



GRAND TWINS INTERNATIONAL
(CAMBODIA) PLC

You Wear

We Care



REPORT OF
THE THIRD QUATER OF 2020

As at 30 September 2020

**GRAND TWINS INTERNATIONAL
(CAMBODIA) PLC.**



**VISION, MISSION, BUSINESS STRENGTH
& FUTURE PLANS**

Grand Twins Internation (Cambodia)Plc.

*“The First Private Listed Company in Cambodia Securities Exchange
in the Kingdom of Cambodia”*

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 the Kingdom of 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

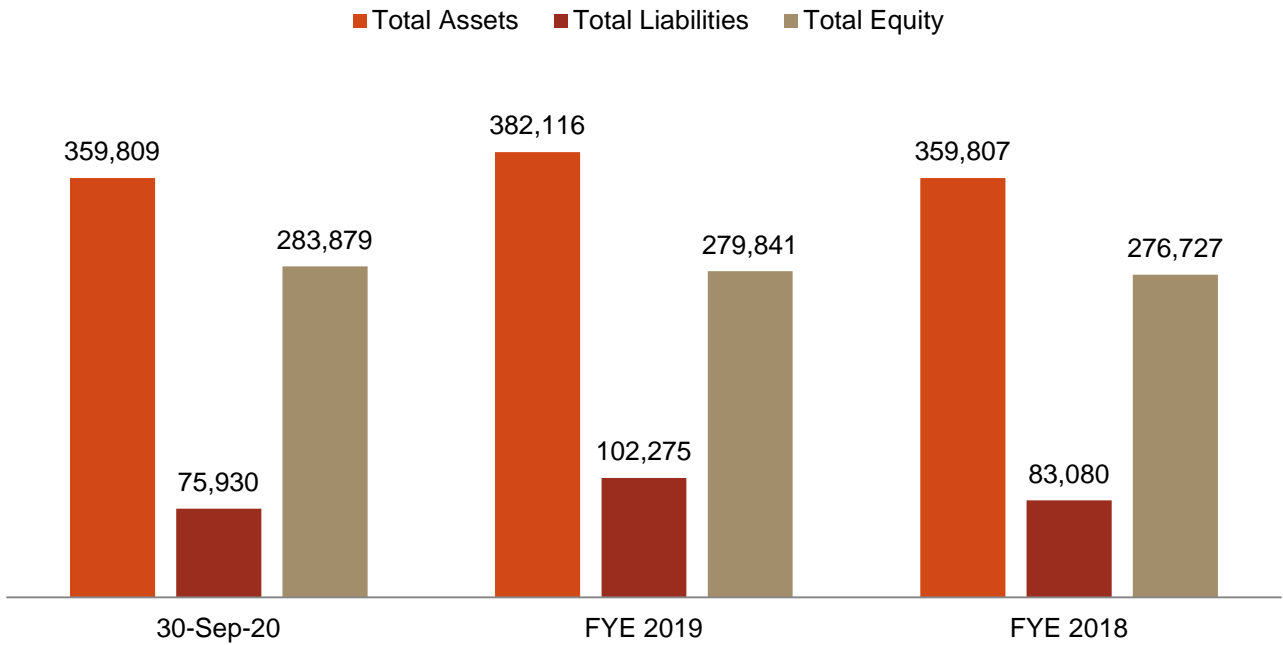
**KEY DATA AND INDICATOR
FOR
THE THIRD QUARTER OF 2020**

CONDENSED INTERIM FINANCIAL STATEMENTS FOR 3rd QUARTER OF 2020 & PREVIOUS YEARS

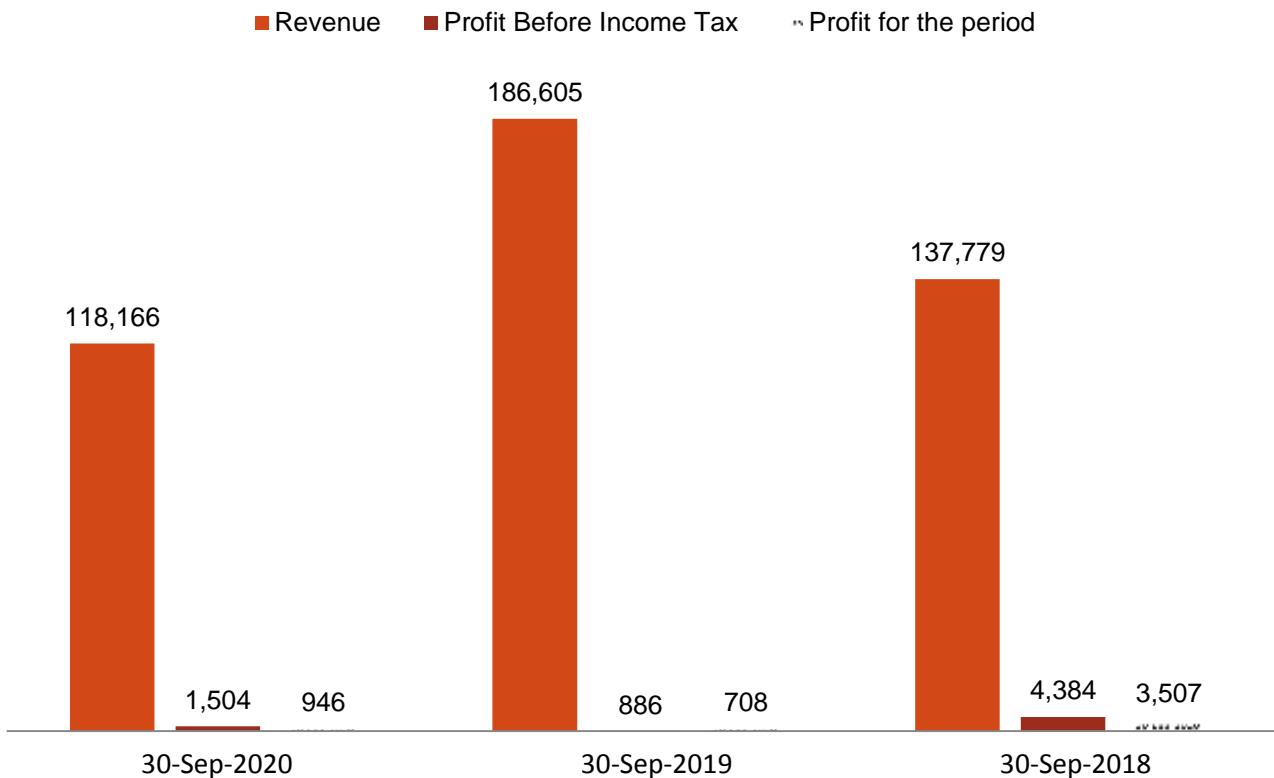
Description		30 Sep 2020	FYE 2019	FYE 2018
		KHR'000	KHR'000	KHR'000
Financial Position				
Total Assets		359,809,124	382,116,059	359,806,597
Total Liabilities		75,930,307	102,275,463	83,079,940
Total Equity		283,878,817	279,840,596	276,726,657
Comprehensive Income		30 Sep 2020	30 Sep 2019	30 Sep 2018
Revenue		118,166,395	186,605,048	137,778,790
Profit Before Income Tax		1,503,777	885.506	4,384,320
Profit for the period		946,177	708,403	3,507,458
Comprehensive Income for the period		946,177	708,403	3,507,458
Fianancial Ratio		30 Jun 2020	FYE 2019	FYE 2018
Solvency Ratio		78.90%	73.23%	76.91%
Liquidity Ratio	Current Ratio	4.35	3.41	4.05
	Quick Ratio	3.12	2.47	2.68
		30 Sep 2020	30 Sep 2019	30 Sep 2018
Profitability Ratio	Return on Assets	0.26%	0.19%	0.97%
	Return on Equity	0.33%	0.25%	1.26%
	Gross Profit Margin	6.22%	6.70%	8.11%
	Profit Margin	0.80%	0.38%	2.55%
	Earnings Per Share	23.65	17.71	87.69
Interest Coverage Ratio		2.44	1.65	13.57
Dividend Yield (if any)		-	-	-
Others Financial Ratio (if any)		-	-	-

COMPREHENSIVE INCOME FOR THE 3RD QUARTER OF 2020 AND OTHER 3RD QUARTER OF THE PREVIOUS YEARS

(In KHR'000)



(In KHR'000)



**COMPOSITION
OF THE BOARD OF DIRECTORS
OF GRAND TWINS**

COMPOSITION OF BOARD OF DIRECTORS



Mr. Yang Shaw Shin
Chairman of the board of directors



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

**STATEMENT
OF
THE CHAIRMAN OF THE BOARD OF
DIRECTORS ON THE VALUATION OF
GRAND TWINS' PERFORMANCE**

THE STATEMENT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS



Mr. Yang Shaw Shin
Chairman

We, the board of directors of Grand Twins International (Cambodia) Plc. (“GTI” or “Grand Twins” or the “Company”), are pleasure to present the interim condensed financial report for the 3rd quarter of 2020 as at 30 September 2020 of the Company.

Efficiency on customer services

Since the date of incorporation 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 highlighted for the 3rd quarter of 2020

In the 3rd quarter of 2020 as at 30 September 2020, Grand Twins has generated KHR 118,166 Millions (USD 28,821Millions), and interpreted to profit before tax of KHR 1,504 Millions (USD 366,775) and the profit after of KHR 946 Million (USD 230,775). It has figured in slightly decline comparing to the 3rd quarter of the 3rd quarter of the previous years.

Expectation for further quarter s of 2020

For further quarters of 2020, we will commit to keep more effort to enhance our corporate governance and accomplish our vision and mission. Our target is to archieve higher profit more than previous years.

Furthermore, we would like to express our pleasure and feel thankful to board of directors, our management team, all staffs and workers for always support and good management in the past quarter s and years. 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, Dated: 12 November 2020
Signature and stamp

Chairman

Mr. Yang Shaw Shin

DIRECTOR'S REPORT ON THE VALUATION OF THE COMPANY'S PERFORMANCE

The board of the directors of the Company is gladly present the interim condensed financial report of the 3rd quarter of 2020 of the Company and the reviewed financial information as at 30 September 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 30 September 2020, is disclosed in the interim report in section 6 "Interim Condensed Financial Report" of independent auditor

	In KHR '000'	US Dollar
Total Revenue	118,166,395	28,821,072
Profit Before Tax	1,503,777	366,775
Net Income	946,177	230,775

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 30 September 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 September 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 30 September 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 30 September 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 for the 3rd quarter of 2020 as at 30 September 2020 and its financial performance and cash flows for the years and period then ended in accordance with Cambodian Accounting Standards.

**STATEMENT
OF
THE CHIEF EXECUTIVE OFFICER
OF GRAND TWINS**

STATEMENT OF THE CHIEF EXECUTIVE OFFICER

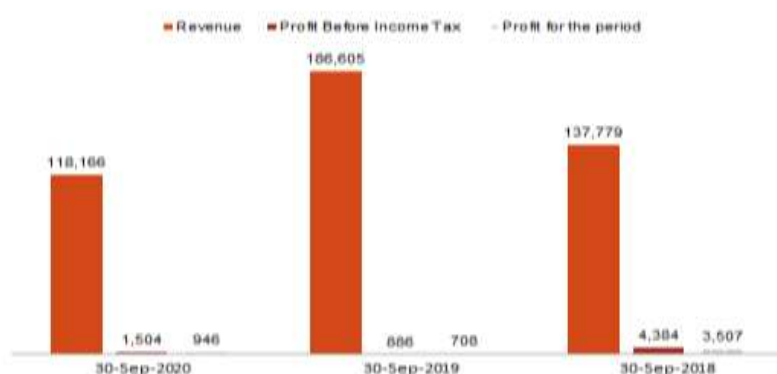


Mr. **Chen Tsung-Chi**
Chief Executive Officer

I, the undersigned, the authorized representative of Grand Twins, have a great honored and pleasure to present our interim condensed financial report for the 3rd quarter of 2020 as at 30 September 2020. In this 3rd quarter of 2020, the Company has generated total revenue of KHR 118,166 Millions (USD 28,821 Millions), and interpreted to profit before tax of KHR 1,504 Millions (USD 366,775) and the profit after of KHR 946 Million (USD 230,775).

