st quarter of 2020, Adida constandly preserve as our major customer.

We purchases raw materials from Taiwan, China, Thailand and Vietnam. In the 1st quarter 2020, our export destinations include include countries in Europe 42%, United State 15%, Asia and other countries 43% of total revenue in the 1st quarter 2020. As the quarted ended 31 March 2020, Asia countries have became our export major market.

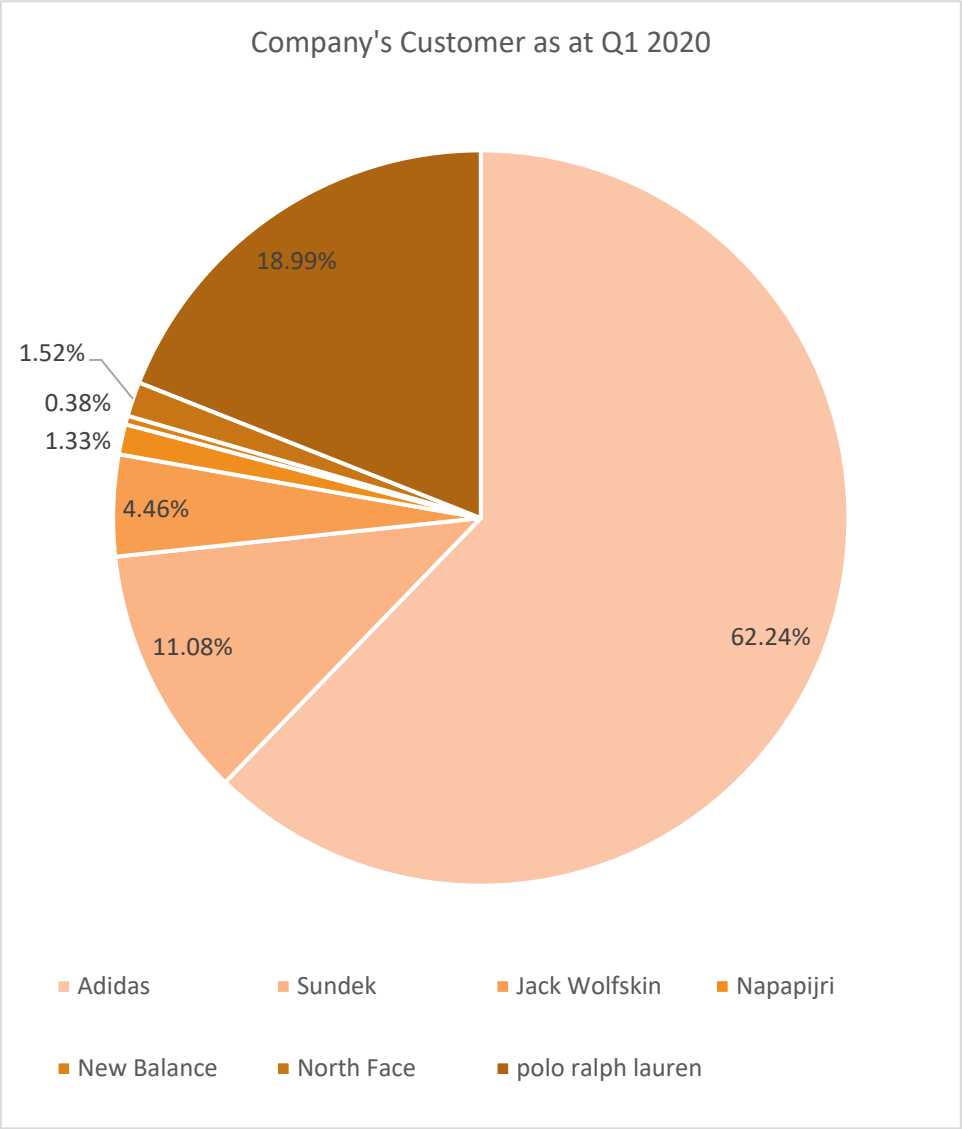
We have a specialized management team who has many years of experience in the apparel industry, as well as advanced manufacturing technology to ensure production efficiency. Up to 1st quarter of 2020, GTI has 4,855 employees. With factory land of 32,341 square meters (2 buildings of two floors with a total space of 21,620 square meters). A 3 floors new building, was a new build in 2015 for store our raw material . As end of 2017, we had invested about USD 5 Millions for construction on a research and development center for receive purchase order directly from our clients.

Major Customer

We have produced numberious sportwear for Adidas Group. As for the 1st quarter of 2020, Adida constandly preserve as our major customer. The increasing of total revenue from saling products of Adidas in 2019 was about EUR 23.6 Billions respect to 6% of exceed the expectation compared to 2018; due to the renown strong brand name and has result in the performance in 2019 that was exceed the expectation. In 2020, the company has imposed company vision by promote products origin toward fashion trend, likely to product for racing and soccer. What is more, Adidas generated their net income over EUR 1.9 Billion in 2019, which presented the increased in 12% compared to 2018.

(Source: Addida Annual Report 2019 and https://report.adidas-group.com/2019/en/servicepages/downloads/files/adidas_annual_report_2019.pdf)

Grand Twins's Customer as in the 1st quarter 2020



Main Products

Sportswear

we are manufacturing a number of new products which include recycled materials (such as plastic from bottles) to improve our contribution to protecting the environment. We produce clothing from a variety of fabrics, including some which are moisture absorbing and stain and bacteria resistant



Water-Resistant Clothing

We offer clothing in a broad range of styles, colors and fabrics. We offer a broad selection of clothing in an effort to maximize our ability to respond to changing fashion trend and customer preference as well as to limit our exposure to specific style.



Outdoor Clothing

Outdoor Clothing is highly regarded by our customers for our professional designed and printing techniques, that would reduce sweat and protect from skin allergy.



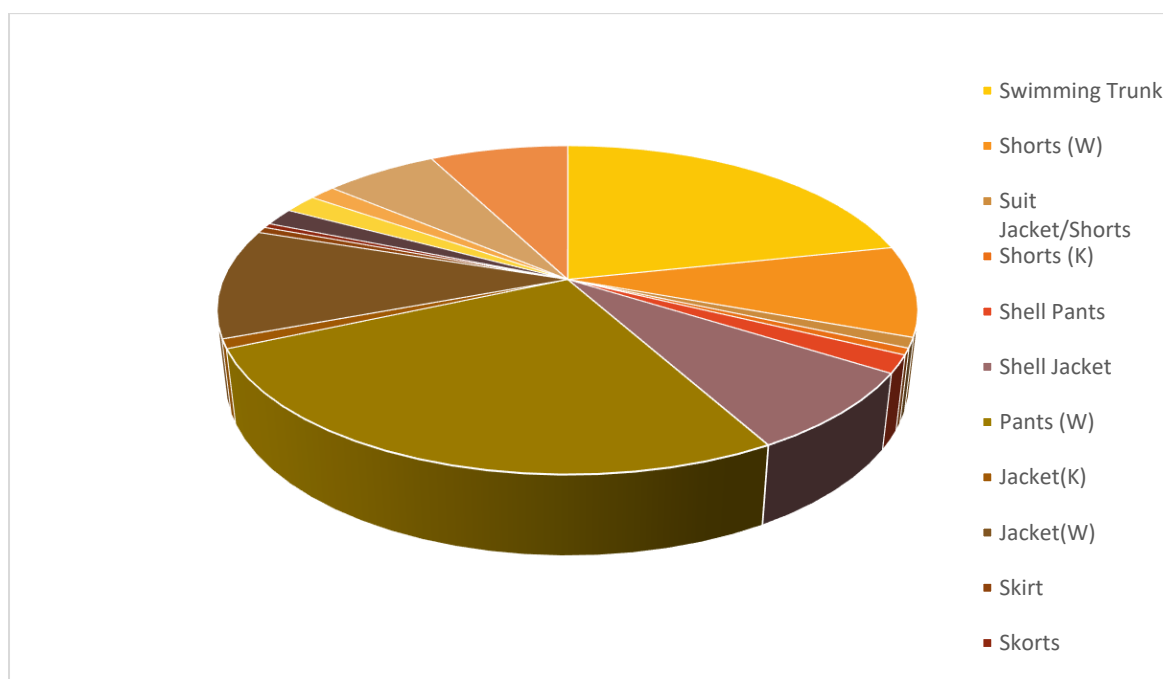
Functional Clothing

This category represents one of our major products to United States and Canada market.

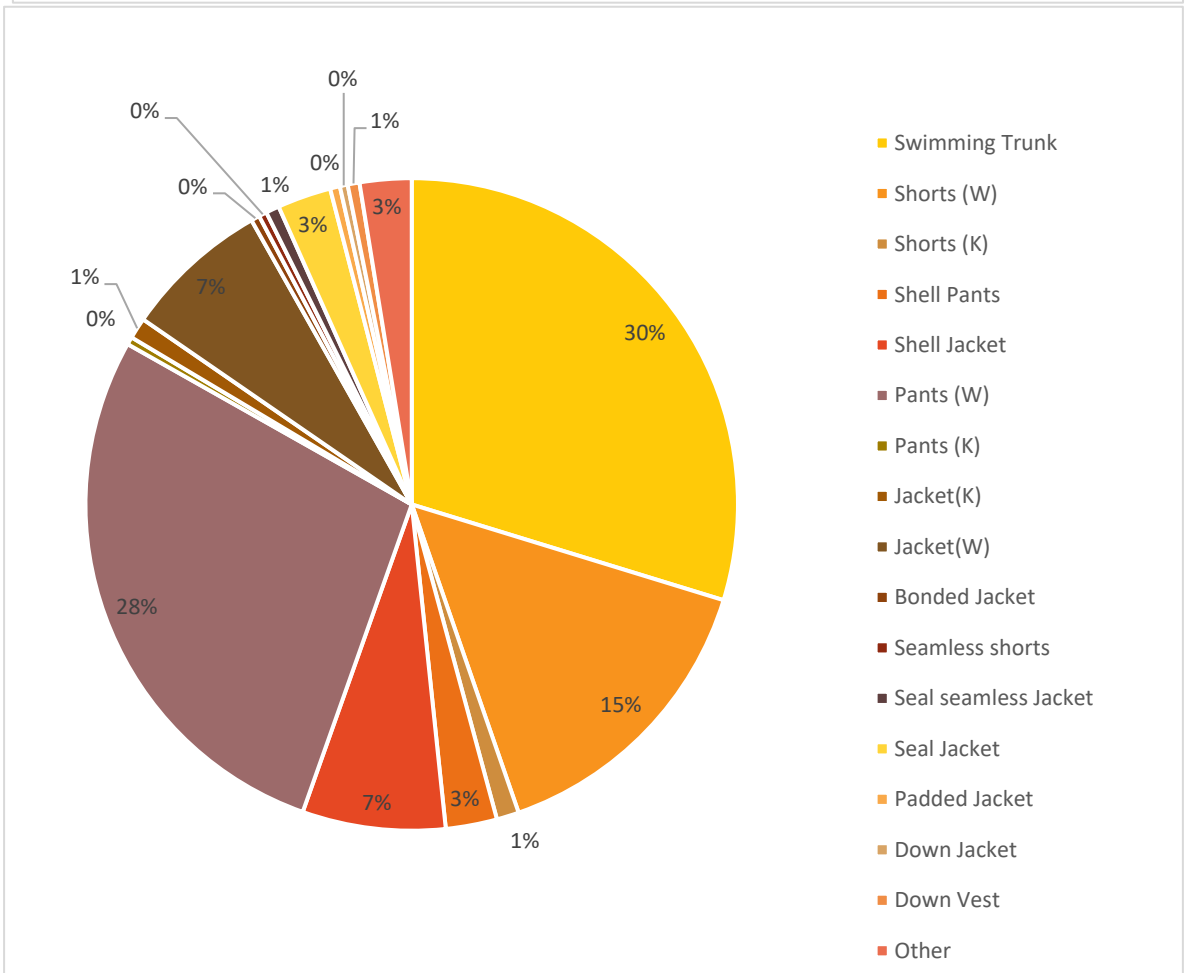
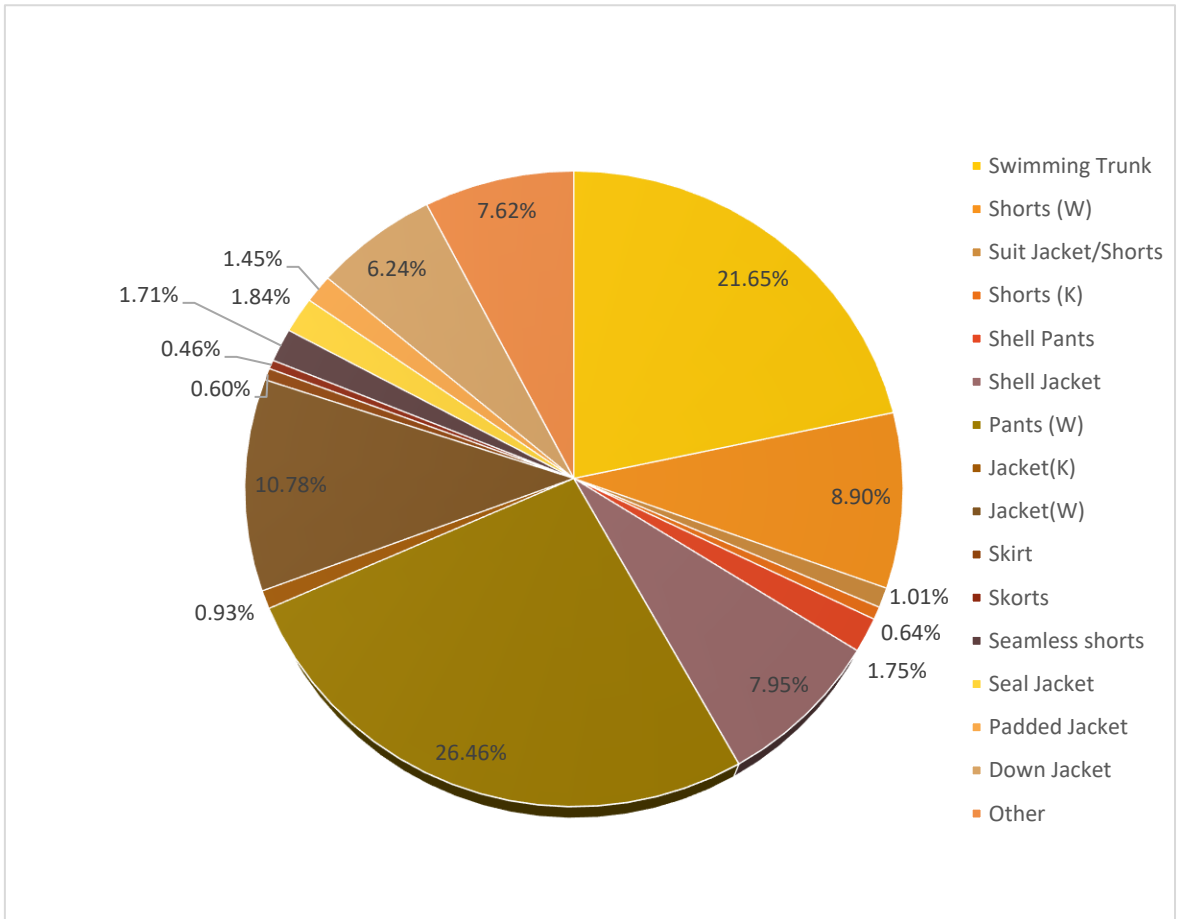
Product Sale Volumn