Financial performance for the 3rd quarter of 2020 and other 3rd quarter of the previous years

(In KHR'000)



Highlighted financial performance for the 3rd quarter of 2020

For the 3rd quarter of 2020, we have generated in total revenue of KHR 118,166 Millions (USD 28,821 Millions) in which the sale of products have accounted of KHR 115,940 Millions (USD 28,278 Millions), the revenue from subcontract of KHR 2,150 Millions (USD 524,374) and the revenue from CPM of KHR 77 Millions (USD 18,698) respectively.

Expectation for further quarters of 2020

For further quarters of 2020, we will commit to keep more effort to enhance our corporate governance and accomplish our vision and mission. Our target is to archieve higher profit more than the previous years.

Furthermore, we would like to express our pleasure and feel thankful to the board of directors, our management team, all staffs and workers for always support and good management in the past quarter s and years. We are also thankful to all supporting customers especially to our major customers Adidas, who always support and place order lead to today succeed.

Phnom Penh, Dated: 12 November 2020

Signature and stamp
Chief Executive Officer



Mr. **Chen Tsung-Chi**

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1. GENERAL INFORMATION OF GRAND TWINS

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 Posenchey, Phnom Penh, Cambodia

Telephone Numeber : (855) 23 890 325

Fax : (855) 23 890 326

Website : www.Grandtwins.com.kh

Email : vuthy.phuong@qmico.com

Business Registration No : 00012347

Date : 15 Nov 2007

Business License No. : N/A

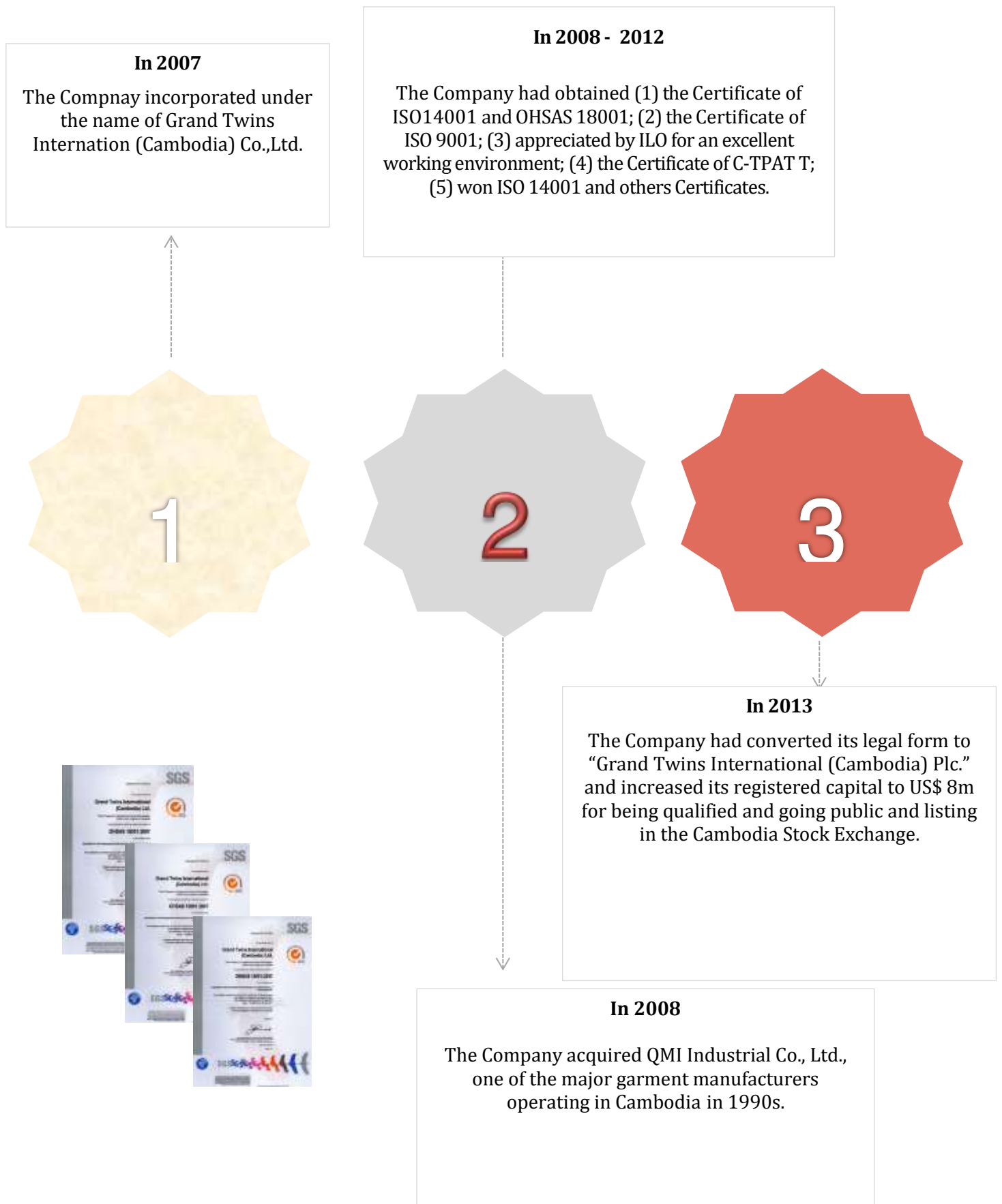
Date : N/A

Final approval and registration of the Disclosure Document: 005/SECC Date : 16 April 2014

Authorized Representative : Mr. **Chen Tsung-Chi**

Position : Chief Executive Officer

COMPANY OVERVIEW





In 2014

The Company has going public and listed officially in the Cambodia Securities Exchange on 16 June 2014.

In 2015 - 2019

The board of directors had resolved and approved to distribute the 5th dividend in cash to the shareholders in June and the 5th General Meeting of the Shareholders was held on 21 November 2019.

4

5

6

In 2020



COMPANY OVERVIEW

GRAND TWINS has incorporated under the laws of the Kingdom of Cambodia on 15 November 2007 with its registered name under “**GRAND TWINS INTERNATIONAL (CAMBODIA) PLC.**”.

On 19 February 2013, the Company has been converted to a public limited company and changed its legal name to “**Grand Twins International (Cambodia) Plc.**” On 16 July 2018 in addition, the Company acquired QMI Industrial Co., Ltd., one of the major garment manufacturers that operating in Cambodia since 1990s. Since GTI is manufacturing subcontractor and manufacturer of apparel for export, on 16 June 2014, the Company has officially going public and listed in Cambodia Securities Exchange (the “**CSX**”).

The Company 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. Headquarter ed in Herzogenaurach, Germany.

We have produced numerous sportwear for Adidas Group. As for the 3rd quarter of 2020, Adidas constandly preserve as our major customer.

We purchases raw materials from Taiwan, China, Thailand and Vietnam. In the 3rd quarter 2020, our export destinations include include countries in Europe 15%, United State 18%, Asia and other countries 67% of total revenue in the 3rd quarter of 2020. In the 3rd quarter of 2020, Asia still becomes our export major market.

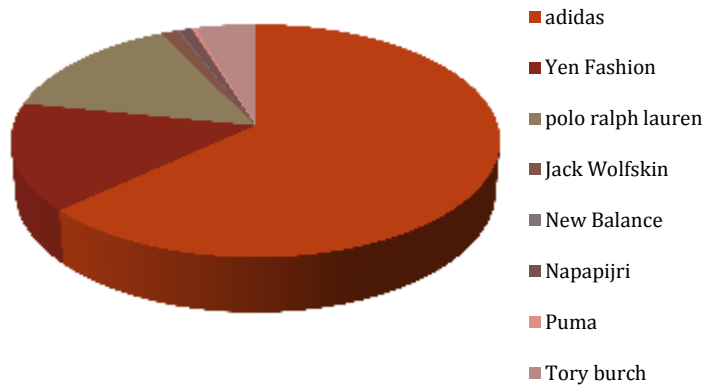
We have a specialized management team who has many years of experience in the apparel industry, as well as advanced manufacturing technology to ensure production efficiency. Up quarter ended 30 September 2020, GTI has 4,420 employees. Our factory land is 32,341 square meters (there are 2 buildings with two floors in total of 21,620 square meters). A new build three-floor building, has completed the construction in 2015 that use for raw material warehouse. In end of 2017, we had invested almost USD 5 Millions on our Research and Development Center to be improve and gain more convenience for immediately respond our clients required.

Major customers

We have produced numerous sportswear for Adidas Group. As for the 3rd quarter of 2020, Adidas constantly preserves as our major customer. According to Adidas's press release dated 06 August 2020, the total revenue from selling products of Adidas as at the 2nd quarter of 2020, was about EUR 3,579 billions, decreased approximately 34% compared to the total revenue of the selling products of EUR 5,509 billions in the 2nd quarter of 2020. Due to Global coronavirus pandemic causes closure of over 70% of Adidas' stores at high point 70% of Adidas' stores around the world. However, sales through the company's own e-commerce channel increased 93% during the 2nd quarter of 2020 respectively.

(Source: Adidas's press release dated 06 August 2020)

Grand Twins's customers as in the 3rd quarter of 2020 as the following:



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.



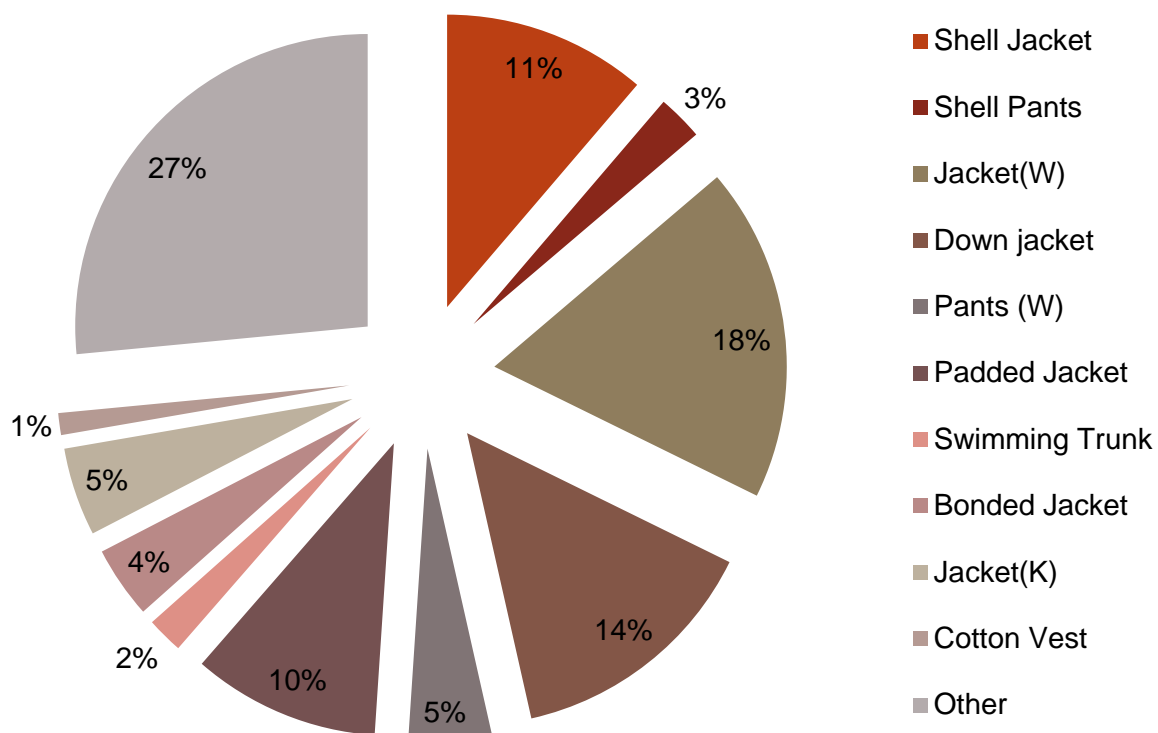
Functional Clothing

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

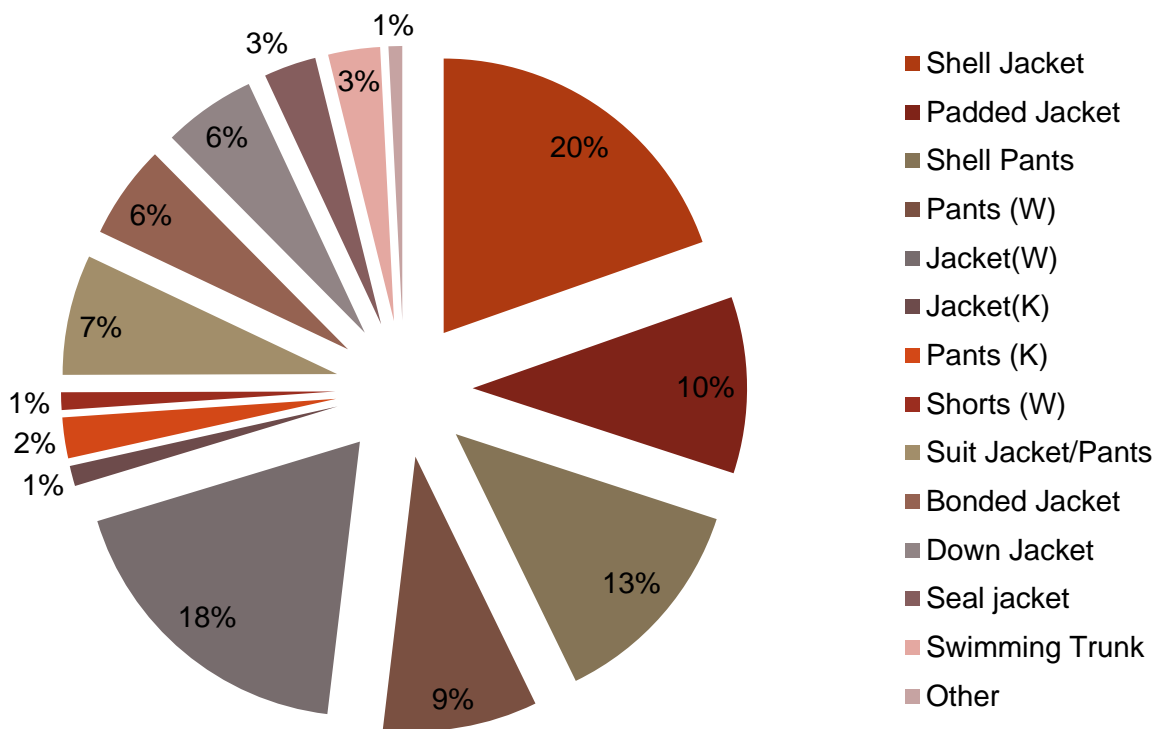
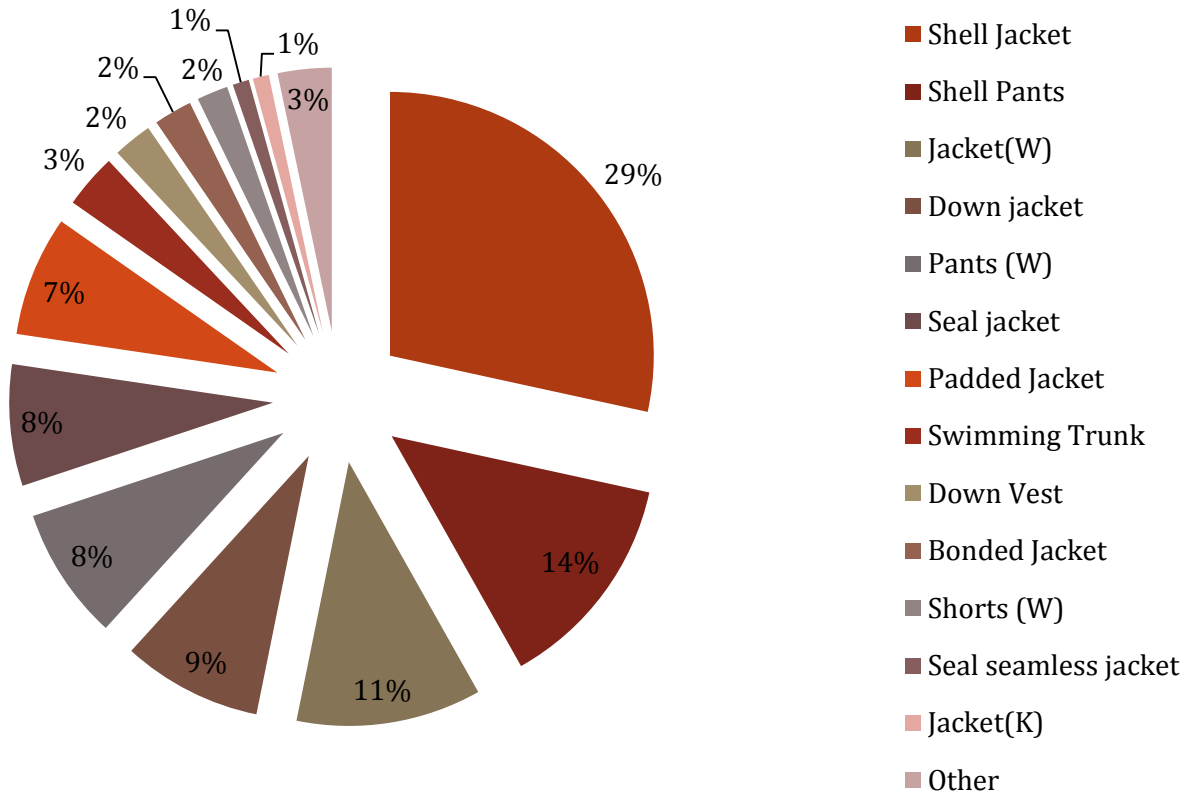
Sale volumn of mix products

Sale volume of mix products in the 3rd quarter of 2020

Description	3 rd quarter of 2020 As at 30 September 2020	
	Amount	%
Shell Jacket	3,245,871	11.26%
Shell Pants	726,592	2.52%
Jacket(W)	5,328,800	18.49%
Down jacket	4,094,011	14.20%
Pants (W)	1,319,778	4.58%
Padded Jacket	2,984,568	10.36%
Swimming Trunk	578,600	2.01%
Bonded Jacket	1,147,371	3.98%
Jacket(K)	1,406,885	4.88%
Cotton Vest	347,498	1.21%
Other	7,641,100	26.51%
Total Sale	28,821,072	100%

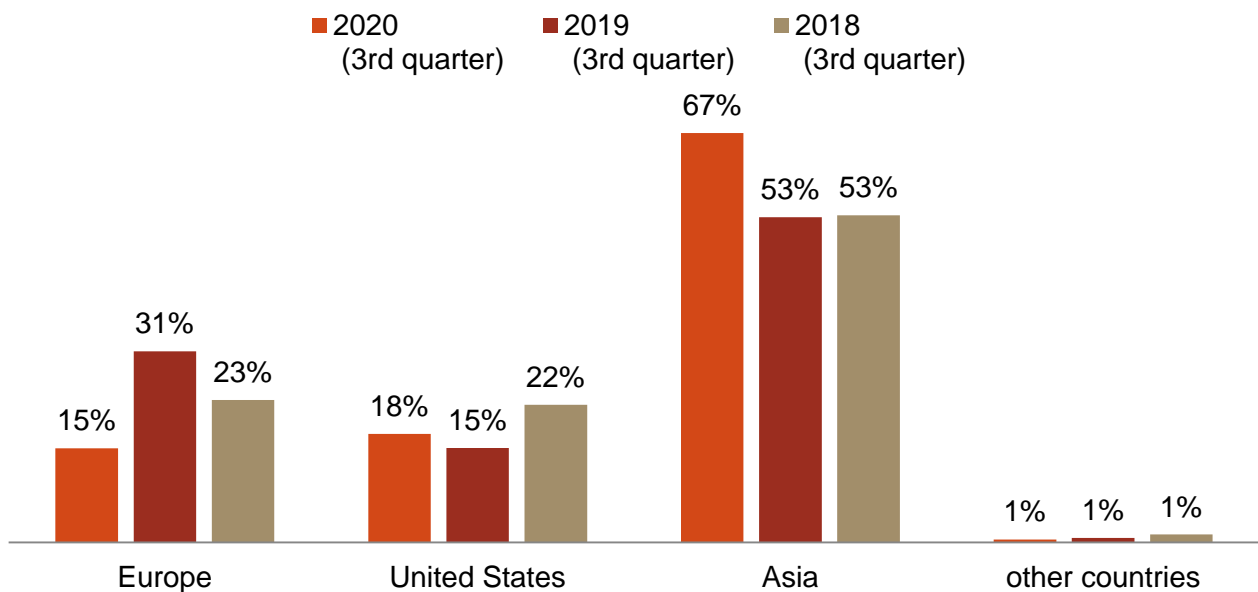


Sale volume of mix products of the 3rd quarter of 2019 and the 3rd quarter of 2018



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.