Sale Volume of Mix Products for Q1-2020

Description	Q1 2020 31 March 2020	
	Amount	%
Swimming Trunk	6,640,774	21.65%
Shorts (W)	2,730,209	8.90%
Suit Jacket/Shorts	308,962	1.01%
Shorts (K)	196,781	0.64%
Shell Pants	535,765	1.75%
Shell Jacket	2,439,566	7.95%
Pants (W)	8,116,033	26.46%
Jacket(K)	283,996	0.93%
Jacket(W)	3,306,819	10.78%
Skirt	185,032	0.60%
Skorts	139,978	0.46%
Seamless shorts	523,372	1.71%
Seal Jacket	564,813	1.84%
Padded Jacket	446,118	1.45%
Down Jacket	1,912,266	6.24%
Other	2,336,657	7.62%
Total	30,667,141	100%



Sale Volume of Mix Products for Q1-2020

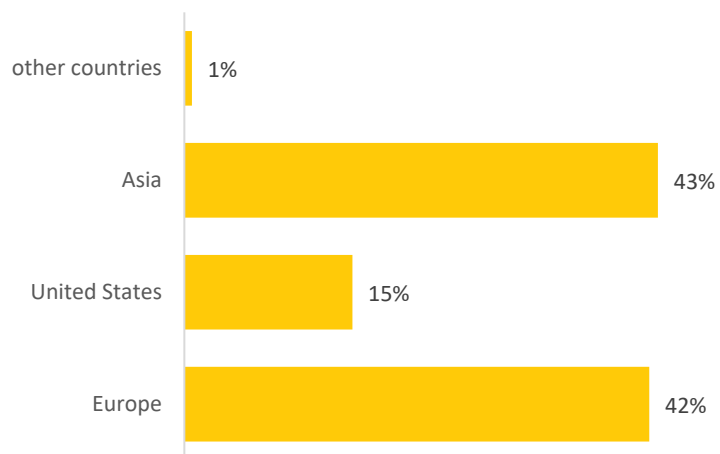


Our Company's Markets

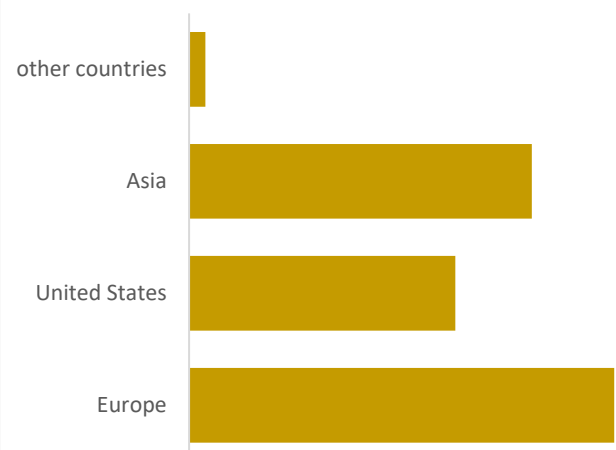
Our Company manufactures clothes for export only. Currently, we export to our customers in Europe, United States, Asia and other countries. Asia country is our main exporting region while compare to other countries.

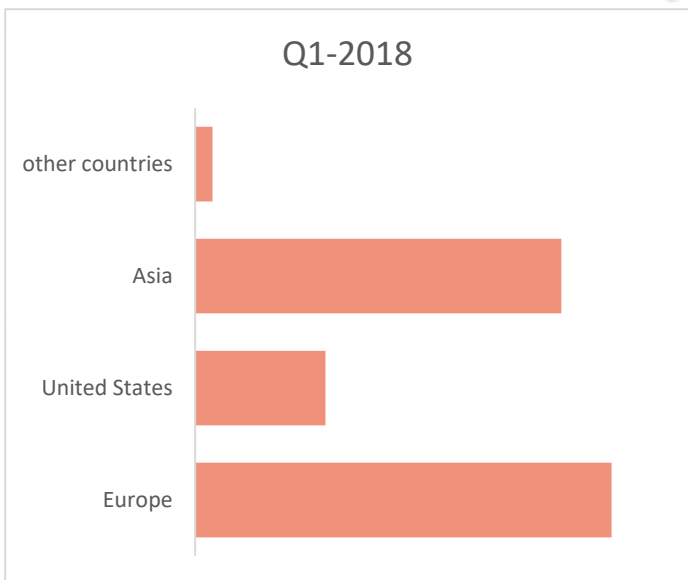


Q1-2020



Q1-2019



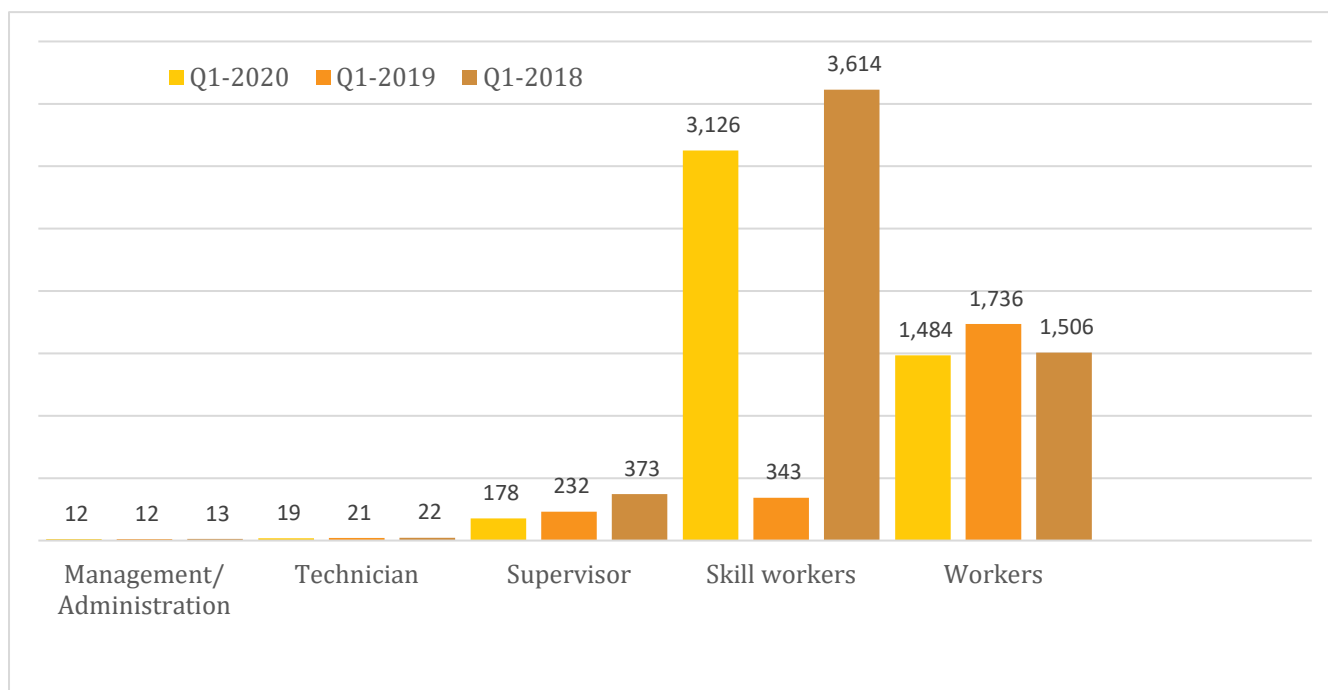


Number of Full Time Employees

As at 31 Mar 2020, we employ 4,855 full-time employees. Our sales employees are paid an hourly wage, plus commission. Bonuses are provided with each year of service following an annual review to encourage employee retention depending on criteria such as experience or involvement in the industry, designation and role in the applying company, and management systems. Our Human Resource Management System plays an important role for our productivity measures, for providing opportunities for employees to develop skills and expertise, for our focus on achieving outcomes and maintaining and improving productivity, and fair recruitment, effectiveness of grievance and disciplinary procedures, and for our focus on remuneration of employees, performance evaluation, employee development training, management of turnover rate, employment involvement and worker-management relationship. We enjoy loyalty from our employees and more than 35% of our employees have stayed with us for more than five years.