Asia



Cambodia

GTI
GRAND TWIN

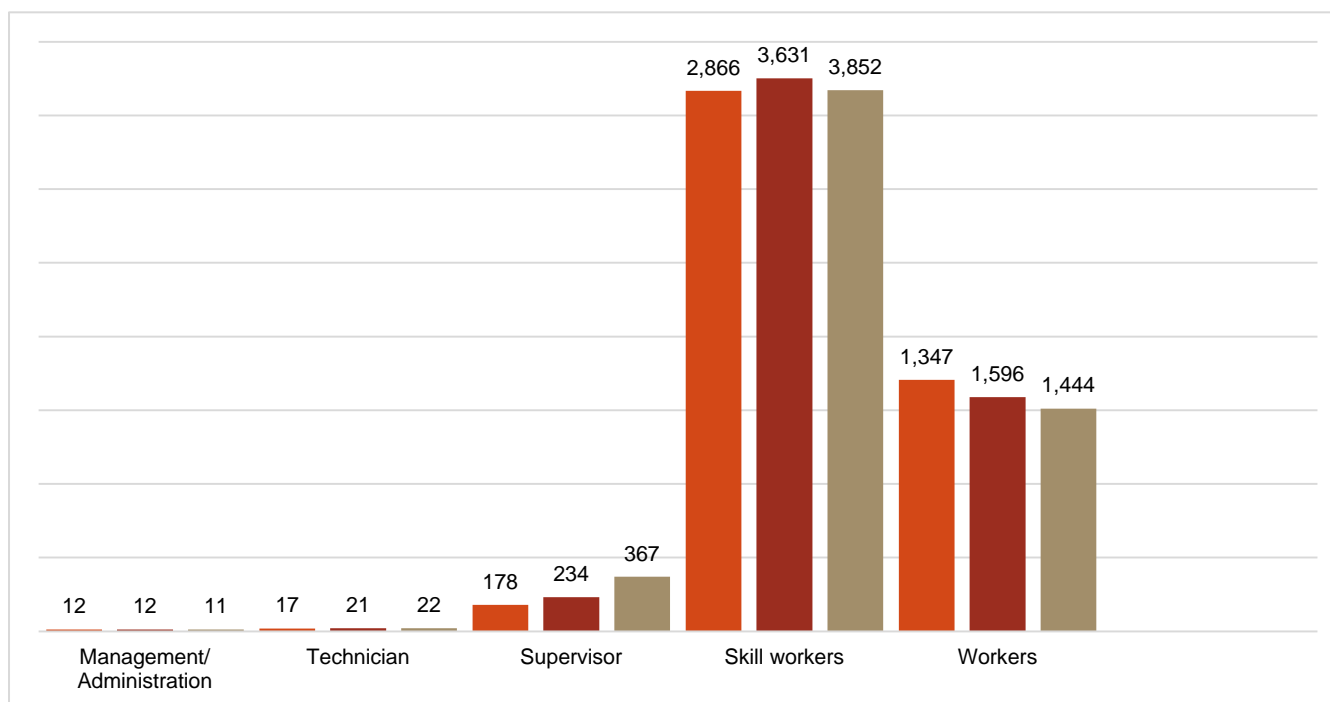


Number of Full Time Employees

In the 3rd quarter of 2020 as at 30 September 2020, we employ 4,420 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.

As the following the functional distribution of our full-time employees for the 3rd quarter of 2020 as at 30 September 2020, the 3rd quarter of 2019 and the 3rd quarter of 2018:

Description	Q3-2020	Q3-2019	Q3-2018
Management/ Administration	12	12	11
Technician	17	21	22
Supervisor	178	234	367
Skill workers	2,866	3,631	3,852
Workers	1,347	1,596	1,444
Total	4,420	5,494	5,696



Cambodia Garment Status

Economic Growth of Asia EU, USA and other regions

According to Eurostat, the statistical office of the European Union dated 31 July 2020, Western Europe GDP was 12.1% and 11.9 in EU in 2019, described 3.6% for Western Europe GDP and 3.2% for EU GDP. Western Europe GDP will be expected 15% and 14.4% for EU GDP. Whereby American GDP was at 2.5% in 2019 and expected to increasing to 2.9% in 2020. In the mean time, global GDP was 3.9% in 2019 that keep the same figure of GDP 4.9% in 2020. 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 2020.

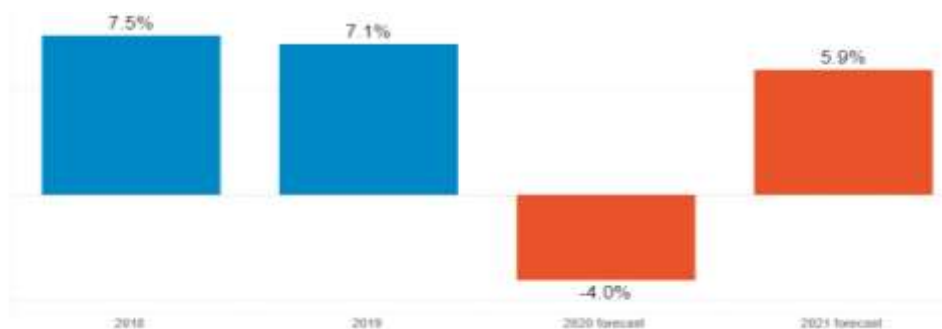
source:

- Eurostat, the statistical office of the European Union dated 31 July 2020
- World Economic Outlook Update in July 2020
- <https://ec.europa.eu/eurostat/documents/2995521/11156775/2-31072020-BP-EN.pdf/cbe7522c-ebfa-ef08-be60-b1c9d1bd385b>
- <https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020>

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 7.5% in 2018 and 7.1% in 2019. 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 4% growth rate in 2020 lowwer thank in 2019 is still considered high and the economy remains strong.

Cambodia GDP



(source: Asian Development Bank Asian Development Outlook 2020 issued on Septemeber 2020)

For future aspect, cambodia's economic growth is continue to expand at a robust pasce as a redult of collaborating with trade partner such as United State and Thailand, which currently have small export volumn than Europe, as in tune with political uncertainty in the country. GDP was projected a growth of 4.0% in 2020 and forecase for 5.9% in 2021 and 6.7% in 2022 according to the Asian Development Bank report issued in September 2020. In mean while, cambodia need to focus on diversification and intergrate into niche and higher supply in localized and globalized.

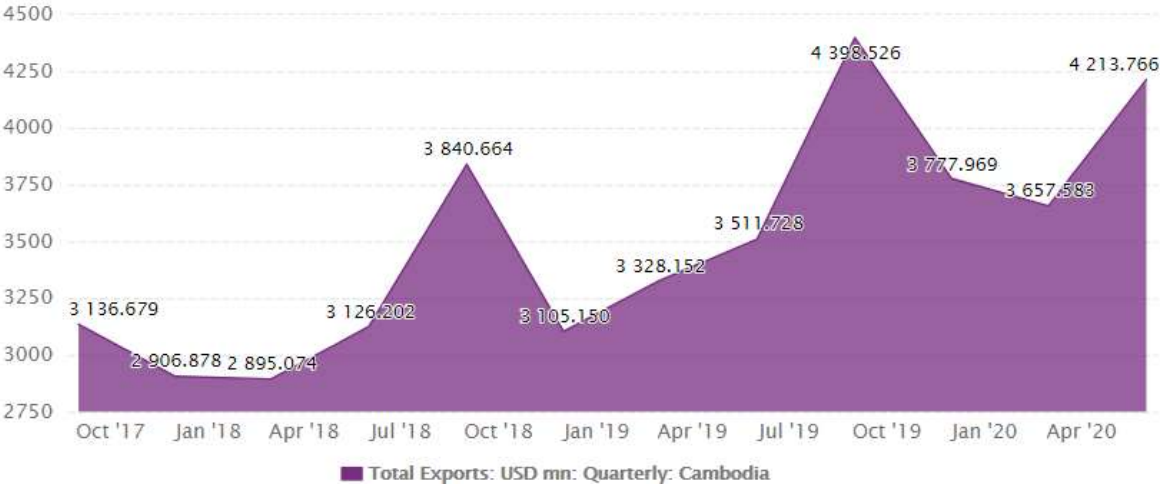
Cambodia Export in 2020

Import and Export of Cambodia to Internaltional market in total USD4.2 Billions in June 2020. The Import and Export Volumn has increased in USD3.7 Billions compare to import and export in the previous quarter.

Cambodia's total exports data is updated quarterly, available from March 2010 to June 2020, with an averaged value of USD2.2 Billions The data reached an all-time high of USD 4.4 Billion in September 2019 and a record low of USD758.7 Billions in March 2010.

In the latest reports, Cambodia's total exports grew 21.1 % YoY in June 2020. Total imports recorded USD4.5 Billions in June 2020, which registered a decrease of 19.8 % year on year. Cambodia's Trade Balance recorded a deficit of USD373.5 Billions in July 2020. Cambodia continue strong export growth for garment exports in 2021.

Graphic of Cambodia Export



The coronavirus disease (COVID-19) pandemic is an unprecedented global challenge, but fortunately Cambodia has been spared a health crisis. We expect growth to rebound to 5.9% in 2021, boosted by supportive government policies, social assistance for the poor, and financing support for small and medium-sized enterprises. These measures, along with much-needed structural reforms, will reduce the direct and indirect impacts of COVID-19 on families and businesses, and help Cambodia's economy emerge stronger from the pandemic. A sharp drop in orders from Europe and North America led to shutdowns in one-third of Cambodia's garment, footwear, and travel goods factories during the first half of 2020. However, increased production of bicycles and electronics pushed up Cambodia's non-garment manufacturing exports by 30.3% year-on-year in the first half of 2020. Total industrial output is projected to rise by 5.1% in 2020 if exports of garments, travel goods, and footwear continue to recover.

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 competitiveness

Our customers operate in a competitive market with an increasing number of local and international brands. However, although there are many different brands in the fashion and apparel market, not all brands are in direct competition due to different market segmentation. We believe that our customers 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 formed an alliance with QMI Industrial Co., Ltd to purchase raw material. This alliance allows us to purchase raw material at a 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 Chartered Bank and HSBC Bank. Since there is neither branch of this bank in Cambodia, QMI Industrial Co., Ltd has facilitated the payment for us. In return, QMI Industrial Co., Ltd charges us 6% 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 yams; 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 mean 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.

SIGNIFICANT EVENT IN THE THIRD QUARTER OF 2020

In the 3rd quarter of 2020 as at 30 September 2020, there is no further material events than events as disclosed in this 3rd quarter of 2020.

2. BUSINESS PERFORMACE OF GRAND TWINS

BUSINESS PERFORMANCE OF GRAND TWINS

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 has 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 for the 3rd quarter of 2020 as at 30 September 2020, the 3rd quarter of 2019 as at 30 September 2019 and the 3rd quarter of 2018 as at 30 September 2018 using the official rate of exchange regulated by National Bank of Cambodia present as below:

Year	Riel /US Dollar As at 30 September
2020 (3 rd quarter)	4,005
2019 (3 rd quarter)	4,040
2018 (3 rd quarter)	4,063

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 exchange contracts, in which case the rates specified in such a forward contract are used. All exchange differences arising from the settlement of foreign currency and from the translation of 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.

The Company's revenue consists of revenue from the sale of products, subcontract revenue and CMP (Cut, Make and Pack) revenue. As at quarter ended, 30 September 2020 our revenue from sale of products accounted for 98.12% 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 the 3rd quarter of 2020, the 3rd quarter of 2019 and the 3rd quarter of 2018 set forth as below:

Total revenue of the 3rd quarter of 2020 as at 30 September 2020

KHR 118,166,395,000 approximately USD28,821,072

Revenue from sale of products

KHR115,939,800,000 approximately USD28,278,000

presenting to 98.12% of the total revenue

Revenue from subcontract

KHR2,149,933,000 approximately USD524,374

presenting to 1.82% of the total revenue

Revenue from Cut, Make and Pack

KHR76,662,000 approximately USD18,698

presenting to 0.06% of the total revenue

Total revenue of the 3rd quarter of 2019 as at 30 September 2019

KHR 186,605,048,000 approximately USD 45,557,873

Revenue from sale of products

KHR 186,605,048,000 approximately USD 45,557,873, presenting **100%** of the total revenue

Total revenue of the 3rd quarter of 2018 as at 30 September 2018

KHR 137,778,790,000 approximately USD 33,670,281

Revenue from sale of products

KHR 137,778,790,000 approximately USD 33,670,281, presenting **100%** of the total revenue

Discount sales KHR 3,478,200,000 approximately USD850,000

MATERIAL CHANGES IN BUSINESS OPERATION OF GRAND TWINS

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 the Company’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 for second quarter 2020, that to be not necessarily indicative of our future operating results or financial condition.

ii. Change in the assets of the Company to settle any liabilities

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

Material loan between holding company and its subsidiaries

In the 3rd quarter of 2020 as at 30 September 2020, we don’t have any loan from subsidiaries.

Future contractual and contingent liabilities

In the 3rd quarter of 2020 as at 30 September 2020, we are not aware of any contingent liabilities or future contractual obligations other than the report for the 3rd quarter of 2020.

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

In the 3rd quarter of 2020 as at 30 September 2020, we don’t have any unpaid VAT to the General Department of Taxation (“GDT”) of the Ministry of Economy and Finance (“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 of 05 (five) years to offset against future plan. Another exemption on income tax as tax holiday which include 03 (three) years of trigger period, plus 01 (one) year of priority period through approval from the MEF on 22 November 2007.

In 2012, the income tax exemption was ended, the Company has duty to comply 20% on tax on income. In addition, the Company has granted 50% discount for 03 (three) years on tax on income, incentive from going public offering and listing in the CSX on 16 June 2014.

In deed, the Company complied 03 (three) years tax incentive for 50% discount on income for the fiscal year of 2014, 2015 and 2016. Started from fiscal year of 2017, the Company eased from granting the incentive that shall apply normal tax rate as the previous years.

Custom Duty Tax

In the 3rd quarter of 2020 as at 30 September 2020, the Company has no any unpaid custom duty tax.

Tax Arrear including any contingent liabilities

The 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. In the 3rd quarter of 2020 as at 30 September 2020, we remain tax arrear in total KHR 2,346 Millions (USD572,107).

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

To comply with our customers' standard 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 the 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.

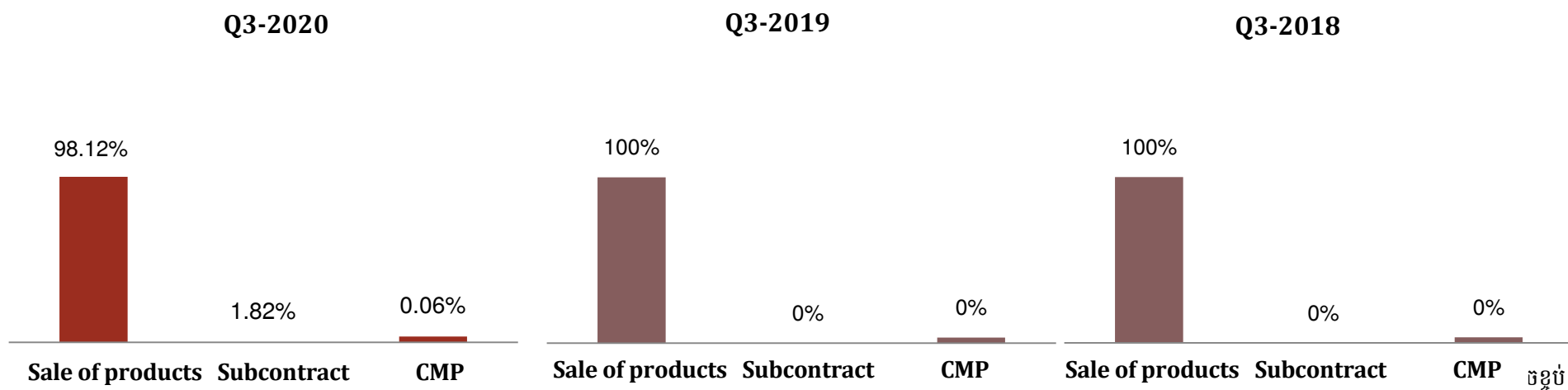
Our employees also receive non-leave bonuses of USD 20,000 (USD 5) in week and transportation allowance KHR 28,000 (USD 7), and seniority from KHR 8,000 (USD 2) to KHR 44,000 (USD 11) based on the length of their employment. In addition to these benefits, our employees also receive KHR 2,000 (USD 0.5) 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 (eighteen) days a year, maternity leave, special leave (granted up to maximum of 07 (seven) 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 workers. The increase in average salary for garment industrial had caused to decrease in total revenue. In the beginning of 2020, worker average salary in garment industry is USD190 and the increasing in salary expense will directly impact company performance in 2020. Forseen, salary will increase in consequently in further years.

REVENUE SOURCES OF GRAND TWINS

Revenue Source	3 rd quarter of 2020 As at 30 September 2020		3 rd quarter of 2019 As at 30 September 2019		3 rd quarter of 2018 As at 30 September 2018	
	Amount	%	Amount	%	Amount	%
Sale of products	115,939,800	98.12%	186,605,048	100%	141,256,990	100%
Subcontract	2,149,933	1.82%				
CMP	76,662	0.06%	-	-	-	-
Total Revenue	118,166,395	100%	186,605,048	100%	141,256,990	100%



**3. REPORT ON
THE REVIEW OF CONDENSED INTERIM
FINANCIAL STATEMENTS BY
INDENPENT AUDITOR**

Condensed Interim Financial Statements For the third quarter and 9 months of 2020 as at 30 September 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

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We have reviewed the accompanying condensed interim financial statements of Grand Twins International (Cambodia) Plc (“the Company”), which comprise the condensed interim statement of financial position as at 30 September 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

Onn Kien Ho
Director
Date 12 NOV 2020

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Note	Unaudited		Audited	
		30 September 2020		31 December 2019	
		USD	KHR'000	USD	KHR'000
			(Note 4)		(Note 4)
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	8	13,539,560	55,512,196	14,223,478	57,960,673
Intangible assets	9	5,471	22,431	7,600	30,970
		<u>13,545,031</u>	<u>55,534,627</u>	<u>14,231,078</u>	<u>57,991,643</u>
CURRENT ASSETS					
Inventories	10	20,972,364	85,986,692	21,895,679	89,224,892
Trade and other receivables	11	52,493,877	215,224,896	57,002,230	232,284,087
Cash and cash equivalents	12	747,051	3,062,909	641,825	2,615,437
		<u>74,213,292</u>	<u>304,274,497</u>	<u>79,539,734</u>	<u>324,124,416</u>
TOTAL ASSETS		<u>87,758,323</u>	<u>359,809,124</u>	<u>93,770,812</u>	<u>382,116,059</u>
EQUITY AND LIABILITY					
EQUITY					
Share capital	13	10,000,000	41,000,000	10,000,000	40,450,000
Share premium	14	17,280,000	70,848,000	17,280,000	69,897,600
Retained earnings		41,958,736	172,030,817	41,392,539	167,434,643
Currency translation difference		-	-	-	2,058,353
TOTAL EQUITY		<u>69,238,736</u>	<u>283,878,817</u>	<u>68,672,539</u>	<u>279,840,596</u>
LIABILITIES					
NON-CURRENT LIABILITIES					
Deferred tax liabilities		572,107	2,345,639	572,107	2,331,336
Trade and other payables	15	900,000	3,690,000	1,170,000	4,767,750
		<u>1,472,107</u>	<u>6,035,639</u>	<u>1,742,107</u>	<u>7,099,086</u>
CURRENT LIABILITIES					
Trade and other payables	15	8,245,909	33,808,227	14,422,676	58,772,405
Borrowings	16	8,323,028	34,124,415	8,642,988	35,220,176
Income tax liabilities		478,543	1,962,026	290,502	1,183,796
Current liabilities		<u>17,047,480</u>	<u>69,894,668</u>	<u>23,356,166</u>	<u>95,176,377</u>
TOTAL LIABILITIES		<u>18,519,587</u>	<u>75,930,307</u>	<u>25,098,273</u>	<u>102,275,463</u>
TOTAL EQUITY AND LIABILITIES		<u>87,758,323</u>	<u>359,809,124</u>	<u>93,770,812</u>	<u>382,116,059</u>

**CONDENSED INTERIM STATEMENT OF OF PROFIT OR LOSS AND
COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

	Note	Unaudited 3 months to 30 September 2020		Unaudited 3 months to 30 September 2019	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Revenue	17	28,821,072	118,166,395	45,557,873	186,605,048
Cost of sales	18	(27,029,443)	(110,820,716)	(42,506,357)	(174,106,038)
Gross profit		1,791,629	7,345,679	3,051,516	12,499,010
Other income	19	71,952	295,003	21,521	88,150
Administrative expenses		(905,899)	(3,714,186)	(1,093,834)	(4,480,344)
Distribution costs		(465,708)	(1,909,403)	(1,612,986)	(6,606,791)
Other expenses		(18,868)	(77,359)	(19,519)	(79,950)
Operating profit		473,106	1,939,734	346,698	1,420,075
Finance income	19	298	1,222	420	1,720
Finance costs	20	(106,629)	(437,179)	(130,930)	(536,289)
Profit before income tax		366,775	1,503,777	216,188	885,506
Income tax expense	21	(136,000)	(557,600)	(43,238)	(177,103)
Profit for the period		230,775	946,177	172,950	708,403
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		230,775	946,177	172,950	708,403

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

	Notes	Unaudited 3 months to 30 September 2020		Unaudited 3 months to 30 September 2019	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Basic earnings per share	22	0.006	0.024	0.004	0.018
Diluted earnings per share	22	0.006	0.024	0.004	0.018

**CONDENSED INTERIM STATEMENT OF OF PROFIT OR LOSS AND
COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

	Note	Unaudited 9 months to 30 September 2020		Unaudited 9 months to 30 September 2019	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Revenue	17	90,374,581	370,535,782	125,871,252	515,568,648
Cost of sales	18	(85,019,653)	(348,580,577)	(117,537,952)	(481,435,451)
Gross profit		5,354,928	21,955,205	8,333,300	34,133,197
Other income	19	295,675	1,212,268	39,866	163,291
Administrative expenses		(3,076,112)	(12,612,059)	(3,274,009)	(13,410,341)
Distribution costs		(1,381,151)	(5,662,719)	(4,027,916)	(16,498,344)
Other expenses		(93,617)	(383,830)	(64,850)	(265,626)
Operating profit		1,099,723	4,508,865	1,006,391	4,122,177
Finance income	19	1,174	4,813	1,246	5,104
Finance costs	20	(314,815)	(1,290,742)	(319,084)	(1,306,968)
Profit before income tax		786,082	3,222,936	688,553	2,820,313
Income tax expense	21	(219,885)	(901,529)	(137,711)	(564,064)
Profit for the period		566,197	2,321,407	550,842	2,256,249
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		566,197	2,321,407	550,842	2,256,249

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

	Notes	Unaudited 9 months to 30 September 2020		Unaudited 9 months to 30 September 2019	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Basic earnings per share	22	0.014	0.058	0.014	0.056
Diluted earnings per share	22	0.014	0.058	0.014	0.056

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

	Share capital	Share premium	Retained earnings	Total equity	
	USD	USD	USD	USD	KHR'000 (Note 4)
Balance as at 1 January 2020 (Audited)	10,000,000	17,280,000	41,392,539	68,672,539	281,557,410
Profit for nine-month period	-	-	566,197	566,197	2,321,407
Balance as at 30 September 2020 (USD)	10,000,000	17,280,000	41,958,736	69,238,736	283,878,817
Balance as at 1 January 2019 (Audited)	10,000,000	17,280,000	41,132,029	68,412,029	280,215,671
Profit for nine-month period	-	-	550,842	550,842	2,256,249
Dividends paid	-	-	(600,000)	(600,000)	(2,457,600)
Balance as at 30 September 2019 (USD) (Unaudited)	10,000,000	17,280,000	41,082,871	68,362,871	280,014,320