The functional distribution of our full-time employees for the quarter ended 31 March 2020, 2019 and 2018:

Description	Q1-2020	Q1-2019	Q1-2018
Management/ Administration	12	12	13
Technician	19	21	22
Supervisor	178	232	373
Skill workers	3,126	343	3,614
Workers	1,484	1,736	1,506
Total	4,819	2,344	5,528



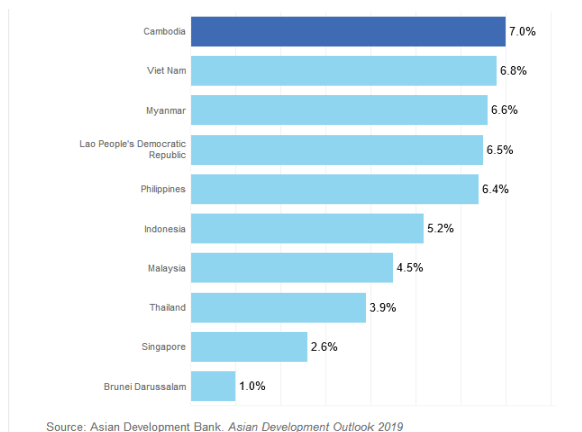
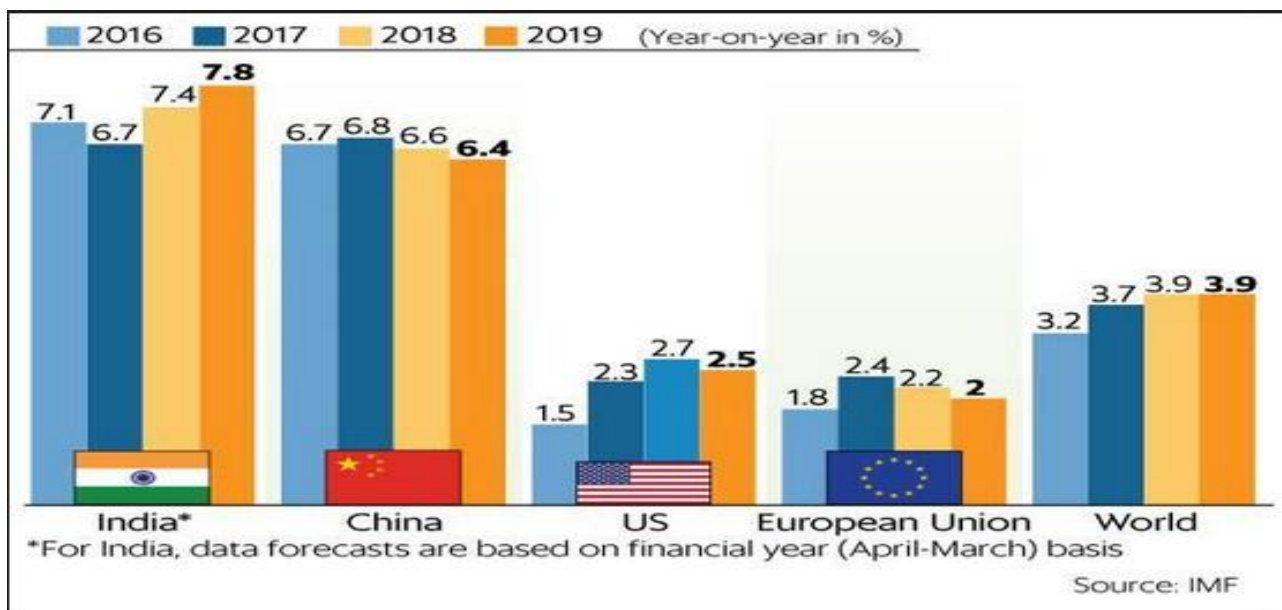
Cambodia Garment Staus

Economic Growth of Asia EU, USA and other regions

According to the World Bank, Western Europe GDP was 2.3% in 2018, and 2% in 2019. Whereby American GDP was at 2.7% in 2018 and decreasing to 2.5% in 2019. In the mean time, global GDP was 3.9% in 2018 that keep the same figure of GDP 3.9% in 2019. The GDP of both regions were declined compared to previous

years. These two region are the main sales region of our company, especially with the declining in GDP will have significant impact to company revenue in 2019.

Presented Graphic on GDP growth of Asia, Europe, America and others region



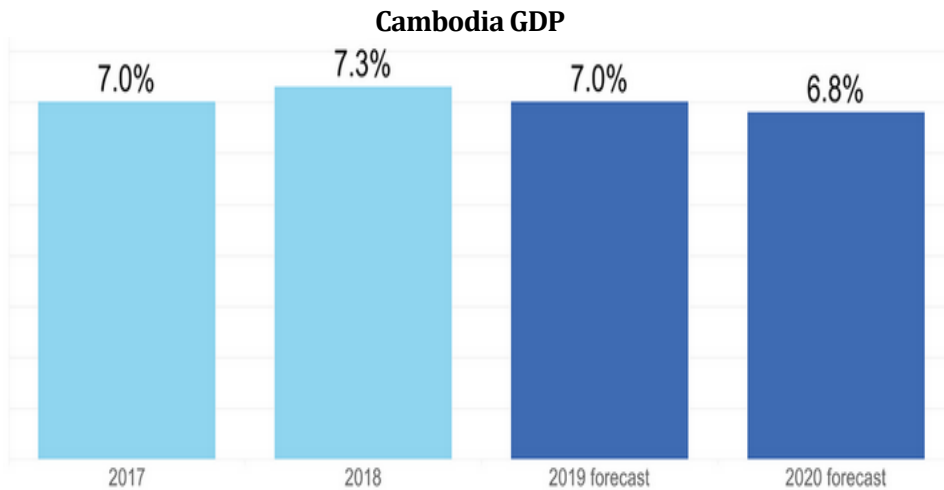
(source : <https://www.adb.org/countries/cambodia/economy> and <https://www.google.com.kh/search?q=GDP+World%E2%80%8B+diagram+2018&tbn=isch&source=univ&sa=X&ved=2ahUKEwja4abcx6fiAhWijuYKHUIHUKQsAR6BAgJEAE&biw=1366&bih=654#imgrc=Oxi1rHqhozlWLM;>)

Cambodia’s Economic Status

In recently year, cambodia’s economic status raise to lower-middle income by the growth on economic. Cambodian economy has continued its high growth path as real GDP expanded by 7.1% in 2017 and 7.3% in 2018. According to Ministry of Economic and Finance the three large industries are textiles, construction and tourism have played a main role in economic growth 7.3% last year. According to press release from annual public forum on Macroeconomic and Budgetary Management in 2019, organized by MEF under presidency of the ministry’s Secretary; has underlined that Cambodia’s annual economic growth of around 7% for the past year.

Cambodia's economy remains in a “robust” condition but economic growth is projected to slow slightly in 2019 compared to last, mainly due to weaker than expected external demand, according to a World Bank. However, the bank’s expert said the 7% growth rate is still considered high and the economy remains strong.

(source: <https://opendevelopmentcambodia.net/km/news/economic-growth-set-to-slow-this-year-wb-report/>)



(source: world bank report and <https://www.adb.org/news/cambodias-growth-remains-strong-skills-gap-needs-bridging-ADB>)

For future aspect, Cambodia's economic growth is continue to expand at a robust pace as a result of collaborating with trade partner such as United State and Thailand, which currently have small export volume than Europe, as in tune with political uncertainty in the country. GDP was retained a growth of 7.0% in 2019 and forecast for 6.8% in 2020 according to the Asian Development Bank report. In mean while, Cambodia need to focus on diversification and intergrate into niche and higher supply in localized and globalized.

(Source <http://www.adb.org/countries/cambodia/economy>)

Cambodia Export in 2018

According to report of MOC 2018, Import and Export of Cambodia to International market in total USD 24,985 Millions. The Import and Export Volume has increased 10% compare to import and export in 2017. As express in MOC report on Business Review for 2018 and business goal for 2019 on date 24 December 2018, Cambodia export international market in 2018 has value in total of 11,214 Million US Dollars while import volume is 13,771 million US Dollars. In Additional, Cambodia continue to search for more capable market to support domestic products as well as apparel sector, Agriculture sector and industrial that has exported over 147 countries. Therefore, the total export volume account for about 60% of GDP, That Cambodia has expected to become a middle-income country 2030. In 2017, Cambodia export-import trade volume to international market totaled to 23.796 million US dollars, of which Cambodia's exports were 10.777 million US dollars.

According to the Economic and Financial Statistics Bulletin for the second quarter of 2017, the export of garments, textiles and footwear from Cambodia as of the second quarter of 2017 amounted to 10.633 billion Riels, about 9.5%. According to the World Bank report, the garment and textile exports in the Garment Manufacture Association in Cambodia (GMAC) reported that Cambodia's exports totaled 8.5% in the second quarter of 2017.

(Source https://www.mef.gov.kh/documents/shares/publication/bulletin/Bulletin_Q2_Aug_2017_KH.pdf)

In the first half of 2018, Cambodia's garment and footwear exports to international markets continued to rise by 9.3% compared to the same period last year. Notably, Cambodia's export growth while Cambodia is warned by European Union to withdraw EBA tariff preferences granted to Cambodia.

Cambodia's garment exports to foreign markets amounted about 4 billion US dollars in the first six months of 2018, an increase of 9.3% compared to the same period in 2017. According to the Ministry of Commerce, the growth of Cambodia's exports to the European market reached 10.66%, with a total value of more than 1.6 billion US dollars. The US market share is 10.73% and is worth about 858 million US dollars.

According to the Ministry of Commerce, Cambodia's exports to both markets has accounted for 72% of total exports, while to Canada market has increased by 9% presented to 324 million US dollars. While garment and

footwear export up to 4 billion US dollars in the first half of 2018. The rapid increase in the minimum wage for Cambodian garment sector, from 153 US dollars in 2017 to 182 US dollars in 2019.

In noteworthy, export activity continues to be strong growth thus Cambodia is being warned by European Union, who is the main trading partner, that it will abolish the preferential trade system. As an engagement of European Commission claimed that this is their efforts to restore human rights, labor and political rights in Cambodia is fail.

The Garment Manufacturers Association in Cambodia (GMAC) states that the European Union and the United States will continue to be Cambodia's most important markets. Thus, Cambodia is warned to withdraw tariff preference under EBA, and we acknowledged EBA was important for Cambodia, especially for the garment sector, but there would be no sanctions to Cambodia; said by General Secretary of GMAC.

Cambodia continue strong export growth 15% for garment exports to the European Union, while still taking preferential trade tariff "everything but arms"; But the preference will be decline after the EU-Vietnam Free Trade Agreement is enforce. Workers minimum wages will be higher as the impact of the free trade agreement enforce in Vietnam's preferential trade and price competition due to its higher labor productivity.

Cambodia Competition with Neighbor Countries in Garment Sector

According to the GMAC report, Cambodia is struggling to compete with its neighbors due to low productivity, rising minimum wages and strikes by trade unions. Cambodia's garment sector is the second least productive in the region, accounting for only 60% by compare to China's garment sector. The productivity of Vietnam and Indonesia have reached to 80%, while Bangladesh is only 50%, which is lower productivity than the Cambodia. The lower in productivity and higher worker wages will be a real challenge for the Cambodia industrial while most of overseas customers judge primarily on productivity and competitiveness when they choose partners to supply their products. Low in productivity is due to the large number of workers union in Cambodia.

Our Competitive

Our customers operate in a competitive market with an increasing number of local and international brands. However, although there are many different brand in the fashion and apparel market, not all brands are in direct competition dueto diffent market segmentation. We believe that our costumers and their competitors belong to the middle to high end market segment

There are numerous contract manufacturers like us in Cambodia who are able to produce for Original Equipment Manufacturer (OEM) and Original Design Manufacturer (ODM) customers, including several who currently work with our main customers. They are able to compete with us on the main factors considered by OEM and ODM customers when selecting their contract manufacturers, which include quality, delivery schedule, corporate social responsibility and price. However, we believe that our competitive strengths distinguish us from our competitors.

Our mission is to exceed our customers' expectations in quality, delivery, and cost through continuous improvement and customer interaction.

Our Competitive Strengths

1. Beneficial relationship with QMI Industrial Co., Ltd in Taiwan.

QMI Industrial Co., Ltd is one of the major garment manufacturers in Taiwan. It has many affiliates throughout South East Asia and China. As a supplier for world renowned apparel companies, we are required to comply with lots of rules and guidelines. Among those, payment processing and raw material purchasing are critical factors. Adidas has instructed us to purchase raw material from specific suppliers through various parts of the world. As a result, in order to strengthen our bargaining power with the suppliers, we have forming alliance with QMI Industrial Co., Ltd to purchase raw material. This alliance allows us to purchase raw material at relatively low cost due to the high volume that both of us purchase for production. Furthermore, Adidas requires the payment to be processed through one of the two banks in Hong Kong: Standard Charter Bank and HSBC Bank Since there is neither branch of this bank in Cambodia, QMT Industrial Co., Ltd has facilitated the payment for us. In return, QMI Industrial Co., Ltd charges us 12% of total order for this relationship.

2. We produce sport wears for world-renowned brands such as Adidas

Our top customer is the Adidas Group. The Adidas Group purchased Reebok in August 2005. Over the years we have developed expertise, purchased machinery and developed production lines that meet the standards of the Adidas Group.

3. We are eligible to receive tax exemptions from both Canada and the European Union

All export goods produced in Cambodia are exempted from import tax in Canada and the European Union due to Cambodia's status as a "Least Developed Country" ("LDC"). The European Union provides LDCs more favorable treatment than other developing countries.

In 2001, the European Union adopted Regulation (EC) 416/2001, or the EBA (Everything But Arms) Regulation, which allows for duty-free imports of all products, except arms and ammunitions, from LDCs, without any quantitative restrictions (except on bananas, sugar and rice for a limited period). The EBA Regulation was later incorporated into the Generalised System of Preference (GSP) Council Regulation (EC) No 2501/2001, which makes it more likely that these special arrangements for LDCs will be maintained for an extended period of time without being subject to the periodic renewal of the European Union's scheme of generalised preferences. Canada provides LDCs with similar favourable treatment via its General Preferential Tariff and Least Developed Country Tariff Rules of Origin Regulations.

4. We are trusted and reliable manufacturer

We produce clothing for a number of world-renowned sports brands and operate at international standards. We enjoy loyalty from our employees and more than 35% of our employees have stayed with us for more than five years.

5. We have an experienced management team

We have an experienced management team with extensive experience in outdoor clothing manufacturing, including our CEO, **Chen Tsung-Chi**, and Mr. **Hsienh Chung Nan** the head of our operation department. Each of these people has more than ten years of experience in the garment industry. Our management is goal-oriented and focused on the execution of our strategies. We believe our management team is capable and sensitive to market change.

6. We enjoy geographical diversification of market for our products

Our customers' markets are located worldwide, including the United States, Europe and Asia, which provides us with geographical diversification.

7. We have introduced "down" technology

Our Company has introduced "down" technology to make winter jackets in our factory. This technology helps us the quality of jackets we produced by allowing us to compress the edge of these jackets, instead of using thread. The outside of a down jacket is typically made of durable, water-repellent nylon. This type of lining insures that no water can penetrate and also keeps the wearer dry. Due to the quality of our products using "down" technology, we are highly competitive in the jacket manufacturing industry.

The Company Business Strategies

1. We invest in technology that allows us to continue to offer new and innovative products offerings.

We continue to incorporate advanced technology into our operations. Meanwhile, we continue to seek opportunities to collaborate with international brands and develop our market and our technical skills to make ourselves more competitive globally.

2. We ensure that we respond to customers' needs.

Our management and merchandising teams continue to improve our products and services offerings, and create new ones to better meet the needs of customers.

3. We ensure efficiency in production and delivery.

We refine the production of our apparel by combining new grades and types of cotton and yarns; using different techniques in dyeing, knitting, stitching, and embroidery; employing different types of cuts, layering and styling; and using new types and methods of packaging. At each production stage, new and improved methods are used to increase efficiency. Strategically located in Cambodia, we are able to be closer to our suppliers, which means materials are delivered to us quickly, thereby reducing lead-time in inventory management. This benefit and tactical arrangement also enables timely delivery of final products to our customers. We employ a real time tracking system to track our orders and delivery.

To improve our efficiency, we have equipped our factory with modern machinery and software, including, for example, pattern drawing software that draws patterns of clothing for cutting accurately and quickly. Such software saves significant time and labor in our factory. In addition to this software, we employ down product technology that enables us to produce high quality winter clothing. We have also installed software, required by Adidas, to directly and automatically record the bar code of each finished product

4. We ensure that our quality is excellent

Our success relies heavily on our ability to deliver high quality products consistently to our customers. To achieve our commitment to quality, we ensure that every staff member is aware of his/her responsibility to ensure that our goods are of the highest possible quality. We provide handbooks to them to ensure that they are well trained and aware of our procedures. Our quality assurance team ("QC") implements and monitors a "no fault", or 100% success policy on all goods at each step of the production process. The same stringent control on quality is applied to the purchase of raw materials and accessories. Raw materials and accessories are purchased only from suppliers who have been screened and approved by Adidas. All materials and accessories are further inspected before they are used for production to ensure that they are of the required specifications and free from defects. All finished products are subject to final inspection before delivery.

As apparel manufacturing remains a labor-intensive process, it is important that staff appreciate the importance of their role and contribution and understand the concept of total quality management. Employees in all departments are trained to proactively look out for potential human errors in each stage of production. They are exposed to every step of the production process so that they understand how their work would affect the rest of the process and vice versa.

ក្រសួងសេដ្ឋកិច្ចនិងហិរញ្ញវត្ថុ
MINISTRY OF ECONOMY AND FINANCE
អគ្គនាយកដ្ឋានពន្ធដារ
GENERAL DEPARTMENT OF TAXATION

TCG201711015
លេខ ២០៤១១ អជដ



ព្រះរាជាណាចក្រកម្ពុជា
KINGDOM OF CAMBODIA
ជាតិ សាសនា ព្រះមហាក្សត្រ
NATION RELIGION KING

រាជធានីភ្នំពេញ ថ្ងៃទី ១៨ ខែ វិច្ឆិកា ឆ្នាំ២០១៧
Phnom Penh, 18 November 2017

អគ្គនាយកដ្ឋានពន្ធដារ
GENERAL DEPARTMENT OF TAXATION

វិញ្ញាបនបត្រ
អនុលោមភាពសារពើពន្ធ

(ប្រកាសលេខ ១៥៣៦ សហវ.ប្រក ចុះថ្ងៃទី២៣ ខែធ្នូ ឆ្នាំ២០១៦)

អគ្គនាយកដ្ឋានពន្ធដារបញ្ជាក់ថា :

ឈ្មោះក្រុមហ៊ុន : ហ្គ្រង់ ទ្វីន អ៊ិនធើណេសិនលល (ខេមបូឌា) ភីអិលស៊ី

លេខអត្តសញ្ញាណកម្មសារពើពន្ធ : L001-100133479

ស្ថិតក្រោមការគ្រប់គ្រង : នាយកដ្ឋានគ្រប់គ្រងអ្នកជាប់ពន្ធដំ កាលបរិច្ឆេទធ្វើបច្ចុប្បន្នភាព : ០៤ ធ្នូ ២០១៥

សកម្មភាពអាជីវកម្ម : រោងចក្រកាត់ដេរសម្លៀកបំពាក់

អាសយដ្ឋាន : # ភូមិ ត្រពាំងពោធិ៍ សង្កាត់ ចោមចៅ ខណ្ឌ ពោធិ៍សែនជ័យ រាជធានីភ្នំពេញ

ទទួលបានកម្រិតអនុលោមភាពសារពើពន្ធប្រភេទ : មាស

មានសុពលភាពរយៈពេល ២ ឆ្នាំ ចាប់ពីឆ្នាំជាប់ពន្ធ ២០១៧ ដល់ឆ្នាំជាប់ពន្ធ ២០១៨។

CERTIFICATE OF TAX COMPLIANCE

(Prakas No 1536 MEF/PK dated 23rd December 2016)

GENERAL DEPARTMENT OF TAXATION certifies that :

Company's name : GRAND TWINS INTERNATIONAL (CAMBODIA) PLC.

Tax Identification Number (TIN) : L001-100133479

Under : Department of large Taxpayers

Date of Information Update : 04 December 2015

Business activity(ies) : Garment factory

Tax Compliance Type awarded : GOLD

Validity period of 2 years from the tax year 2017 to tax year 2018.

បង្គោលជូន :

- នាយកដ្ឋានគ្រប់គ្រងអ្នកជាប់ពន្ធដំ
- ក្រុមការងារព័ត៌មានវិទ្យា (ICT)
- ឯកសារ-កាលប្បវត្តិ



ប្រតិភូរាជរដ្ឋាភិបាល
ទទួលបន្ទុកជាអគ្គនាយក នៃអគ្គនាយកដ្ឋានពន្ធដារ

Delegated by Royal Government in charge as Director
General of General Department of Taxation



គង់ វិបុល

II. Business Performance

Company Business Performance

Items included in our financial statements of company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The national currency of Cambodia is Khmer Riel ("KHR"). However, as the company transacts its business and maintains its accounting records primarily in United States Dollars ("USD"), management have determined United States Dollar to be the Company's functional and presentation currency as it reflects the economic substance of the underlying events and circumstance of the Company.

Translations between KHR and USD are presented in our financial statements first quarter 2020 as at 31 March 2020, 31 March 2019 and 31 March 2018 using the official rate of exchange regulated by National Bank of Cambodia present as below:

Year	Riel /US Dollar As of 31 March
2020 (Quarter 1)	4,005
2019 (Quarter 1)	4,015
2018 (Quarter 1)	4,000

Source: National Bank of Cambodia.

Transactions in currencies other than the functional currency of the company ("foreign currencies") are converted in United States Dollars at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of any reporting period are translated into United States Dollars at the rate of exchange ruling at that date, unless hedged by forward foreign exchanges contracts, in which case the rates specified in such a forward contracts are used. All exchange differences arising from the settlement of foreign currency and from the translation foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purpose.

Company's revenue consists of revenue from the sale of products, subcontract revenue and CMP (Cut, Make and Pack) revenue.. As at quarter 1, 31 March 2020 our revenue from sale of products accounted for 98.48% of total revenue. Subcontract and CMP revenue contribute only immaterial amounts to our total revenue. Consequently, any material changes in sales and revenue are due to changes in revenue from the sale of goods. Revenue from sale of products depends on the volume of clothing items that we produce and sell to our customer.

Our revenue by segment for Quarter 1 2020, Quarter 1, 2019 and Quarter 1, 2018 set forth as below:

Total Revenue for Q1 2020, as at 31 March 2020

124,600,594,000 KHR approximately 30,667,141 USD

Revenue from Sale of Products

122,712,164,000 KHR approximately 30,202,354 USD

presenting to 98.48% of total revenue

Revenue from Subcontract

1,888,430,000 KHR approximately 464,787 USD

presenting to 1.52% of total revenue

Total Revenue for Q1 2019, as at 31 March 2019

147,85,188,000 KHR approximately 36,780,492 USD

Revenue from Sale of Products

147,085,188,000 KHR approximately 36,780,492 USD, presenting 100% of total

revenue Total Revenue for Q1 2018, as at 31 March 2018

93,067,843,000 KHR approximately 23,278,600 USD

Revenue from Sale of Products

89,736,349,000 KHR approximately 22,445,310 USD, presenting to 96.42% of total

revenue **Revenue from CMP**

3,331,494,000,KHR approximately 833,290 USD, presenting to 3.58% of total revenue

i. Material changes in income, cost of sales, other operating expenses and net income

In 2017, company has utilised additional budget to extend new productivity line for producing “Down” products. We expect these production lines will increase our revenues.

We expect labor costs to increase due in part to labor conditions in Cambodia. We also expect that our raw material costs (especially given the raw materials we require our down products) may increase. As a result, our costs of sales are expected to increase. We do not expect any significant increase operating expenses. Overall, we expect increases in our net income.

Seasonal Aspects of Compay’s Business

Our revenue seasonally fluctuates as our products are sensitive to change in temperature and our customer’s market condition. Our revenues are generally highest from July to December which we consider to be our peak sale season. During this period, our higher profit margin products, eg. Autumn and winter clothes are sold. From January to June, we sell products for the spring and summer seasons.

Trend, Events or Uncertainties

We expect fluctuations in the selling prices of our products as there is general upward trend in our selling prices based on the current trend to-date. Our cost of sales, which comprises purchase cost of raw materials and packaging materials, labor costs and overhead, significantly increased over the last three financial years from 2017 to 2019. Based on the current trend to-date and barring any unforeseen circumstances, we do expect a deviation from this trend in 2020. We manage our purchasing inventory on a just-in-time basis, that we expect our inventory levels to remain relatively stable.

We believe that there is no other known recent trends in production, sales, inventory, the costs and selling prices of our products and services or other known trends, uncertainties, demands, commitments, or events that are reasonably likely to have a material and adverse effect on our revenue, material commitments for capital expenditures, profitability, liquidity or capital resources, or unusual or infrequent events or transactions or any significant economic changes that will materially affect the amount of reported income from operations or that would cause financial information in first quarter 2020, that to be not necessarily indicative of our future operating results or financial condition.

ii. Change in the assets of our Company to settle any liability

There is no change in the assets of our Company to settle any liability.

Material loan between holding company and its subsidiary

As at Q1, 2020, 31 March 2020 we don’t have any loan from subsidiary.

Future contractual and contingent liabilities

As at Q1, 2020, 31 March 2020, We are not aware of any contingent liabilities or future contractual obligations other than the report for the first quarter 2020.

iii. VAT, income tax, customs duty or other un-paid tax liability including any contingent liabilities

As the first quarter 2020 as at 31 March 2020, we don’t have any unpaid VAT to the General Department of Taxation of the MEF.

Tax on Income

From 2007 to 2011, We have been granted tax incentive by the Council for Development of Cambodia (CDC) on 100% import duty tax exemption on import machinery and equipment, and raw material, provided that at least 80% of the total production is exported.

We’re also allowed carry forward loss 5 years to offset against future plan. Another exemption on Income Tax as tax holiday which include 3 years of trigger period, plus 1 year of priority period through approval from MEF at 22 November 2007.

In 2012, income tax exemption was ended, company has duty to comply 20% on income tax. In addition, company has granted 50% discount for 3 years income tax, incentive from going public offering and listing in Cambodia

securities exchange on 16 June 2014.

In deed, company complied 3 years tax incentive for 50% discount on income for fiscal year 2014, 2015 and fiscal year 2016. Started from fiscal year 2017, company eased from granting the incentive that shall apply normal tax rate as previous year.

Custom Duty Tax

As at Q1 2020 of 31 March 2020, company has no any unpaid custom duty tax.