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

	Note	Unaudited 9 months to 30 September 2020		Unaudited 9 months to 30 September 2019	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Operating activities					
Profit before income tax		786,082	3,222,936	688,553	2,820,313
Adjustments for:					
Amortisation of intangible assets	9	2,129	8,729	3,896	15,958
Depreciation of property, plant and equipment	8	1,084,699	4,447,266	1,309,510	5,363,753
Interest expense		314,815	1,290,742	319,084	1,306,968
Interest income		(1,174)	(4,813)	(1,246)	(5,104)
Operating profit before working capital		2,186,551	8,964,860	2,319,797	9,501,888
Changes in working capital:					
Change in inventories		923,315	3,785,592	(49,118)	(201,187)
Change in trade and other receivables		4,508,353	18,484,247	721,542	2,955,435
Change in trade and other payables		(6,446,767)	(26,431,745)	1,180,381	4,834,841
Cash generated from operating activities		1,171,452	4,802,954	4,172,602	17,090,977
Income tax paid		(31,844)	(130,560)	(75,214)	(308,077)
Net cash from operating activities		1,139,608	4,672,394	4,097,388	16,782,900
Investing activities					
Purchases of property, plant and equipment	8	(400,781)	(1,643,202)	(2,202,175)	(9,020,109)
Interest received		1,174	4,813	1,246	5,104
Net cash used in investing activities		(399,607)	(1,638,389)	(2,200,929)	(9,015,005)
Financing activities					
Repayment to related parties		-	-	(2,588,221)	(10,601,353)
Interest paid		(314,815)	(1,290,742)	(319,084)	(1,306,968)
Repayment of bank borrowings	16	(12,289,960)	(50,388,836)	(8,064,355)	(33,031,598)
Drawdown of borrowings	16	11,970,000	49,077,000	9,820,000	40,222,720
Dividends paid		-	-	(600,000)	(2,457,600)
Net cash used in financing activities		(634,775)	(2,602,578)	(1,751,660)	(7,174,799)
Net change in cash and cash equivalents		105,226	431,427	144,799	593,096
Cash and cash equivalents, at the beginning of period		641,825	2,615,437	1,032,863	4,177,931
Currency translation difference		-	16,045	-	52,677
Cash and cash equivalents, at the end of period		747,051	3,062,909	1,177,662	4,823,704

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 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 30 September 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.

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 KHR4,100 for the quarter ended 30 September 2020 (2019: KHR4,096) and closing rate USD1 to KHR4,100 as at 30 September 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						
Cost						
Balance at 1 January 2020	3,880,000	8,971,311	17,645,735	117,420	1,924,991	32,539,457
Additions	-	-	375,323	-	25,458	400,781
Balance at 30 September 2020	3,880,000	8,971,311	18,021,058	117,420	1,950,449	32,940,238
Accumulated depreciation						
Balance at 1 January 2020	(310,400)	(5,416,875)	(10,731,442)	(112,053)	(1,745,209)	(18,315,979)
Depreciation	(28,800)	(174,415)	(838,407)	(1,754)	(41,323)	(1,084,699)
Balance at 30 September 2020	(339,200)	(5,591,290)	(11,569,849)	(113,807)	(1,786,532)	(19,400,678)
Carrying amount at 30 September 2020 (USD)	3,540,800	3,380,021	6,451,209	3,613	163,917	13,539,560
KHR'000 (Note 4)	14,517,280	13,858,086	26,449,957	14,813	672,060	55,512,196
Audited						
Cost						
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
Accumulated 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

	Unaudited 2020 USD	Computer software Audited 2019 USD
Gross carrying amount		
Balance at 30 September/December	224,957	224,957
Amortisation		
Balance at 1 January	(217,357)	(212,163)
Amortisation	(2,129)	(5,194)
Balance at 30 September /December	(219,486)	(217,357)
Carrying amount at 30 September/December	5,471	7,600
KHR'000 (Note 4)	22,431	30,970

10. INVENTORIES

	Unaudited 30 September 2020 USD	Unaudited KHR'000 (Note 4)	Audited 31 December 2019 USD	Audited KHR'000 (Note 4)
Raw materials	13,476,491	55,253,613	8,949,541	36,469,380
Work-in-progress	4,526,142	18,557,182	4,269,521	17,398,298
Finished goods	2,969,731	12,175,897	8,676,617	35,357,214
	20,972,364	85,986,692	21,895,679	89,224,892

11. TRADE AND OTHER RECEIVABLES

	Unaudited 30 September 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.	48,493,225	198,822,223	53,543,145	218,188,316
Other receivables				
Amount due from related party Quint Major Industrial Co., Ltd.	71,833	294,515	161,927	659,853
Other third parties	491,148	2,013,707	-	-
Value-added tax receivables	1,597,911	6,551,435	1,484,102	6,047,716
Prepayments				
QMI Industrial Co., Ltd.	33,399	136,936	23,501	95,767
Other third parties	1,806,361	7,406,080	1,789,555	7,292,435
	4,000,652	16,402,673	3,459,085	14,095,771
	52,493,877	215,224,896	57,002,230	232,284,087

12. CASH AND CASH EQUIVALENTS

	Unaudited 30 September 2020		Audited 31 December 2019	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Cash on hand	74,127	303,921	99,641	406,037
Cash in banks	672,924	2,758,988	542,184	2,209,400
	747,051	3,062,909	641,825	2,615,437

13. SHARE CAPITAL

	Unaudited 30 September 2020		Audited 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: KHR'000 (Note 4)	40,000,000	10,000,000	40,000,000	10,000,000
	-	41,000,000	-	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 30 September 2020		Audited 31 December 2019	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Non-current				
Other payables	900,000	3,690,000	1,170,000	4,767,750
Current				
Trade payables	956,769	3,922,753	1,259,582	5,132,797

Amounts due to related parties				
Quint Major Industrial Co., Ltd	5,516,229	22,616,539	7,954,820	32,415,892
QMI Industrial Co., Ltd	145,460	596,386	2,832,549	11,542,637
Accruals	1,275,094	5,227,885	1,659,457	6,762,287
Withholding tax payables	335,580	1,375,878	335,580	1,367,489
Other payables	16,777	68,786	380,688	1,551,303
	<u>8,245,909</u>	<u>33,808,227</u>	<u>14,422,676</u>	<u>58,772,405</u>
	<u>9,145,909</u>	<u>37,498,227</u>	<u>15,592,676</u>	<u>63,540,155</u>

16. BORROWINGS

	Unaudited		Audited	
	30 September 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 4)		(Note 4)
Short-term loans				
First Commercial Bank (Note 16.1)	6,400,000	26,240,000	6,400,000	26,080,000
Taiwan Cooperative Bank (Note 16.2)	1,923,028	7,884,415	2,242,988	9,140,176
	<u>8,323,028</u>	<u>34,124,415</u>	<u>8,642,988</u>	<u>35,220,176</u>

16.1. Term loan with the First Commercial Bank

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

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

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 term loan is overdue as at the end of the reporting period. However, there is no letter of demand issued by the bank and the management is in the midst of applying renewal of the term loan.

The short-term loan is secured by the following:

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

For the nine-months period to 30 September 2020, the Company paid the principal amounting to USD11,970,000 (2019: USD7,820,000) and drawn down an aggregate amount of USD11,970,000 (2019: USD9,820,000).

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;
- ii. 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 nine-months period to 30 September 2020, the Company paid the principal amounting to USD319,960 (2019: USD244,355).

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 and debt asset ratio covenant for the financial year ended 31 December 2019. As at 30 September 2020, the Company's return on equity is 0.82% and debt to asset ratio is 0.21 for the 9 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 30 September 2020 KHR'000 (Note 4)	USD	Unaudited 3 months to 30 September 2019 KHR'000 (Note 4)
Sale of goods	28,278,000	115,939,800	45,557,873	186,605,048
Subcontract revenue	524,374	2,149,933	-	-
Cut, Make and Pack revenue	18,698	76,662	-	-
	<u>28,821,072</u>	<u>118,166,395</u>	<u>45,557,873</u>	<u>186,605,048</u>

	USD	Unaudited 9 months to 30 September 2020 KHR'000 (Note 4)	USD	Unaudited 9 months to 30 September 2019 KHR'000 (Note 4)
Sale of goods	87,214,788	357,580,631	125,871,252	515,568,648
Subcontract revenue	1,530,491	6,275,013	-	-
Sale discount	1,610,604	6,603,476	-	-
Cut, Make and Pack revenue	18,698	76,662	-	-
	<u>90,374,581</u>	<u>370,535,782</u>	<u>125,871,252</u>	<u>515,568,648</u>

18. COST OF SALES

	Unaudited 3 months to 30 September 2020		Unaudited 3 months to 30 September 2019	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Direct materials	18,610,988	76,305,051	27,772,249	113,755,132
Direct labour	2,334,704	9,572,286	3,702,852	15,166,882
Overhead	6,083,751	24,943,379	11,031,256	45,184,024
	<u>27,029,443</u>	<u>110,820,716</u>	<u>42,506,357</u>	<u>174,106,038</u>

	Unaudited 9 months to 30 September 2020		Unaudited 9 months to 30 September 2019	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Direct materials	57,952,675	237,605,968	81,149,366	332,387,803
Direct labour	6,822,349	27,971,631	11,136,140	45,613,629
Overhead	20,244,629	83,002,979	25,252,446	103,434,019
	<u>85,019,653</u>	<u>348,580,578</u>	<u>117,537,952</u>	<u>481,435,451</u>

19. OTHER INCOME

	Unaudited 3 months to 30 September 2020		Unaudited 3 months to 30 September 2019	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Interest income	298	1,222	420	17,203
Rental income	70,448	288,837	-	-
Realised foreign exchange gain	1,101	4,514	13,711	56,160
Others	403	1,652	7,811	31,990
	<u>72,250</u>	<u>296,225</u>	<u>21,942</u>	<u>105,353</u>

	Unaudited 9 months to 30 September 2020		Unaudited 9 months to 30 September 2019	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Interest income	1,174	4,813	1,246	5,104
Rental income	193,200	792,116	-	-
Realised foreign exchange gain	8,087	33,157	15,375	62,976
Others	94,388	386,991	24,491	100,315
	<u>296,849</u>	<u>1,217,077</u>	<u>41,112</u>	<u>168,395</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 30 September 2020		Unaudited 3 months to 30 September 2019	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Profit attributable to ordinary equity holders	230,775	946,177	172,950	708,403
Weighted average number of shares in issue	40,000,000	40,000,000	40,000,000	40,000,000
Basic earnings per share	0.006	0.024	0.004	0.018
Diluted earnings per share	0.006	0.024	0.004	0.018

	Unaudited 9 months to 30 September 2020		Unaudited 9 months to 30 September 2019	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Profit attributable to ordinary equity holders	566,197	2,321,407	550,842	2,256,249
Weighted average number of shares in issue	40,000,000	40,000,000	40,000,000	40,000,000
Basic earnings per share	0.014	0.058	0.014	0.056
Diluted earnings per share	0.014	0.058	0.014	0.056

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		30 September 2020		31 December 2019	
			USD	KHR'000	USD	KHR'000
Amounts due from						
QMI Industrial Co., Ltd	Common control	Trade receivables	48,493,225	198,822,223	53,543,145	218,188,316
		Non-trade receivables	33,399	136,936	23,501	95,767
Quint Major Industrial Co., Ltd.	Common control	Trade receivables	71,833	294,515	161,927	659,853
			<u>48,598,457</u>	<u>199,253,674</u>	<u>53,728,573</u>	<u>218,943,936</u>
Amounts due to						
Quint Major Industrial Co., Ltd	Common control	Trade payables	5,516,229	22,616,539	7,954,820	32,415,892
QMI Industrial Co., Ltd	Common control	Trade payables	145,460	596,386	2,832,549	11,542,637
			<u>5,661,689</u>	<u>23,212,925</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:

	Unaudited 3 months to 30 September 2020		Unaudited 3 months to 30 September 2019	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
<u>Under common control</u>				
QMI Industrial Co., Ltd				
Sales	28,278,000	115,939,802	44,071,767	180,517,958
Purchases of raw materials	15,104,471	61,928,329	26,184,765	107,252,796
Purchases of machinery	-	-	104,000	425,984
Purchases of fixed assets	-	-	5,323	21,802
Cash collection	10,893,792	44,664,549	17,698,062	72,491,261
Offset with trade payables	15,104,471	61,928,329	26,175,269	107,213,901
Payments on behalf for the Company	3,480	14,267	386,760	1,584,171
Payments on behalf by the Company	30,697	125,856	39,926	163,537
Advances to the Company	375,000	1,537,500	285,000	1,167,360
Repayment of advances by the Company	375,000	1,537,500	255,000	1,044,480

Quint Major Industrial Co., Ltd.