Tax Arrear including any contingent liabilities

Company is obliged to pay taxes in accordance with Cambodian tax law. We have been paying our taxes in a timely manner and do not have any unpaid tax liability. As at Q1 2020 of 31 March 2020 company remain tax arrear in total 2,318,000,000 KHR (572,107 USD).

iv Provisions related to personnel schemes including retirement benefits that would not be involved

To comply with our customers' requirements as well as the vision of establishing ourselves to be a model garment factory, we strictly follow all applicable laws of Cambodia, especially the Labor Law.

According to our Company's internal rules, all workers and employees are entitled to over time (OT) compensation. Employees who work over time on weekdays receive 1.5 times of their basic wages. Employees who work over time on weekends and holidays receive twice of their basic wages.

Our employees also receive non-leave bonuses of 20,000 KHR (5 USD) in week and transportation allowance 28,000KHR (7 USD), and seniority from 8,000 KHR (2 USD) to 44,000 KHR (11 USD) based on the length of their employment. In addition to these benefits, our employees also receive 2,000 KHR (0.5 USD) for working overtime from 4:00pm to 6:00pm. In accordance with Cambodian labor law from 2019 our employees also received work seniority.

We also provide other benefits to our employees in accordance with Cambodian labor law such as annual leave of 18 days a year, maternity leave, special leave (granted up to maximum of 7 days during any event directly affecting employees' immediate family) and sick leave.

We commit to comply to Cambodia applicable law such as average wage for garment worker. The increase in average salary for garment industrial had caused to decrease in total revenue. In beginning of 2019, worker average salary in garment industry is 182 US dollars; the increasing in salary expense will directly impact company performance in 2019. Forseen, salary will increase in consequently in 2020.

Revenue Sources

Revenue Source	First Quater 2020 31 Mar 2020		First Quater 2019 31 Mar 2019		First Quater 2018 31 Mar 2018	
	Amount	%	Amount	%	Amount	%
Revenue from Sale of Product	122,712,164	98.48%	147,085,188	100%	89,736,349	96.42%
Revenue from Subcontract	1,888,430	1.52%	-	-	-	-
Revenue from CMP	-	-	-	-	-	-
Sale Discount	-	-	-	-	3,331,494	3.58%
Total Revenue	124,600,594	100%	147,085,188	100%	93,067,843	100%

III. Report on The Review of Condensed Interim Financial Statements by Indenpent Auditor

Condensed Interim Financial Statements For the first quarter 2020, 31 March 2020



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

Crowe (KH) Co., Ltd
Chartered Accountants
Member Crowe International

Unit 4B, 4th floor, K1 Building,
#148, Mao Tse Toung Blvd
(St.245) Songkat ToulTompong 2
Khan Chomkarmon, Phnom Penh
Kingdom of Cambodia
Main +855 23 216 717
Fax +855 23 216 727

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 2020, 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, other the potential impact of Covid-19 which could not be determined at this juncture as explained in Note 30, 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.



GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note	Unaudited 31 March 2020		Audited 31 December 2019	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	8	14,186,734	57,740,007	14,223,478	57,960,673
Intangible assets	9	6,890	28,042	7,600	30,970
		<u>14,193,624</u>	<u>57,768,049</u>	<u>14,231,078</u>	<u>57,991,643</u>
CURRENT ASSETS					
Inventories	10	27,165,705	110,564,419	21,895,679	89,224,892
Trade and other receivables	11	46,731,116	190,195,643	57,002,230	232,284,087
Cash and cash equivalents	12	300,688	1,223,800	641,825	2,615,437
		<u>74,197,509</u>	<u>301,983,862</u>	<u>79,539,734</u>	<u>324,124,416</u>
TOTAL ASSETS		<u>88,391,133</u>	<u>359,751,911</u>	<u>93,770,812</u>	<u>382,116,059</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		41,548,077	169,099,587	41,392,539	167,434,643
Currency translation difference		-	683,087	-	2,058,353
TOTAL EQUITY		<u>68,828,077</u>	<u>280,130,274</u>	<u>68,672,539</u>	<u>279,840,596</u>
LIABILITIES					
NON-CURRENT LIABILITIES					
Deferred tax liabilities		572,107	2,328,475	572,107	2,331,336
Trade and other payables	15	1,080,000	4,395,600	1,170,000	4,767,750
		<u>1,652,107</u>	<u>6,724,075</u>	<u>1,742,107</u>	<u>7,099,086</u>
CURRENT LIABILITIES					
Trade and other payables	15	10,407,858	42,359,982	14,422,676	58,772,405
Borrowings	16	7,180,861	29,226,104	8,642,988	35,220,176
Income tax liabilities		322,230	1,311,476	290,502	1,183,796
Current liabilities		<u>17,910,949</u>	<u>72,897,562</u>	<u>23,356,166</u>	<u>95,176,377</u>
TOTAL LIABILITIES		<u>19,563,056</u>	<u>79,621,637</u>	<u>25,098,273</u>	<u>102,275,463</u>
TOTAL EQUITY AND LIABILITIES		<u>88,391,133</u>	<u>359,751,911</u>	<u>93,770,812</u>	<u>382,116,059</u>

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2020

	Note	Unaudited 3 months to 31 March 2020		Unaudited 3 months to 31 March 2019	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Revenue	17	30,667,141	124,600,594	36,780,492	147,085,188
Cost of sales	18	(28,847,512)	(117,207,441)	(33,950,896)	(135,769,633)
Gross profit		1,819,629	7,393,153	2,829,596	11,315,555
Other income	19	130,946	532,034	15,476	61,889
Administrative expenses		(1,158,368)	(4,706,449)	(1,079,256)	(4,315,945)
Distribution costs		(452,245)	(1,837,471)	(1,444,420)	(5,776,236)
Other expenses		(36,256)	(147,308)	(9,716)	(38,854)
Operating profit		303,706	1,233,959	311,680	1,246,409
Finance income	19	390	1,585	344	1,376
Finance costs	20	(109,673)	(445,601)	(96,559)	(386,139)
Profit before income tax		194,423	789,943	215,465	861,646
	21	(38,885)	(157,990)	(43,093)	(172,329)
Profit for the period		155,538	631,953	172,372	689,317
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		155,538	631,953	172,372	689,317

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

	Notes	Unaudited 3 months to 31 March 2020		Unaudited 3 months to 31 March 2019	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Basic earnings per share	22	0.004	0.016	0.004	0.017
Diluted earnings per share	22	0.004	0.016	0.004	0.017

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2020**

	Share capital USD	Share premium USD	Retained earnings USD	Total equity	
				USD	KHR'000 (Note 4)
Balance as at 1 January 2020 (Audited)	10,000,000	17,280,000	41,392,539	68,672,539	278,815,234
Profit for the quarter	-	-	155,538	155,538	631,953
Currency translation difference	-	-	-	-	683,087
Balance as at 31 March 2020 (USD) (Unaudited)	10,000,000	17,280,000	41,548,077	68,828,077	280,130,274
Balance as at 1 January 2019 (Audited)	10,000,000	17,280,000	41,132,029	68,412,029	273,579,703
Profit for the quarter	-	-	172,372	172,372	689,317
Balance as at 31 March 2019 (USD) (Unaudited)	10,000,000	17,280,000	41,304,401	68,584,401	274,269,020

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2020**

	Note	Unaudited 3 months to 31 March 2020		Unaudited 3 months to 31 March 2019	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Operating activities					
Profit before income tax		194,423	789,943	215,465	861,646
Adjustments for:					
Amortisation of intangible assets	9	710	2,885	1,298	5,190
Depreciation of property, plant and equipment	8	356,932	1,450,215	428,175	1,712,272
Interest expense	20	109,673	445,601	96,559	386,139
Interest income		(390)	(1,585)	(344)	(1,376)
Operating profit before working capital		661,348	2,687,059	741,153	2,963,871
Changes in working capital:					
Change in inventories		(5,270,026)	(21,449,006)	(1,522,165)	(6,087,138)
Change in trade and other receivables		10,271,114	41,803,434	4,679,557	18,713,547
Change in trade and other payables		(4,104,818)	(16,706,609)	312,253	1,248,701
Cash generated from operating activities		1,557,618	6,334,878	4,210,798	16,838,981
Income tax paid		(7,157)	(29,079)	(33,962)	(135,814)
Net cash from operating activities		1,550,461	6,305,799	4,176,836	16,703,167
Investing activities					

Purchases of property, plant and equipment	8	(320,188)	(1,303,165)	(1,924,423)	(7,695,768)
Interest received		390	1,585	344	1,376
Net cash used in investing activities		(319,798)	(1,301,580)	(1,924,079)	(7,694,392)
Financing activities					
Interest paid	20	(109,673)	(445,601)	(96,559)	(386,139)
Repayment of bank borrowings	16	(4,342,127)	(17,642,062)	(3,577,635)	(14,306,962)
Drawdown of borrowings	16	2,880,000	11,701,440	2,490,000	9,957,510
Net cash used in financing activities		(1,571,800)	(6,386,223)	(1,184,194)	(4,735,591)
Net change in cash and cash equivalents		(341,137)	(1,382,004)	1,068,563	4,273,184
Cash and cash equivalents, at the beginning of period		641,825	2,615,437	1,032,863	4,177,931
Currency translation difference		-	(9,633)	-	(47,511)
Cash and cash equivalents, at the end of period		300,688	1,223,800	2,101,426	8,403,604

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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 2020. 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 2019 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.

Exchange differences arising on translation are recognised in the statement of comprehensive income.

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 KHR4,063 for the quarter ended 31 March 2020 (2019: KHR3,999) and closing rate USD1 to KHR4,070 as at 31 March 2020 (31 December 2019: KHR4.075) 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 2019.

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.

Please refer to Note 30 for further details on the potential impact on the current pandemic development affecting the global economy and Company in general.

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						
Gross carrying amount						
Balance at 1 January 2020	3,880,000	8,971,311	17,645,735	117,420	1,924,991	32,539,457
Additions	-	-	313,323	-	6,865	320,188
Balance at 31 March 2020	3,880,000	8,971,311	17,959,058	117,420	1,931,856	32,859,645
Depreciation						
Balance at 1 January 2020	(310,400)	(5,416,875)	(10,731,442)	(112,053)	(1,745,209)	(18,315,979)
Depreciation	(9,600)	(58,139)	(275,697)	(601)	(12,895)	(356,932)
Balance at 31 March 2020	(320,000)	(5,475,014)	(11,007,139)	(112,654)	(1,758,104)	(18,672,911)
Carrying amount at 31 March 2020 (USD)	3,560,000	3,496,297	6,951,919	4,766	173,752	14,186,734
KHR'000 (Note 4)	14,489,200	14,229,929	28,294,310	19,398	707,170	57,740,007
Audited						
Gross carrying amount						
Balance at 1 January 2019	3,880,000	8,971,311	15,275,873	117,420	1,828,394	30,072,998
Additions	-	-	2,369,862	-	96,597	2,466,459
Balance at 31 December 2019	3,880,000	8,971,311	17,645,735	117,420	1,924,991	32,539,457
Depreciation						
Balance at 1 January 2019	(271,600)	(4,968,309)	(9,423,515)	(108,848)	(1,674,961)	(16,447,233)
Depreciation	(38,800)	(448,566)	(1,307,927)	(3,205)	(70,248)	(1,868,746)
Balance at 31 December 2019	(310,400)	(5,416,875)	(10,731,442)	(112,053)	(1,745,209)	(18,315,979)
Carrying amount at 31 December 2019 (USD)	3,569,600	3,554,436	6,914,293	5,367	179,782	14,223,478
KHR'000 (Note 4)	14,546,120	14,484,327	28,175,744	21,871	732,611	57,960,673

9. INTANGIBLE ASSETS

	Computer software	
	Unaudited 2020 USD	Audited 2019 USD
Gross carrying amount		
Balance at 31 March/December	224,957	224,957
Amortisation		
Balance at 1 January	(217,357)	(212,163)
Amortisation	(710)	(5,194)
Balance at 31 March/December	(218,067)	(217,357)
Carrying amount at 31 March/December	6,890	7,600
KHR'000 (Note 4)	28,042	30,970

10. INVENTORIES

	Unaudited 31 March 2020		Audited 31 December 2019	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Raw materials	16,656,720	67,792,850	8,949,541	36,469,380
Work-in-progress	4,415,726	17,972,005	4,269,521	17,398,298
Finished goods	6,093,259	24,799,564	8,676,617	35,357,214
	27,165,705	110,564,419	21,895,679	89,224,892

11. TRADE AND OTHER RECEIVABLES

	Unaudited 31 March 2020		Audited 31 December 2019	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Trade receivables				
Amount due from related party				
QMI Industrial Co., Ltd.	43,041,750	175,179,923	53,543,145	218,188,316
Other receivables				
Amount due from related party				
Quint Major Industrial Co., Ltd.	268,519	1,092,872	161,927	659,853
Value-added tax receivables	1,609,462	6,550,510	1,484,102	6,047,716
Prepayments				
QMI Industrial Co., Ltd.	6,939	28,242	23,501	95,767
Other third parties	1,804,446	7,344,096	1,789,555	7,292,435
	3,689,366	15,015,720	3,459,085	14,095,771

46,731,116	190,195,643	57,002,230	232,284,087
------------	-------------	------------	-------------

12. CASH AND CASH EQUIVALENTS

	Unaudited		Audited	
	31 March 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 4)		(Note 4)
Cash on hand	117,004	476,206	99,641	406,037
Cash in banks	183,684	747,594	542,184	2,209,400
	300,688	1,223,800	641,825	2,615,437

13. SHARE CAPITAL

	Unaudited		Audited	
	31 March 2020		31 December 2019	
	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

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		Audited	
	31 March 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 4)		(Note 4)
Non-current				
Other payables	1,080,000	4,395,600	1,170,000	4,767,750
Current				
Trade payables	1,072,226	4,363,960	1,619,582	6,599,798
Amounts due to related parties				
Quint Major Industrial Co., Ltd	6,562,920	26,711,084	7,954,820	32,415,892
QMI Industrial Co., Ltd	1,306,171	5,316,116	2,832,549	11,542,637
Accruals	1,111,178	4,522,494	1,659,457	6,762,287
Withholding tax payables	335,580	1,365,811	335,580	1,367,489
Other payables	19,783	80,517	20,688	84,302
	10,407,858	42,359,982	14,422,676	58,772,405

BORROWINGS

	Unaudited		Audited	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Short-term loans				
First Commercial Bank (Note 16.1)	5,040,000	20,512,800	6,400,000	26,080,000
Taiwan Cooperative Bank (Note 16.2)	2,140,861	8,713,304	2,242,988	9,140,176
	7,180,861	29,226,104	8,642,988	35,220,176

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%.

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 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, Trapeang Por, Sangkat Chom Chao, Khan Dangkor, Phnom Penh, Cambodia; and,
- (c) All present and future assets of the Company.

For the three-months period to 31 March 2020, the Company paid the principal amounting to USD4,240,000 (2019: USD11,960,000) and drawn down an aggregate amount of USD2,880,000 (2019: USD13,960,000).

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:

- I. Letters of guarantee by Mr. Yang Shaw Shin, Director of the Company;
 - i. First-rank hypothec over the real properties owned by Mr. Yang Shaw Shin (including land(s) and all constructions) as follows:

- 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
- 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-months period to 31 March 2020, the Company paid the principal amounting to USD102,127 (2019: USD373,939).

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 2019. As at 31 March 2020, the Company's return on equity is 0.2% for the 3 month period ended on that date. On an annualised basis, this would also constitute a breach of the return on equity ratio covenant. The Company has not applied nor obtained any dispensation from the lender for the breach of the loan covenant.

17. REVENUE

	USD	Unaudited 3 months to 31 March 2020 KHR'000 (Note 4)	USD	Unaudited 3 months to 31 March 2019 KHR'000 (Note 4)
Sale of goods	30,202,354	122,712,164	36,780,492	147,085,188
Subcontract revenue	464,787	1,888,430	-	-
	<u>30,667,141</u>	<u>124,600,594</u>	<u>36,780,492</u>	<u>147,085,188</u>

17. REVENUE (CONT'D)

17.1. Disaggregated revenue information

	USD	Unaudited 3 months to 31 March 2020 KHR'000 (Note 4)	USD	Unaudited 3 months to 31 March 2019 KHR'000 (Note 4)
Revenue from contracts with customers	30,667,141	124,600,594	36,780,492	147,085,188
Timing of revenue recognition:				
Point in time	30,667,141	124,600,594	36,780,492	147,085,188
	<u>30,667,141</u>	<u>124,600,594</u>	<u>36,780,492</u>	<u>147,085,188</u>

18. COST OF SALES

	Unaudited 3 months to 31 March 2020		Unaudited 3 months to 31 March 2019	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Direct materials	20,662,191	83,950,482	26,237,833	104,925,095
Direct labour	1,967,118	7,992,400	2,673,393	10,690,900
Overhead	6,218,203	25,264,559	5,039,670	20,153,638
	<u>28,847,512</u>	<u>117,207,441</u>	<u>33,950,896</u>	<u>135,769,633</u>

19. OTHER INCOME

	Unaudited 3 months to 31 March 2020		Unaudited 3 months to 31 March 2019	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Interest income	390	1,585	344	1,376
Rental income	56,320	228,828	-	-
Realised foreign exchange gain	1,996	8,110	973	3,892
Others	72,630	295,096	14,503	57,997
	<u>131,336</u>	<u>533,619</u>	<u>15,820</u>	<u>63,265</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 minimum tax is temporarily suspended until the end of year 2022 as per Prakas No. 1130MEF.Prk dated on 27 October 2017 issued by the Ministry of Economy and Finance.

Please refer to Note 26 for the explanation on the tax contingencies in Cambodia.

22. EARNINGS PER SHARE

	Unaudited 3 months to 31 March 2020		Unaudited 3 months to 31 March 2019	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Profit attributable to ordinary equity holders	155,538	631,953	172,372	689,317
Weighted average number of shares in issue	40,000,000	40,000,000	40,000,000	40,000,000
Basic earnings per share	0.004	0.016	0.004	0.017
Diluted earnings per share	<u>0.004</u>	<u>0.016</u>	<u>0.004</u>	<u>0.017</u>

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.

23. RELATED PARTY BALANCES AND TRANSACTIONS

The following balances are outstanding with related parties:

	Relationship		31 March 2020		31 December 2019	
			USD	KHR'000	USD	KHR'000
Amounts due from						
QMI Industrial Co., Ltd	Common control	Trade receivables	43,041,750	175,179,923	53,543,145	218,188,316
		Non-trade receivables	6,939	28,242	23,501	95,767
Quint Major Industrial Co., Ltd.	Common control	Trade receivables	268,519	1,092,872	161,927	659,853
			<u>43,317,208</u>	<u>176,301,037</u>	<u>53,728,573</u>	<u>218,943,936</u>
Amounts due to						
Quint Major Industrial Co., Ltd	Common control	Trade payables	6,562,920	26,711,084	7,954,820	32,415,892
QMI Industrial Co., Ltd	Common control	Trade payables	1,306,171	5,316,116	2,832,549	11,542,637
			<u>7,869,091</u>	<u>32,027,200</u>	<u>10,787,369</u>	<u>43,958,529</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:

	USD	Unaudited 3 months to 31 March 2020		Unaudited 3 months to 31 March 2019	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
<u>Under common control</u>					
QMI Industrial Co., Ltd					
Sales	30,202,354	122,722,231	36,013,982	144,019,914	
Purchases of raw materials	23,218,579	94,344,825	24,655,729	98,598,260	
Purchases of machinery	277,323	1,126,857	1,885,850	7,541,513	
Purchases of fixed assets	1,039	4,222	-	-	
Cash collection	14,045,396	57,071,125	13,709,621	54,824,775	
Offset with trade payables	25,047,749	101,777,352	24,655,729	98,598,260	
Payments on behalf for the Company	3,739	15,192	386,242	1,544,583	
Payments on behalf by the Company	51,267	208,315	31,156	124,592	
Advances to the Company	180,000	731,400	170,000	679,830	
Repayment of advances by the Company	180,000	731,400	190,000	759,810	

RELATED PARTY BALANCES AND TRANSACTIONS (CONT'D)

Quint Major Industrial Co., Ltd.				
Subcontract cost	4,226,101	17,172,055	1,173,574	4,693,122
Rental machinery	56,320	228,847	-	-
Repayment	5,618,000	22,827,807	920,000	3,679,080

24. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

	Unaudited		Audited	
	31 March 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
Financial assets				
Amortised cost				
Trade and other receivables*	43,310,269	176,272,795	53,705,072	218,848,169
Cash and cash equivalents	300,688	1,223,800	641,825	2,615,437
	<u>43,610,957</u>	<u>177,496,595</u>	<u>54,346,897</u>	<u>221,463,606</u>

* Excludes prepayments and VAT receivables.

	Unaudited		Audited	
	31 March 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
Financial liabilities				
Amortised cost				
Trade and other payables**	11,152,278	45,410,099	15,257,096	62,172,666
Borrowings	<u>7,180,861</u>	<u>29,226,104</u>	<u>8,642,988</u>	<u>35,220,176</u>
	<u>18,333,139</u>	<u>74,636,203</u>	<u>23,900,084</u>	<u>97,392,842</u>

** Excludes withholding tax payables.

25. 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.

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

25.1 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.

25.2 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.

25.3 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.

26. 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.

27. COMMITMENT

At the end of the current financial quarter, 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 2019: USD5,913,044). As of 31 March 2020, the construction of the building where the research office will be located is still in progress.

28. SIGNIFICANT EVENT DURING THE REPORTING PERIOD

There is no significant event during the reporting period except as disclosed in Note 30.

29. EVENT AFTER THE REPORTING PERIOD

There is no significant adjusting or non-adjusting event that has occurred between 31 March 2020 and the date of authorisation of the Condensed Interim Financial Statements except as disclosed in Note 30.

30. IMPACT OF COVID-19

The impact of Coronavirus ("COVID-19") pandemic has spread across various geographic globally. On January 30 2020, the World Health Organization ("WHO") declared an international health emergency due to the outbreak of COVID-19 virus. Since March 11 2020, the WHO has characterized the spread of COVID-19 as a global pandemic. The continuing spread of COVID-19 virus has caught the world off-guard, with major implications for personal health, business continuity and world economic order. The National Bank of Cambodia and the Royal Government of Cambodia have taken steps primarily to help businesses during this tough time. Management will continue to monitor the potential impact and will take all steps to mitigate any effects, including but not limited to the following :-

- (i) Expected credit losses

Management has assessed and analyzed events that can be identified and have correlations to the probability of defaults rates of the expected credit loss model of the Company. As at 31 March 2020, no correlations have been identified between current macroeconomic conditions adjusted for COVID-19 that are relevant for the Company to use in making credit loss estimates.

30. IMPACT OF COVID-19 (CONT'D)

(ii) Valuations estimates and judgements

The Company has considered potential impacts of the current economic volatility in determination of the reported amounts of the Company's financial and non-financial assets (such as property, plant and equipment, inventories and etc) and these are considered to represent management's best assessment based on observable information. The assessment is subject to volatility that may arise as a result of the development in the Covid-19 situation and may be sensitive to any significant adverse deterioration in the business environment of the Company.

31. AUTHORISATION OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The Condensed Interim Financial Statements as at and for the period ended 31 March 2020 were approved for issue by the Board of Directors on 30 July 2020.

IV. Management Discussion and Analysis on Financial Condition

a. Overview of Operations

The accompanying condensed interim statement of financial position as at 31 March 2020, is prepared in accordance Cambodian Accounting Standards "CCC". The accounting policy adopted may differ from the general accounting policy that used in other countries or jurisdictions. Therefore, the accompanying financial statements do not intend to disclose the financial position, comprehensive income and cash flows in accordance with any jurisdiction other than Cambodia.

i. Revenue Analysis

Grand Twins revenue in first quarter as at 31 Mar, 2020 amounted to KHR 124,601 millions (USD 30,667 millions). This revenue has decreased KHR 22,485 million (USD 6,113 millions) presented 15.29% declined by compared to revenue KHR 147,085 million (USD 36,780 millions USD) in first quarter as at 31 Mar, 2019. Therefore the revenue for first quarter as at 31 Mar 2019 is KHR 147,085 millions (USD 36.780 millions); increased by KHR 54,017 million (USD 22.279 millions) presented as 58.04% by compared to revenue of first quarter as at 31 Mar,2018 which amounted for KHR 93,068 million (USD 23.279 millions).

According to the World Bank, global GDP will grow by 3.9% in 2019 and expected by 3.9% by 2020. Therefore, EU GDP was 2.3% and US GDP was 2.7% in 2019, which is a slight increase compared to previous years. These two main areas are Grand Twins' main sales areas, especially the impact of low GDP growth in Europe will also affect Grand Twins in 2019.

In January 2019, a new policy on average salary for garment workers was USD 182 had taken to effective from 1st Jan 2019 for all garment factories in Cambodia. Grand Twins expenditures will be also increased. The increasing of worker average wage has been steadily rising in recent years.

The total revenue for first quarter of 2020, Grand Twins had generated in total revenue of KHR 175,740 millions (USD 43.371 million), that is total derived from sale product, Grand Twins does have CMP revenue in this quarter.