Subcontract cost	2,500,966	10,253,960	6,233,968	25,534,331
Rental machinery	70,448	288,838	-	-
Repayment	3,653,825	14,980,683	6,000,000	24,576,000

	Unaudited 9 months to 30 September 2020		Unaudited 9 months to 30 September 2019	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
<u>Under common control</u>				
QMI Industrial Co., Ltd				
Sales	88,825,392	364,184,108	122,337,375	501,093,887
Purchases of raw materials	53,635,333	219,904,866	78,122,743	319,990,754
Purchases of machinery	339,323	1,391,225	2,093,643	8,575,562
Purchases of fixed assets	3,701	15,176	5,323	21,802
Cash collection	36,800,205	150,880,841	41,528,309	170,099,953
Offset with trade payables	55,464,503	227,404,462	78,113,247	319,951,858
Payments on behalf for the Company	333,448	1,367,136	2,136,684	8,751,856
Payments on behalf by the Company	502,006	2,058,223	145,315	595,212
Advances to the Company	720,000	2,952,000	885,009	3,624,998
Repayment of advances by the Company	720,000	2,952,000	875,009	3,584,038

Quint Major Industrial Co., Ltd.

Subcontract cost	11,332,234	46,462,159	11,976,993	49,057,764
Rental machinery	193,199	792,117	-	-
Repayment	13,770,825	56,460,383	10,502,000	43,016,192

24. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

	Unaudited 30 September 2020		Audited 31 December 2019	
	USD	KHR'000	USD	KHR'000
Financial assets				
Amortised cost				
Trade and other receivables*	49,056,206	201,130,445	53,705,072	218,848,169
Cash and cash equivalents	747,051	3,062,909	641,825	2,615,437
	49,803,257	204,193,354	54,346,897	221,463,606

* Excludes prepayments and VAT receivables.

	Unaudited 30 September 2020		Audited 31 December 2019	
	USD	KHR'000	USD	KHR'000
Financial liabilities				
Amortised cost				
Trade and other payables**	8,810,329	36,122,349	15,257,096	62,172,666
Borrowings	8,323,028	34,124,415	8,642,988	35,220,176
	<u>17,133,357</u>	<u>70,246,764</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.

25.1 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 30 September 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 30 September 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 30 September 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.

(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 30 September 2020 were approved for issue by the Board of Directors on 12 November 2020.

IV. MANAGEMENT DISCUSSION AND ANALYSIS ON FINANCIAL CONDITION OF GRAND TWINS

MANAGEMENT DISCUSSION AND ANALYSIS ON FINANCIAL CONDITION

a. Overview of the Company's operations

The accompanying condensed interim statement of financial position as at 30 September 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 the 3rd quarter of 2020 as at 30 September 2020, amounted to KHR 118,166 Millions (USD 28,821 Millions). This revenue has decreased KHR 68,439 Millions (USD 16,737 Millions) presented 36.68% declined by compared to total revenue KHR 186,605 Millions (USD 45.558 Millions) in the 3rd quarter of 2019 as at 30 September 2019. Therefore the revenue of the 3rd quarter of 2019 as at 30 September 2019, is 186,605 Millions (USD 45.558 Millions); increased by KHR 48,826 Millions (USD 11.888 Millions) presented at 35.44% by compared to the total revenue of the 3rd quarter of 2018 at 30 September 2018 which amounted for KHR 137,779 Millions (USD 33.671 Millions).

According to the World Bank, global GDP will grow by 3.9% in 2019 and expected by 4.5% by 2020. Therefore, Europe GDP was 11.9% and US GDP was 2.5% 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 2020.

In January 2020, a new policy on average salary for garment workers was USD 190 had taken to effective from 1st Jan 2020 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 of the 3rd quarter of 2020, Grand Twins had generated total revenue of KHR 118,166 Millions (USD 28,821 Millions), that this revenue derived from sale of product in KHR 115,940 Millions (USD 28,278 Millions), the revenue from subcontract of KHR 2,150 Millions (USD 524,374) and the revenue from CPM of KHR 77 Millions (USD 18,698) respectively.

Revenue from sale of products in the 3rd quarter of 2020 as at 30 September 2020 amounted KHR 118,166 Millions (USD28,821 Millions), that has decreased in KHR68,439 Millions (USD16,737 Millions) presented 36.68% declined by compared to total revenue KHR186,605 Millions (USD45.558 Millions) in the 3rd quarter of 2019 as at 30 September 2019. Therefore the revenue from sale of products for the the 3rd quarter of 2019 as at 30 September 2019 is KHR 186,605 Millions (USD 45.558 Millions), which was increased by KHR 48,826 Millions (USD 11.888 Millions) presented at 35.44% by compared to the total revenue of the 3rd quarter of 2018 at 30 September 2018 which amounted for KHR 137,779 Millions (USD 33.671 Millions).

Revenue from subcontract in the 3rd quarter of 2020 as at 30 September 2020 amounted KHR77 Millions (USD18,698). Th Company has no revenue in the 3rd quarter of 2019, neither in the 3rd quarter of 2018.

Revenue from CMP in this 3rd quarter of 2020 as at 30 September 2020 amounted KHR2,150 Millions (USD524,374 .The Company has no revenue from CMP in this 3rd quarter of 2019, neither in the 3rd quarter of 2018.

Our revenue is mainly derived from the production and sales of clothing. products sold are not returnable unless there is quality issues.If our products do not meet the stipulated quality standard, customers may returnthe 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 goods

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 the 3rd quarter of 2020 as at 30 September 2020, the 3rd quarter of 2019 as at 30 September 2019 and the 3rd quarter of 2018 as at 30 September 2018 is as set forth in the table below:

Description	30 September 2020		30 September 2019		30 September 2018	
	KHR'000	USD	KHR'000	USD	KHR'000	USD
Sale of products	115,939,800	28,278,000	186,605,048	45,557,873	141,256,990	34,520,281
Subcontract	2,149,933	524,374	-	-	-	-
CMP	76,662	18,698	-	-	-	-
Total revenue	118,166,395	28,821,072	186,605,048	45,557,873	141,256,990	34,520,281
Discount sales	-	-	-	-	(3,478,200)	(850,00)

Our revenue consists of revenue from the sale of products, subcontract and CMP. In the the 3rd quarter of 2020, the revenue from sale of products accounted for almost 98.12 % 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 in the 3rd quarter of 2020 is for KHR 118,166 Millions (USD28,821 Millions) which had decreased approximately in KHR 68,439 Millions (USD16,737 Millions) presenting 36.68% compared to revenue from sale of products in the 3rd quarter of 2019 that generated in as KHR 177,266 Millions (USD 43,533 Millions). In contrast, the revenue in the 3rd quarter of 2019, KHR177,266 Millions (USD 43,533 Millions) or 100% of total revenue which had increased in KHR 141,257 Millions (USD 34.520 Millions) presenting to 32.10% compared to revenue from sale of products in the 3rd quarter of 2018 which amounted in KHR 141,260 Millions (USD 34.520 Millions) or 100% of the total revenue in the 3rd quarter of 2018.

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. The revenue from subcontract in the 3rd quarter of 2020 as at 30 September 2020 amounted KHR77 Millions (USD18,698). The Company has no from subcontract in the 3rd quarter of 2019, neither in the 3rd quarter of 2018 at 30 September 2018; since in the 3rd quarter.

C. CMP Revenue

CMP revenue consists of revenue that we earn by cutting, sewing and trimming service in Cambodia. The revenue from CMP in this 3rd quarter of 2020 as at 30 September 2020 amounted KHR2,150 Millions (USD524,374). The Company has no revenue from CMP in this 3rd quarter of 2019, neither in the 3rd quarter of 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 margin was KHR 7,346 Millions (USD 1.791 Millions) in the 3rd quarter of 2020 as at 30 September 2020, which is decreased in KHR5,153 Millions (USD1,260 Millions) or 41.23% compared to gross profit margin of KHR 12,499 Millions (USD 3.052 Millions) in the 3rd quarter of 2019 as at 30 September 2019. In contrast, the gross profit margin in the 3rd quarter of 2019 as at 30 September 2019, which was KHR 12,499 Millions (USD 3.052 Millions) presented by increased in KHR 1,321 Millions (USD 319,886) or 11.82% by compared to gross profit margin in KHR 2,375 Millions (USD 583,824) in the 3rd quarter of 2018 as at 30 September 2018. As described above, since there was a decline in revenue from sale of products and subcontract and revenue from CMP which had caused to decline in gross profit margin.

a. Revenue

The revenue in the 3rd quarter of 2020 as at 30 September 2020, is KHR118,166 Millions (USD28,821 Millions) which is decreased in KHR68,439 Millions (USD16,737 Millions) compared to the total revenue of KHR 186,605 Millions (USD 45.558 Millions) or 36.68% in the 3rd quarter of 2019 as at 30 September 2019. Therefore, the revenue in the 3rd quarter of 2019 as at 30 September 2019, was KHR 186,605 Millions (USD 45.558 Millions), the revenue was increased in KHR 48,826 Millions (USD 11,888 Millions) or 35.44% while the total revenue in the 3rd quarter of 2018 as at 30 September 2018, was KHR 137,779 Millions (USD 33.670 Millions).

b. Cost of products

The cost of products in the 3rd quarter of 2020 as at 30 September 2020, in the 3rd quarter of 2019 and in the 3rd quarter of 2018 as set forth in the table below:

Description	As at 30 September 2020		As at 30 September 2019		As at 30 September 2018	
	KHR'000	USD	KHR'000	USD	KHR'000	USD
Direct	76,305,051	18,610,988	113,755,1315	27,772,249	73,356,940	17,926,916
Direct Labor	9,572,286	2,334,704	15,166,882	3,702,852	13,779,884	3,367,518
Overhead	24,943,379	6,083,751	45,184,024	11,031,256	39,464,136	9,644,217
Total	110,820,716	27,029,443	174,106,038	42,506,357	126,600,960	30,938,651

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 KHR63,285 Millions (USD21,029 Millions) in the 3rd quarter of 2020 as at 30 September 2020, the cost of sale decreased in KHR174,106 Millions (USD15,477 Millions) or 36.35% compared to total cost of products of KHR 174,106 Millions (USD 42.506 Millions) as in the 3rd quarter of 2019 as at 30 September 2019. In contrast, cost of sale in the 3rd quarter of 2019 as at 30 September 2019 was KHR 174,106 Millions (USD 42.506 Millions) increased in KHR 47,505 Millions (USD 11.567 Millions) or 37.52% by compared to KHR 126,601 Millions (USD 30.939 Millions) as in the 3rd quarter of 2018 as at

30 September 2018. The increasing is due to the increase in direct material and overhead for the production.

Cost of raw material decreased in KHR 37,450 Millions (USD9,161 Millions) or 32.92% from KHR 113,755 Millions (USD 27.772 Millions) as in the 3rd quarter of 2019 to KHR76,305 Millions (USD18,611 Millions) in the 3rd quarter of 2020. This decrease is due to the lower purchase order. In contrast, the cost of raw material was increased KHR 73,357 Millions (USD 17.927 Millions) or 55.07% from KHR 73,360 Millions (USD 17,927 Millions) in the 3rd quarter of 2018 which increased to KHR KHR 113,755 Millions (USD 27.772 Millions) in the 3rd quarter of 2019. This increase in particular at the same time of increased in purchase order.