Revenue from product sale in first quarter as at 31 Mar 2020 amounted KHR 122,712 millions (USD 30.202 millions), that has decreased KHR 24,373 millions (USD 6.578 millions) presented 16.57% declined by compared to product sale in first quarter of 2019 as at 31 Mar, 2019 the revenue was KHR 147,085 million (USD 36.780 millions). Therefore the revenue from sale of product for first quarter as at 31 Mar 2019 is KHR 147,085 millions (USD 36.780 millions); increased by KHR 57,349 millions (USD 14.335 millions) presenting to 63.91% by compared to product sale for first quarter as at 31 Mar,2018 which amounted for KHR 89,736 million (USD 22.445 millions).

Revenue derived from sub contract service in first quarter as at 31 Mar 2020 is KHR 1,888 millions (USD 464,787), Grand Twins did not have revenue from sub contract service in the first quarter of 2019 as at 31 Mar 2019.

Company has no revenue from CMP in first quarter 2020 and in first quarter 2019. That in first quarter of 2018 as at 31 Mar 2018, company derived revenue from CPM amounted for KHR 3,331 millions (USD 833.290)

Our revenue is mainly derived from the production and sales of clothing. Product sold are not returnable unless there is quality issues. If our products do not meet the stipulated quality standard, customers may return the products to us for rectification and/or replacement. Orders may not be cancelled except with all parties' agreement. They are however subject to deferral or rescheduling by customers. We have not experienced any material product quality issues or cancellation of orders from customers.

In general, we do not have long-term contracts for orders from our customers. Rather, we typically enter into framework agreements with our customers. These framework agreements are generally for a term of three months. Such framework agreements typically contain, inter alia, an agreed upon minimum sales value, the selected designs and the agreed prices. Our customers will from time to time place orders with us depending on their need. Such orders will include specific details such as selected designs, quantity, colors, sizes and delivery dates, with the prices based on the framework contract

Company measure revenue as the fair value of the consideration received or receivable, net of discount and rebates. Company recognize revenue to extent that it is probable that the economic benefits associated with any transaction will flow to the company and the amount of revenue and the cost incurred or to be incurred in respect of such transaction can be reliably measured and specific recognition criteria have been met for each of company activities as follow:

Sale of Products

Revenue from sale of goods is recognized when significant risk and rewards of ownership of goods has been transferred to the customer and where we retain no continuing managerial involvement over such goods. This typically coincides with the delivery of the goods to, and acceptance of the goods by, our customers.

Services

Revenue from sale of goods is recognized when significant risk and rewards of ownership of goods has been transferred to the customer and where we retain no continuing managerial involvement over such goods. This typically coincides with the delivery of the goods to, and acceptance of the goods by, our customers

ii. Revenue Analysis by segment

Revenue by segment for first quarter 2020, 2019 and 2018 is as set forth in the table below

Description	31 March 2020		31 March 2019		31 March 2018	
	KHR'000	USD	KHR'000	USD	KHR'000	USD
Sale of Products	122,712,164	30,202,354	147,085,188	36,780,492	89,736,349	22,445,310
Suncontract Service	1,888,430	464,787	-	-	-	-
CMP Revenue	-	-	-	-	3,331,495	833,290
Total Revenue	124,600,594	30,667,141	147,085,188	36,780,492	93,067,843	23,278,600

Our revenue consists of revenue from the sale of product, subcontract revenue and CMP revenue. In first quarter of 2020, the revenue from sale of products accounted for all most 100 % total revenue. Subcontract and CMP revenue contribute only immaterial amounts to our total revenue. Consequently, any material changes in sales and revenue are due to changes in revenue from the sale of products. Revenue from the sale of goods depends on the volume of clothing items that we produce and sell, and is discussed in greater detail in below

a. Revenue from the sale of products

The revenue from sales of products for first quarter 2020 amounted for KHR 175,740 millions (USD 43.371 millions) in increased approximately KHR 19,509,326 millions (USD 4.748 millions) presenting 12.49% compared to revenue from sale of products for first quarter of 2019 generated in as KHR 147,085 Millions (USD 36,780 Millions). In contrast, The revenue for the first quarter of 2019 KHR 147,085 millions (USD 36.780 millions) or 100% of revenue had increased KHR 57,349 millions (USD 14.335 millions) presenting to 63.91% by compared to revenue from sale of products for first quarter 2018 which amounted for KHR 89,736 millions (USD 22.445 millions) or 96.42% of total revenue

b. Subcontract Revenue

Subcontract revenue consists of revenue that earn by providing cutting and sewing services to other factories once there is an excess of factory's capacity. Company has no subcontract revenue for first quarter 2020, 2019 and 2018; since in the first quarter company did not provide subcontract to other factories.

c. CMP Revenue

CMP revenue consists of revenue that we earn by cutting, sewing and trimming service in Cambodia. Company does not have CMP revenue for first quarter 2020 as at 31 Mar 2020 and first quarter of 2019 as at 31 Mar 2019. In contrast, company had CMP revenue amounted for KHR 3,331 millions (USD 833.290) in first quarter 2018 as at 31 Mar 2018.

iii. Gross Profit Margin Analysis

Our gross profit is our revenue minus cost of sales. Gross profit margin is our gross profit divided by revenue. Profit margine was KHR 7,394 millions (USD 1.820 millions) in first quarter 2020 as at 31 Mar 2020, was decreased KHR 3,922 millions (USD 1.010 millions) or 34.66% compared to gross profit KHR 11,316 millions (USD 2.860 millions) as at 31 Mar 2019. In contrast, the gross margin as at 31 Mar 2019 amounted KHR 11,316 millions (USD 2,860 millions) was increased KHR 699 millions (USD 174.065) or 6.58% by compared to gross profit margin KHR 10,617 millions (USD 2.656 millions) as at 31 Mar 2018. As descript above, since there was a decline in revenue from sale of products subcontract and CMP revenue and had caused to declined in gross profit.

a. Revenue

The revenue was KHR 124,601 millions (USD 30.667 millions) decreased KHR 22,474 millions (USD 6.113 millions) compared to total revenue of KHR 147,085 millions (USD 36.780 millions) or 15.29% as first quarter 2019 as at 31 Mar 2019. Therefore, the revenue in first quarter 2019 as at 31 Mar 2019, the revenue was KHR 147,085 millions (USD 36.780 millions), the revenue increased KHR 54,017 millions (USD 13.502 millions) or 58.04% while the revenue of first quarter 2018 as at 31 Mar 2018, was KHR 93,068 millions (USD 23.279 millions).

b. Cost of Products

The cost of products for first quarter 2020 as at 31 Mar 2020, 2019 and 2018 as set forth in the table below:

Decription	31 Mar 2020		31 Mar 2019		31 Mar 2018	
	KHR'000	USD	KHR'000	USD	KHR'000	USD
Direct Materials	67,792,850	16,656,720	104,925,09	26,237,833	63,540,026	15,892,95
Direct Labor	17,972,005	4,415,726	10,690,900	2,673,393	9,146,249	2,287,706
Overhead	24,799,564	6,093,259	20,153,638	5,039,670	9,764,755	2,442,410
Total	110,564,4	27,165,705	135,769,6	33,950,89	82,451,030	20,623,069

Our cost of sales consists of direct material costs, direct labor costs and direct overhead. Direct material costs consist of cost of our raw materials, such as fabric, that become part of the final products we produce. Direct labor costs consist of the costs of our employees who are directly involved in the production of our goods. Direct overhead consists of all other costs associated with indirect labor, the production and sale of goods. Such costs include, among others, cost associated with electricity, janitorial, cleaning services, security services, indirect labor, depreciation, sub contract cost import expense.

Our cost of sales was KHR110,564 millions (USD27.166 million) in first quarter 2020 as at 31 Mar 2020 the cost of sale decreased of KHR 18,562 millions (USD5.103 Million) or 13.67% compare to total cost of products KHR 1,135,770 millions (USD 33.951 millions) as in first quarter 2019 as at 31 Mar 2019. In contrast, cost of sale the first quarter as at 31 Mar 2019 KHR 1,135,770 millions (USD 33.951 millions) increased KHR 53,319 millions (USD 12.327 millions) or 64.67% by compared to KHR 82,451 millions (USD 20.623 millions) as in first quarter 2018 as at 31 Mar 2018. The increasing is due to the increase in direct material and overhead for the production.

Cost of raw material decreased KHR 20,975 millions (USD 5.576 millions) or 19.99% from KHR 104,925 millions (USD 26.238 millions) as in first quarter 2019 to KHR 83,950 millions (USD 20.662 millions) as in first quarter 2020. This decrease is due to the lower purchase order. In contrast, the cost of raw material was increased KHR 41,385 millions (USD 10.345 millions) or 65.13% from KHR 63,540 millions (USD 15.893 millions) as in first quarter 2018 which increase to KHR 104,925 millions (USD 26.238 millions) as in first quarter 2019. This increase in particular at the same time of increased in purchase order.

Direct labor cost was decreased KHR 2,699 millions (USD 705,509) or 25.24%, representing to amount KHR 20,154 millions (USD 5.040 millions) as in first quarter 2019 to KHR 7,992 millions (USD 1.968 millions) as in first quarter 2020. Therefore, the direct labor cost was increased KHR 1,545 millions (USD 385,687) or 16.89%, respectively to KHR 9,146 millions (USD 2.288 millions) as in first quarter 2018 to KHR 10,691 millions (USD 2.673 millions) as in first quarter 2019. This increased was caused by the increase in worker minimum wage.

Overhead was slightly increased KHR 5,111 millions (USD 1.178 millions) or 25.36% from KHR 20,154 millions (USD 5.040 millions) in the first quarter 2019 to KHR 25,265 millions (USD 6.217 millions) as in first quarter 2020. Moreover, overhead was increase KHR 10,389 millions (USD 2.597 millions) or 106.39% which was from KHR 9,765 millions (USD 5.040 millions) as in first quarter 2019.

iv. Profit/Loss Before Tax Analysis

Profit before tax is our gross profit margin plus other income, minus distribution costs, administrative expenses, other expenses and finance cost.

As in first quarter 2020 as at 31 Mar 2020 profit before tax was KHR 790 millions (USD 194,423) was decreased KHR 72 millions (USD 21,042) approximately 8.32% compared to profit before tax KHR 862 million (USD 215,465) for the first quarter 2019. The decreased was due to the increased in direct labor cost and overhead. Moreover, for the first quarter 2019 as at 31 Mar 2019 profit before tax was KHR 862 millions (USD 215,465) decreased in KHR 4,163 millions (USD 1.041 millions) or 82.85% compared to profit before tax of KHR 5,025 millions (USD 1.257 millions) as in first quarter 2018. The decreased was due to the decreased in profit margin while increased in transportation expenses and sale discount.

a. Elements of profit before tax

The gross profit margin for the first quarter 2020 as at 31 Mar 2020, 2019 and 2018 was discussed in above section.

b. Other income

Other income consist of various sources such as interest income from saving and access control ease accounts, sales of wastes, proceeds from disposal of fixed assets and other non-operating incomes. Other income was KHR 532 millions (USD 130,941) in first quarter 2020 and KHR 62 millions (USD 15,476) was in first quarter 2019 and KHR 62 millions (USD 15,476) in first quarter 2018.

c. Distribution Costs

Distribution costs consist of the cost of shipping finished products to customers. Distribution costs as at first quarter 2020 was KHR 1,833 millions (USD 452,245), was decreased in KHR 3,939 millions (USD 992,175) or 68.19% compared to distribution cost KHR 5,776 millions (USD 1.444 millions) as in first quarter 2019. Moreover, the distribution cost in first quarter 2019 was KHR 5,776 millions (USD 1.444 millions), that was increased KHR 4,389 millions (USD 1.100 millions) or 319.03% compared to distribution cost KHR 1,378 millions (USD 344,794) as in first quarter 2018. This increasing was due to the increase in product volume transport to customers.

d. Administrative Expenses

Administrative expenses are as set forth in the table below, and consist primarily of personnel costs, research and development costs, other expenses and depreciation. Research and development costs include the costs of personnel and machinery dedicated to working with our partner and its customers to introduce new products to our production lines.

As for the first quarter 2020 as at 31 Mar 2020, administrative cost was KHR 4,706 million (USD 1.158 millions), the expenses has increased in KHR 391 millions (USD 79,112) or 9.05% compared to administrative expenses KHR 4,316 millions (USD 1,079) in first quarter 2019. In contrast for the first quarter 2019 as at 31 Mar 2019 the administrative expense was KHR 4,316 millions (USD 1,079) was

increased KHR 488 millions (USD 121,719) or 12.75 % compared to KHR 3,828 millions (USD 957,537) as for the first quarter 2018.