Direct labor cost was increased KHR5,595 Millions (USD1,368 Million) or 36,89%, representing to amount KHR 15,167 Millions (USD 3.703 Millions) in the 3rd quarter of 2019 to KHR9,572 Millions (USD2,335 Millions) in the 3rd quarter of 2020. Therefore, the direct labor cost which increased in KHR 1,387 Millions (USD 335,334) or 10.07%, respectively from KHR 13,780 Millions (USD 3.368 Millions) in the 3rd quarter of 2018 to KHR 15,167 Millions (USD 3.703 Millions) in the 3rd quarter of 2019. This increased was caused by the increase in worker minimum wage.

Overhead was slightly decreased in KHR20,241 Millions (USD4,948 Millions) or 44.80% which is from KHR 45,184 Millions (USD 11.031 Millions) in the 3rd quarter of 2019 to KHR24,943 Millions (USD6.478 Millions) as in 3rd quarter 2020. Moreover, the increasing in KHR5,720 Millions (USD1,387 Millions) or 14.49% which was from KHR 39,464 Millions (USD 9,644 Millions) as in the 3rd quarter of 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.

In the 3rd quarter of 2020 as at 30 September 2020, the profit before tax was KHR1,504 Millions (USD366.775) was decreased in KHR618 Millions (USD150,587), approximately 69,82% compared to profit before tax of KHR 886 Million (USD 216,188) in the 3rd quarter of 2019. The decreased was due to the increased in direct labor cost and overhead. Moreover, in the 3rd quarter of 2019 as at 30 September 2019 the profit before tax was KHR 886 Million (USD 216,188) which was decreased in KHR 3,499 Millions (USD 855.249 Millions) or 79.80% as ompared to the profit before tax of KHR 4,384 Millions (USD 1.071 Millions) in the 3rd quarter of 2018. The increased was dued to theincreasing in sale volumn that had caused to increased in profit margin.

a. Elements of profit before tax

The gross profit margin in the 3rd quarter of 2020 at 30 September 2020, in the 3rd quarter of 2019 and in the 3rd quarter of 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. The Company has other income in KHR 295 Millions (USD71,952) in the 3rd quarter of 2020 and KHR 88 Millions (USD 21,521) was in the 3rd quarter of 2019 and KHR 194 Millions (USD 47,370) in the 3rd quarter of 2018.

c. Distribution costs

Distribution costs consist of the cost of shipping finished products to customers. Distribution costs in the 3rd quarter of 2020 as at 30 September 2020 was KHR1,909 millions (USD465,708), was decreased in KHR 4,697 Millions (USD1,147 Million) or 71.10% compared to distribution cost of KHR 6,607 Millions (USD 1.613 Millions) in the 3rd quarter of 2019. Moreover, the distribution cost in the 3rd quarter of 2019 was KHR 6,607 Millions (USD 1.613 Millions), that was increased in KHR 3,913 Millions (USD 954,564) or

145.22% compared to distribution cost of KHR 2,694 Millions (USD 658,422) in the 3rd quarter of 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.

In the 3rd quarter of 2020 as at 30 September 2020, administrative cost was KHR 3,714 Millions (USD905,899), the expenses has decreased in KHR766 Millions (USD187,935) or 17.10% compared to administrative expenses KHR 4,480 Millions (USD 1,094 Millions) in the 3rd quarter of 2019. In contrast in the 3rd quarter of 2019 as at 30 September 2019, the administrative expense was KHR 4,480 Millions (USD 1,094 Millions) was increased KHR 625 Millions (USD 151,671) or 16.21% compared to KHR 3,855 Millions (USD 942,163) in the 3rd quarter of 2018.

The increased of administrative expense was primary due 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 purchase 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 KHR77 Millions (USD18,868) in the 3rd quarter of 2020 as at 30 September 2020. This expense has increased in KHR3 Millions (USD651) or 3.24% compared to other expenses of KHR 80 Millions (USD 19,519) in the 3rd quarter of 2019 at 30 September 2019. Therefore, other expenses in the 3rd quarter of 2019 at 30 September 2019 was KHR 80 Millions (USD 19,519), which was increased in KHR 36 Millions (USD 8,796) or 31% comparing to KHR 116 Millions (USD 28,315), in the 3rd quarter of 2018 as at 30 September 2018. Thus, other expenses 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 KHR 536 Millions (USD130,930) in the 3rd quarter of 2020 as at 30 September 2020 and KHR 536 Millions (USD130,930) in the 3rd quarter of 2019 as at 30 September 2019 and KHR 323 Millions (USD 78,938) in the 3rd quarter of 2018 as at 30 September 2018.

v. Profit after tax

Profit after tax is derived from profit before tax minus income tax expense. In the 3rd quarter of 2020 as at 30 September 2020, the Company's profit before tax was KHR1,504 Millions (USD366.775) and income tax expense was KHR 558 Millions (USD136,000) and profit after tax in the 3rd quarter of 2020 was KHR 946 Millions (USD230,775). The profit after tax was increased KHR238 Millions (USD57,825) presenting to 33.56% with comparing to The profit after tax in the 3rd quarter of 201 at 30 Jun 2019, which was KHR 708 Millions (USD 172,950).

Moreover, The profit after tax in the 3rd quarter of 2019 as at 30 September 2019, profit before tax KHR was KHR 886 Millions (USD 216,188) and income tax expense was KHR 177 Millions (USD 43,238). As so, the profit after tax was 708 Millions (USD 172,950), it was increased KHR 2,799 Millions (USD 684,200) or 79.80% comparing to profit after tax of KHR 3,507 Millions (USD 857.150) in the 3rd quarter of 2018. It was due to the increased in material cost and distribution cost.

vi. Factors and Trends Analysis Affecting Financial Condition and Results

Revenue

Grand Twins generates revenue from export products to over the world. Revenue from export product to USA 18% of total revenue in the 3rd quarter of 2020, exported to EU 15% and to asia countries 67% and 1 % to other countries.

Revenue in the 3rd quarter of 2020, has decreased 36.68% which from KHR 186,605 Million (USD 45.558 Millions), as the total revenue in the 3rd quarter of 2019 to KHR 118,166 Million (USD28,821 Millions) in the 3rd quarter of 2020. In contrast, The revenue was increased 35.44% from KHR 137,779 Millions (USD33.670 Millions) as total revenue in the 3rd quarter of 2018, was increased to 186,605 Million (USD 45.558 Millions), as total revenue in the 3rd quarter of 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 3,000 designs in 2020. For Jacket, we sold a significant amount at approximately USD 50 each in 2020. For sport suits, we sold a significant amount at approximately USD20-30 each in 2020. For shorts, we sold a significant amount at approximately USD 5-10 each in 2020. The selling price is stable in the 3rd quarter of 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.

g. Significant factors affecting the Company's profit

1. Demand and supply conditions analysis

The Company's revenue was declined 36.68% in the 3rd quarter of 2020 comparing to the total revenue in the 3rd quarter of 2019, it primary dued to the decrease in client purchase order. In contrast, the revenue was increased 35.44% in the 3rd quarter of 2019 comapring to the total revenue in the 3rd quarter of 2018 that was caused from the increased in purchase order.

In the 3rd quarter of 2020, the revenue was lower than previous quarters, the purchase order volumn was reduce and had caused to gross profit amounted in KHR7,346 Millions (USD1,792 Millions) in the 3rd quarter of 2020, which had declined in KHR5,153 Millions (USD1,260 Millions) or 41.23% compareing to profit margin of KHR 12,499 Millions (USD 707,516 Millions) in the 3rd quarter of 2019. Therefore, gross profit margin KHR 12,499 Millions (USD 707,516 Millions) in the 3rd quarter of 2019 as at 30 September 2019, was increased in KHR 1,321 Millions (USD 319,886 Millions) or 11.82% compared to profit margin of KHR 11,178 Millions (USD 2.732 Millions) as in the 3rd quarter of 2018 as at 30 September 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. *Fluctuations in Prices of Raw Material Analysis*

For the past 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 occur 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.

Deferred 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 in the 3rd quarter of 2020 as at 30 September 2020.

h. Material Changes in Sale and Revenue

Our revenue was KHR186,166 Millions (USD28,821 Millions) in the 3rd quarter of 2020 as at 30 September 2020, the revenue approximately decreased KHR68,439Millions (USD16,737 Millions) or 36.68% compared to total revenue KHR 186,605 Millions (USD 45.558 Millions) in the 3rd quarter of 2019, as at 30 September 2019. Moreove, the revenue of KHR 186,605 Millions (USD 45.558 Millions) in the 3rd quarter of 2019 as at 30 September 2019 was increased in 35.44% compared to total revenue in the 3rd quarter of 2018 as at 30 September 2018 in KHR 137,779 Millions (USD 33.670 Millions).

Our revenue consists of revenue from the sale of products, subcontract and CMP revenue. In the 3rd quarter of 2020, we has generated in revenue KHR186,166 Millions (USD28,821 Millions), that sale of products accounted for KHR115,940 Millions (USD28,278 Millions), the revenue from subcontract of KHR2,150 Millions (USD524,374) and CMP revenue of KHR77 (USD18,698) in the 3rd quarter of 2020.

Revenue from sale of products presented to 98.12% of total revenue, amounted in KHR186,166 Millions (USD28,821 Millions) in the 3rd quarter of 2020 as at 30 September 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”.

i. Impact of foreign exchange/interest rates/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 30 Jun 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.

j. 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.

k. 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 3rd quarter of 2020 as at 30 September 2020.

5. SIGNIFICANT INFORMATION TO PROTECT PUBLIC INVESTORS

SIGNIFICANT INFORMATION TO PROTECT PUBLIC INVESTORS

In the 3rd quarter of 2020 as at 30 September 2020, there is no any significant information other than disclosed in this 3rd quarter report of 2020.

DIRECTORS' SIGNATURE

Dated: 12 November 2020

Having read and approved

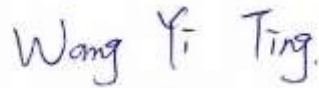
Signature



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



Signature



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



ក្រុមហ៊ុន ហ្គ្រង់ ធួន អ៊ិនធើរណេសិនណល ភីអិលស៊ី

Grand Twins International (Cambodia) Plc.

អាសយដ្ឋាន: ភូមិត្រពាំងពោធិ៍ សង្កាត់ចោមចៅ ខណ្ឌពោធិ៍សែនជ័យ រាជធានីភ្នំពេញ ព្រះរាជាណាចក្រកម្ពុជា។

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