The increased of administrative expense was primary dued to company has continued investment on productive capacity to effort coat products that company would spend on work skill and training. Therefore, salary expenses was also increased since company has expand employment to correspondance to customer purchahse order.

e. Other Expenses

Other expenses represent loss arising from reduction in selling prices of wrong products either in size or colors. Other expense was KHR 147 millions (USD 36,256) in first quarter 2020 as at 31 Mar 2020. This expesne increase KHR 108 millions (USD 26,540) or 279% compared to other expenses KHR 39 millions (USD 9,716) in first quarter 2019 as at 31 Mar 2019. Therefore, other expenses in first quarter 2019 as at 31 Mar 2019 KHR 39 millions (USD 9,716), Other expenses was increased KHR 158 millions (USD 39,461) in first quarter 2018 as at 31 Mar 2018. Thus, other expresses represent an immaterial portion of our operating expenses

f. Finance Cost

Finance cost consists of interest paid on our outstanding indebtedness. Financial cost was approximately KHR446 millions (USD109,673) in first quarter 2020 as at 31 Mar 2020 and KHR 386 millions (USD96,559) in the first quarter 2019 as at 31 Mar 2019, and amounted in KHR 254 millions (USD 63,522) in first quarter 2018 as at 31 Mar 2018.

v. Profit after Tax

profit after tax is derived from profit before tax minus income tax expense. In first quarter 2020 as at 31 Mar 2020 comapny profit before tax was KHR 790 millions (USD 194,423) and Income tax expense was KHR 158 millions (USD38,885), and profit after tax for the first quarter 2020 was KHR 632 millions (USD 155,538). The profit after tax was decreased KHR 57 millions (USD 16,834) presenting to 8.32% with comparing to the first quarter 2019 as at 31 Mar 2019, which amounted KHR 689 millions (USD 172,372).

Moreover, in the first quarter 2019 as at 31 Mar 2019, profit before tax KHR 862 millions (USD 215,465) and income tax expense was KHR 172 millions (USD 43,093). As so, the profit after tax was KHR 689 millions (USD 172,372), it was decreased KHR 3,331 millions (USD 833,105) or 82.85% comparing to profit after tax KHR 4,029 millions (USD 1.005 millions) as in first quarter 2018. It was dued to the increased in material cost and distribution cost.

vi. Factors and Trends Analysis Affecting Finandal Condition and Results

Revenue

Grand Twins generate revenue from export products to over the world. Revenue from export product to USA 15% of total revenue in the first quarter of 2020; and exported to EU 42%, to asia countries 42% and 1 % to other countries.

Revenue in the first quarter 2020, decreased 15.29% from KHR 147,085 millions (USD36.780 millions), the total revenue in the first quarter 2019 amounted for KHR 124,601 million (USD 30.667 millions) in the quarter in 2020. In contrast, The revenue was increased 58.04% from KHR 93,068 millions (USD23.279 millions) as total revenue in the first quarter 2018, was increased KHR 147,085 millions (USD 36.780 millions) as total revenue is the first quarter 2019.

Selling Price

Our selling prices are typically based on a model of cost, plus a margin set by our customers. Our customers' retail selling prices are based on prevailing market demand and supply conditions, particularly the market recognition and strength of our customers' brand.

Grand Twins has manufactured over 3,00 designs in 2019. For Jacket, we sold a significant amount at approximately USD 50 each in 2019. For sport suits, we sold a significant amount at approximately USD20-30 each in 2019. For shorts, we sold a significant amount at approximately USDS-10 each in 2010. The selling price is stable in the first quarter 2020.

A detailed account of the risk factors affecting our business activities are set out in condensed interim financial report . The main factors affecting revenue are:

- Ability to compete effectively with existing or new competitors in the future, given the highly competitive industry we operate in and the lack of any strong barriers to entry for new competitors to enter the market;
- our customers' ability to continue to develop products with mass appeal and successfully meet fast changing fashion and market trends so that our products remain commercially viable;
- our dependence on Adidas and Reebok, as any adverse impact on the image of either brand adversely affect our business, financial condition and operating results;
- the possibility that import restrictions may be imposed on our products in the countries where our products are sold, as our revenue would be adversely affected by such restrictions.

b. Significant Factors Affecting Profit

1. Demand and Supply Conditions Analysis

Company revenue was declined 15.29% in the first quarter 2020 compare to total revenue in the first quarter 2019, it primary dued to the decrease in client purchase order. In contrast, the revenue was increased 58.04% int the first quarter 2019 comapring to total revenue in the first quarter 2018 that was caused from the increased in purhase order. As in the first quarter 2010, revenue was lower than previous quarter, the purchase order volumn was down and had caused to gross profit amounted in KHR 7,393 millions (USD1.820 millions) for the first quarter 2020, presenting the decline in KHR 3,922 millions (USD 1.010 millions) or 34.66% compareing to profit margin amounted KHR 9,600 millions (USD 2.373) in the first quarter 2019. Therefore, gross profit margin KHR 9,600 millions (USD 2.373) as at 31 Mar 2019, was increased in KHR 699 millions (USD 174,065) or 6.58% compare to profit margin amount in KHR 10,617 millions (USD 2.656 millions) as at 31 Mar 2018. We have no significant issues with securing an adequate supply of raw materials at reasonable prices, and thus we expect to be able to continue to meet growing customer demand for our products.

2. Fluctucations in Prices of Raw Material Analysis

For the pass three years, the change in price of the company's raw material has been minimal and has not had a material effect on the financial performance. Company does not anticipate significant change in price of raw materials in the future, and company not expect any such fluctuation in price, should they occure to have any effect on financial performance.

3. Tax Analysis

Income tax is included all taxes on taxable profit.

Current Tax

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for a period. Current taxes for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted by the end of the reporting period.

Deffered Tax

Deferred tax is recognized in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in our statement of financial position and its tax base. Deferred tax is recognized for all temporary differences, unless the deferred tax arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction affects neither accounting profit nor taxable profit

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised, the carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits will be available to allow the benefit of part or all of that deferred tax asset to be utilized, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profits will be available, such reductions will be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes related to the same taxation authority on either

(i) The same taxable entity; or

(ii) Different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to relies the assets and settle the liabilities simultaneously, in each future period in which significant amount of deferred liabilities or assets are expected to be settled or recovered.

Deferred tax will be recognized as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply for the year when the asset is realized or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Grand Twins reported profit in year ended 2008, the trigger period ended immediately and the Company then had 4 years of exemption, from 2008-2011. Consequently, we expect to pay a tax on profit (ToP) of a normal rate of 20% in 2012.

Fortunately, as the Company is going to list in the second half of 2013, a tax deduction of 10% will be provided from 2014 to 2016 where the ToP sets to be 18%. From 2017, the normal rate of ToP will be applied.

4. Exceptional and extraordinary items and analysis

There were no exceptional or extraordinary items that affected any of our assets, liabilities, equity, net income or cash flows as at 31 Mar 2020.

c. Material Changes in Sale and Revenue

Our revenue was KHR 124,601 millions (USD 30.667 millions) in the first quarter as at 31 Mar 2020, the revenue approximately decreased KHR 22,485 millions (USD 6.113 millions) or 15.29% compared to total revenue KHR 147,088 millions (USD 36.780 millions) in the first quarter 2019, as at 31 Mar 2019. Moreover, the revenue of KHR 147,088 millions (USD 36.780 millions) in the first quarter 2019, as at 31 Mar 2019 was increase in 58.04% amounted for KHR 93,068 millions (USD 23.279 millions) in the first quarter 2018, as at 31 Mar 2018 to total revenue in KHR 147,088 millions (USD 36.780 millions) in the first quarter 2019, as at 31 Mar 2019.

Our revenue consists of revenue from the sale of goods, subcontract revenue and CMP revenue. For the first quarter 2020, we has generated in revenue KHR 124,601 millions (USD 30.667 millions), that sale of products accounted for KHR 122,712 millions (USD 30.202 millions) and from subcontract revenue accounted for KHR 1,888 millions (USD 464,787). And we don't have CMP revenue for the first quarter 2020.

Revenue from sale of products presented to 98.48% of total revenue, amounted in KHR 122,712 millions (USD 30.202 millions) as at 31 Mar 2020. Subcontract revenue and CMP revenue contribute only immaterial amounts to our total revenue. Consequently, any material changes in sales and revenue are due to changes in revenue from the sale of goods. Revenue from the sale of goods depends on the volume of clothing items that we produce and sell, and is discussed in "Selling Price".

d. Impact of Foreign Exchange I Interest Rates I Commodity Prices

Impact of Foreign Exchange

Our revenue is principally earned in US dollars. Our expenditure is principally paid in US dollars and KHR We do not enter into currency hedging transactions, as we believe that the cost of such hedging is not justified by our limited expose to any adverse impact from foreign exchange rate fluctuation.

Impact of Interest Rates

As we have no significant interest-bearing financial assets, our revenue, income and cash flow are substantially independent of changes in market interest rates. As at 31 Mar 2020, We have no debt with floating interest rate could impact on our financial condition and results of operations

Impact of Commodity Price

The arrangement between our Company and our customers provides us with a relatively consistent gross profit margin. Consequently, commodity price fluctuation should have only an immaterial impact on our financial condition and results of operations.

e. Impact of inflation

Any increase in the rate of inflation could adversely affect the cost of fuel and thus increase our distribution costs. In addition, any increase in the rate of inflation could diminish the purchasing power of our employees' salaries, and lead to labor unrest at our Company and increased risk of demands for higher wages, or strikes or Other types of work stoppages. Any increase in our distribution costs, or any type of labor unrest at our company, could have an adverse effect on our financial condition and results of operations.

f. Government/ Economics/ Fiscal/ Monetary Policy

Government

Cambodian government regulations, such as tax holidays and negotiating favorable terms for exports to other countries have been beneficial to our business. Since 1 January 2011, under the Everything But Arms (EBA) trade initiative, least developed countries such as Cambodia can export to the EU duty- and quota-free if the country manufactures 40% of the product's value. This new threshold is a reduction of the previous one of 70% of the product's value.

Economic

Cambodian economy has continued its high growth path as real GDP expanded by 7% in 2019 according to a report by Asia Development Bank Cambodia has been one of the fastest growing countries in the world over the past ten (10) years, experiencing average annual growth of over 8% in 2000. The risks of an impact of an economic slowdown in the US and EU, the two largest destinations of Cambodia's key garment and textile exports, have not so far materialized: merchandise exports in 2018 increased by 7 %with exports of garments and textiles reaching USD5,343 millions in 2018 compare to USD 4,967 million in 2017.

Fiscal

Cambodia's fiscal policy in recent years showed positive signs, one of which was reduction in the budget deficit The Government is undertaking to strengthen the implementation and enforcement of taxation.

Monetary Policy

Cambodia is a dollarized economy making the country's currency, the Cambodian Riel very susceptible to depreciation of US Dollar. For the Cambodian securities market, there is a requirement to denote the price of listed securities in Cambodian Riel, reflecting a long-term goal of the Government to strengthen the use of the Cambodian Riel There has been no material impact of the government, economic, fiscal or monetary policies our historical profits for the first quarter 2020 as at 31 Mar 2020.

V. Significant Information to Protect Investor

SIGNIFICANT INFORMATIONS FOR PROTECT INVESTORS

As at the first quarter 2020 as at 31 Mar 2020, there is no any significant informations other than presented in this interim quater report for the first quarter 2020..

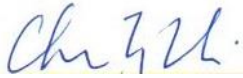
DIRECTORS' SIGNATURE

Date: 30 Jul 2020

Read and approved

Read and approved

Read and approved







Mr. **Chen Tsung-Chi**
Director

Ms. **Wang Yi Ting**
Non -Executive Director



ក្រុមហ៊ុន ហ្គ្រង់ ធួន អ៊ិនធើរណេសិនណល ភីអិលស៊ី

Grand Twins International (Cambodia) Plc.

អាសយដ្ឋាន: ភូមិត្រពាំងពោធិ៍ សង្កាត់ចោមចៅ ខណ្ឌពោធិ៍សែនជ័យ រាជធានីភ្នំពេញ ព្រះរាជាណាចក្រកម្ពុជា។

Address: Phum Trapaing Poe, Sangkat Chom Chao, Khan Porsenchey, Phnom Penh, Cambodia

លេខទូរស័ព្ទ : (៨៥៥)២៣ ៨៩០ ៣២៥ / លេខទូរសារ : (៨៥៥)២៣ ៨៩០ ៣២៦

Phone number: (855) 23 890 325/Fax number: (855) 23 890 326

គេហទំព័រ : www.Grandtwins.com.kh/ អ៊ីម៉ែល : vuthy.phuong@qmico.com