

**GRAND TWINS  
INTERNATONAL (CAMBODIA) PLC**  
(Incorporated in Cambodia)  
Registration No: 00012347

**CONDENSED INTERIM FINANCIAL STATEMENTS  
For The Financial Period From  
1 January 2020 To 31 December 2020**

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

(Incorporated in Cambodia)

Registration No: 00012347

## **TABLE OF CONTENTS**

---

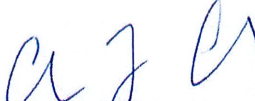
	Page
Statement by directors	1
Report on the review of condensed interim financial statements	2
Condensed interim statement of financial position	3
Condensed interim statement of profit or loss and comprehensive income	4
Condensed interim statement of changes in equity	6
Condensed interim statement of cash flows	7
Notes to the condensed interim financial statements	8

**GRAND TWINS INTERNATIONAL (CAMBODIA) PLC**  
(Incorporated in Cambodia)  
Registration No: 00012347

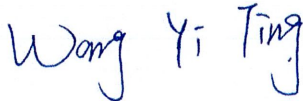
**STATEMENT BY DIRECTORS**

In the opinion of directors, the accompanying condensed interim statement of financial position of Grand Twins International (Cambodia) Plc ("GTI") as at 31 December 2020, and the related condensed interim statement of profit or loss and other comprehensive income, changes in equity and cash flows for the twelve-month period then ended, and condensed notes to the interim financial information (collectively known as "Condensed Interim Financial Statements") are presented fairly, in all material respects, in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reportings*.

Signed on behalf of board of directors :-

  
**CHEN TSUNG CHI**  
Director



  
**WANG YI TING**  
Director



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

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

Unit 4B, 4<sup>th</sup> floor, K1 Building,  
#148, Mao Tse Toung Blvd  
(St.245) Songkat ToulTompong 2  
Khan Chomkarmon, Phnom Penh  
Kingdom of Cambodia  
Main +855 23 216 717  
Fax +855 23 216 727  
[www.crowe.com.kh](http://www.crowe.com.kh)  
[info@crowe.com.kh](mailto:info@crowe.com.kh)

We have reviewed the accompanying condensed interim financial statements of Grand Twins International (Cambodia) Plc ("the Company"), which comprise the condensed interim statement of financial position as at 31 December 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 Hoe  
Director  
Date

13 FEB 2021

**GRAND TWINS INTERNATIONAL (CAMBODIA) PLC**

(Incorporated in Cambodia)

Registration No: 00012347

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31  
DECEMBER 2020**

	Note	Unaudited		Audited	
		31 December 2020		31 December 2019	
		USD	KHR'000	USD	KHR'000
			(Note 4)		(Note 4)
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	8	12,946,469	52,368,467	14,223,478	57,960,673
Intangible assets	9	4,762	19,262	7,600	30,970
		<u>12,951,231</u>	<u>52,387,729</u>	<u>14,231,078</u>	<u>57,991,643</u>
<b>CURRENT ASSETS</b>					
Inventories	10	23,285,393	94,189,415	21,895,679	89,224,892
Trade and other receivables	11	50,692,086	205,049,488	57,002,230	232,284,087
Cash and cash equivalents	12	974,600	3,942,257	641,825	2,615,437
		<u>74,952,079</u>	<u>303,181,160</u>	<u>79,539,734</u>	<u>324,124,416</u>
<b>TOTAL ASSETS</b>		<u>87,903,310</u>	<u>355,568,889</u>	<u>93,770,812</u>	<u>382,116,059</u>
<b>EQUITY AND LIABILITY</b>					
<b>EQUITY</b>					
Share capital	13	10,000,000	40,450,000	10,000,000	40,450,000
Share premium	14	17,280,000	69,897,600	17,280,000	69,897,600
Retained earnings		41,682,835	170,667,243	41,392,539	167,434,643
Currency translation difference		-	(2,060,176)	-	2,058,353
<b>TOTAL EQUITY</b>		<u>68,962,835</u>	<u>278,954,667</u>	<u>68,672,539</u>	<u>279,840,596</u>
<b>LIABILITIES</b>					
<b>NON-CURRENT LIABILITIES</b>					
Deferred tax liabilities		572,107	2,314,173	572,107	2,331,336
Trade and other payables	15	810,000	3,276,450	1,170,000	4,767,750
		<u>1,382,107</u>	<u>5,590,623</u>	<u>1,742,107</u>	<u>7,099,086</u>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	15	9,058,383	36,641,159	14,422,676	58,772,405
Borrowings	16	8,212,061	33,217,787	8,642,988	35,220,176
Income tax liabilities		287,924	1,164,653	290,502	1,183,796
<b>Current liabilities</b>		<u>17,558,368</u>	<u>71,023,599</u>	<u>23,356,166</u>	<u>95,176,377</u>
<b>TOTAL LIABILITIES</b>		<u>18,940,475</u>	<u>76,614,222</u>	<u>25,098,273</u>	<u>102,275,463</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>87,903,310</u>	<u>355,568,889</u>	<u>93,770,812</u>	<u>382,116,059</u>

# GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2020

	Note	Unaudited 3 months to 31 December 2020		Unaudited 3 months to 31 December 2019	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Revenue	17	28,809,316	116,533,683	43,371,192	175,740,070
Cost of sales	18	(27,698,454)	(112,040,246)	(40,398,759)	(163,695,771)
<b>Gross profit</b>		1,110,862	4,493,437	2,972,433	12,044,299
Other income	19	77,004	311,481	233,122	944,610
Administrative expenses		(869,508)	(3,517,160)	(1,080,382)	(4,377,708)
Distribution costs		(441,033)	(1,783,978)	(1,635,490)	(6,627,005)
Other expenses		(13,807)	(55,849)	(27,336)	(110,765)
<b>Operating (loss)/profit</b>		(136,482)	(552,069)	462,347	1,873,431
Finance income	19	434	1,756	599	2,427
Finance costs	20	(98,998)	(400,447)	(135,042)	(547,190)
<b>(Loss)/Profit before income tax</b>		(235,046)	(950,760)	327,904	1,328,668
Income tax expense	21	(40,855)	(165,259)	(27,730)	(112,362)
<b>(Loss)/Profit for the period</b>		(275,901)	(1,116,019)	300,174	1,216,306
Other comprehensive income		-	-	-	-
Total comprehensive (expense)/ income for the period		(275,901)	(1,116,019)	300,174	1,216,306

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

	Notes	Unaudited 3 months to 31 December 2020		Unaudited 3 months to 31 December 2019	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Basic earnings per share	22	(0.007)	(0.028)	0.008	0.030
Diluted earnings per share	22	(0.007)	(0.028)	0.008	0.030

**GRAND TWINS INTERNATIONAL (CAMBODIA) PLC**

(Incorporated in Cambodia)

Registration No: 00012347

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND  
COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2020  
(CONT'D)**

	Note	Unaudited 12 months to 31 December 2020		Audited 12 months to 31 December 2019	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Revenue	17	119,183,897	482,098,863	169,254,312	685,818,472
Cost of sales	18	(112,718,107)	(455,944,743)	(157,936,710)	(639,959,549)
<b>Gross profit</b>		6,465,790	26,154,120	11,317,602	45,858,923
Other income	19	372,679	1,507,487	272,987	1,106,143
Administrative expenses		(3,945,619)	(15,960,029)	(4,354,391)	(17,643,992)
Distribution costs		(1,822,184)	(7,370,734)	(5,663,406)	(22,948,121)
Other expenses		(107,424)	(434,530)	(92,186)	(373,538)
<b>Operating profit</b>		963,242	3,896,314	1,480,606	5,999,415
Finance income	19	1,608	6,504	1,846	7,480
Finance costs	20	(413,814)	(1,673,877)	(454,127)	(1,840,123)
<b>Profit before income tax</b>		551,036	2,228,941	1,028,325	4,166,772
Income tax expense	21	(260,740)	(1,054,694)	(167,815)	(679,986)
<b>Profit for the period</b>		290,296	1,174,247	860,510	3,486,786
Other comprehensive income		-	-	-	-
Currency translation difference		-	-	-	2,058,353
<b>Total comprehensive income for the period</b>		290,296	1,174,247	860,510	5,545,139

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

	Notes	Unaudited 12 months to 31 December 2020		Audited 12 months to 31 December 2019	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Basic earnings per share	22	0.007	0.029	0.022	0.139
Diluted earnings per share	22	0.007	0.029	0.022	0.139

## GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

### CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2020

---

	Share capital USD	Share premium USD	Retained earnings USD	Total equity	
				USD	KHR'000 (Note 4)
Balance as at 1 January 2020 (Audited)	10,000,000	17,280,000	41,392,539	68,672,539	279,840,596
Profit for twelve-month period	-	-	290,296	290,296	1,174,247
Currency translation differences	-	-	-	-	(2,060,176)
Balance as at 31 December 2020 (USD)	<u>10,000,000</u>	<u>17,280,000</u>	<u>41,682,835</u>	<u>68,962,825</u>	<u>278,954,667</u>
Balance as at 1 January 2019 (Audited)	10,000,000	17,280,000	41,132,029	68,412,029	276,726,657
Profit for twelve-month period	-	-	860,510	860,510	3,486,786
Dividends paid	-	-	(600,000)	(600,000)	(2,431,200)
Currency translation differences	-	-	-	-	2,058,353
Balance as at 31 December 2019 (USD)	<u>10,000,000</u>	<u>17,280,000</u>	<u>41,392,539</u>	<u>68,672,539</u>	<u>279,840,596</u>



# GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

## CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2020

	Note	Unaudited 12 months to 31 December 2020		Audited 12 months to 31 December 2019	
		USD	KHR'000	USD	KHR'000
			(Note 4)		(Note 4)
Operating activities					
Profit before income tax		551,036	2,228,941	1,028,325	4,166,772
Adjustments for:					
Amortisation of intangible assets	9	2,838	11,480	5,194	21,046
Depreciation of property, plant and equipment	8	1,809,244	7,318,392	1,868,746	7,572,159
Interest expense		413,814	1,673,877	454,127	1,840,123
Interest income		(1,608)	(6,504)	(1,846)	(7,480)
Operating profit before working capital		2,775,324	11,226,186	3,354,546	13,592,620
Changes in working capital:					
Change in inventories		(1,389,714)	(5,621,393)	3,554,189	14,401,574
Change in trade and other receivables		6,310,144	25,524,532	(8,172,569)	(33,115,250)
Change in trade and other payables		(5,724,293)	(23,154,765)	2,856,881	11,576,082
Cash generated from operating activities		1,971,461	7,974,560	1,593,047	6,455,026
Income tax paid		(263,318)	(1,065,121)	(91,406)	(370,377)
Net cash from operating activities		1,708,143	6,909,439	1,501,641	6,084,649
Investing activities					
Purchases of property, plant and equipment	8	(532,235)	(2,152,891)	(2,466,459)	(9,994,092)
Interest received		1,608	6,504	1,846	7,480
Net cash used in investing activities		(530,627)	(2,146,387)	(2,464,613)	(9,986,612)
Financing activities					
Interest paid		(413,814)	(1,673,877)	(454,127)	(1,840,123)
Repayment of bank borrowings	16	(14,260,927)	(57,685,450)	(12,333,939)	(49,977,121)
Drawdown of borrowings	16	13,830,000	55,942,350	13,960,000	56,565,920
Dividends paid		-	-	(600,000)	(2,431,200)
Net cash used in financing activities		(844,741)	(3,416,977)	571,934	2,317,476
Net change in cash and cash equivalents		332,775	1,346,075	(391,038)	(1,584,487)
Cash and cash equivalents, at the beginning of period		641,825	2,615,437	1,032,863	4,177,931
Currency translation difference		-	(19,255)	-	21,993
Cash and cash equivalents, at the end of period		974,600	3,942,257	641,825	2,615,437

# GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

---

### 1. GENERAL INFORMATION

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

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

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

### 2. PRINCIPAL ACTIVITY

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

### 3. BASIS OF PREPARATION

The condensed interim financial statements are as at and for the period ended 31 December 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.

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

(Incorporated in Cambodia)

Registration No: 00012347

### **NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020**

---

#### **4. FUNCTIONAL AND PRESENTATION CURRENCY (CONT'D)**

The translations of USD amounts into KHR presented in the financial statements are included solely to comply with the Law on Accounting and Auditing (April 2016) and have been made using the prescribed official annual average exchange rate of USD1 to KHR4,045 for the quarter ended 31 December 2020 (2019: KHR4,052) and closing rate USD1 to KHR4,045 as at 31 December 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.

**GRAND TWINS INTERNATIONAL (CAMBODIA) PLC**

(Incorporated in Cambodia)

Registration No: 00012347

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2020****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
<b>Unaudited</b>						
<b>Cost</b>						
Balance at 1 January 2020	3,880,000	8,971,311	17,645,735	117,420	1,924,991	32,539,457
Additions	-	-	486,301	-	45,934	532,235
Write off	-	-	(13,667)	(7,870)	-	(21,537)
Balance at 31 December 2020	3,880,000	8,971,311	18,118,369	109,550	1,970,925	33,050,155
<b>Accumulated depreciation</b>						
Balance at 1 January 2020	(310,400)	(5,416,875)	(10,731,442)	(112,053)	(1,745,209)	(18,315,979)
Depreciation	(38,800)	(232,554)	(1,480,119)	(1,342)	(56,429)	(1,809,244)
Write off	-	-	13,667	7,870	-	21,537
Balance at 31 December 2020	(349,200)	(5,649,429)	(12,197,894)	(105,525)	(1,801,638)	(20,103,686)
Carrying amount at 31 December 2020 (USD)	3,530,800	3,321,882	5,920,475	4,025	169,287	12,946,469
KHR'000 (Note 4)	14,282,086	13,437,013	23,948,321	16,281	684,766	52,368,467
<b>Audited</b>						
<b>Cost</b>						
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
<b>Accumulated depreciation</b>						
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

## GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

#### 9. INTANGIBLE ASSETS

	Computer software	
	Unaudited	Audited
	2020	2019
	USD	USD
Gross carrying amount		
Balance at 31 December	224,957	224,957
Amortisation		
Balance at 1 January	(217,357)	(212,163)
Amortisation	(2,838)	(5,194)
Balance at 31 December	(220,195)	(217,357)
Carrying amount at 31 December	4,762	7,600
KHR'000 (Note 4)	19,262	30,970

#### 10. INVENTORIES

	Unaudited		Audited	
	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 4)		(Note 4)
Raw materials	9,628,471	38,947,165	8,949,541	36,469,380
Work-in-progress	6,846,121	27,692,559	4,269,521	17,398,298
Finished goods	6,810,801	27,549,691	8,676,617	35,357,214
	23,285,393	94,189,415	21,895,679	89,224,892

#### 11. TRADE AND OTHER RECEIVABLES

	Unaudited		Audited	
	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 4)		(Note 4)
Trade receivables				
Amount due from related party				
QMI Industrial Co., Ltd.	47,046,449	190,302,886	53,543,145	218,188,316
Other receivables				
Amount due from related party				
Quint Major Industrial Co., Ltd.	26,568	107,468	161,927	659,853
Value-added tax receivables	1,710,762	6,920,032	1,484,102	6,047,716
Prepayments				
QMI Industrial Co., Ltd.	105,538	426,901	23,501	95,767
Other third parties	1,802,769	7,292,201	1,789,555	7,292,435
	3,645,637	14,746,602	3,459,085	14,095,771
	50,692,086	205,049,488	57,002,230	232,284,087

## GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

#### 12. CASH AND CASH EQUIVALENTS

	Unaudited		Audited	
	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 4)		(Note 4)
Cash on hand	54,447	220,238	99,641	406,037
Cash in banks	920,153	3,722,019	542,184	2,209,400
	<u>974,600</u>	<u>3,942,257</u>	<u>641,825</u>	<u>2,615,437</u>

#### 13. SHARE CAPITAL

	Unaudited		Audited	
	31 December 2020		31 December 2019	
	Shares	USD	Shares	USD
Ordinary shares of USD 0.25 each				
Authorised	200,000,000	50,000,000	200,000,000	50,000,000
Issued and fully paid:				
KHR'000 (Note 4)	40,000,000	10,000,000	40,000,000	10,000,000
	-	40,450,000	-	40,450,000

#### 14. SHARE PREMIUM

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

#### 15. TRADE AND OTHER PAYABLES

	Unaudited		Audited	
	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 4)		(Note 4)
<b>Non-current</b>				
Other payables	810,000	3,276,450	1,170,000	4,767,750
<b>Current</b>				
Trade payables	1,934,925	7,826,772	1,619,582	6,599,798
Amounts due to related parties				
Quint Major Industrial Co., Ltd	4,956,912	20,050,709	7,954,820	32,415,892
QMI Industrial Co., Ltd	1,872	7,572	2,832,549	11,542,637
Accruals	1,814,255	7,338,661	1,659,457	6,762,287
Withholding tax payables	330,845	1,338,268	335,580	1,367,489
Other payables	19,574	79,177	20,688	84,302
	<u>9,058,383</u>	<u>36,641,159</u>	<u>14,422,676</u>	<u>58,772,405</u>
	<u>9,868,383</u>	<u>39,917,609</u>	<u>15,592,676</u>	<u>63,540,155</u>

# GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

### 16. BORROWINGS

	Unaudited		Audited	
	31 December 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	25,888,000	6,400,000	26,080,000
Taiwan Cooperative Bank (Note 16.2)	1,812,061	7,329,787	2,242,988	9,140,176
	<u>8,212,061</u>	<u>33,217,787</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 loan was renewed on 6 November 2020 for one-year term. The interest is the floating rate of six months Libor rate Plus 3% $\geq$ 5% per annum. Monthly interest payable is calculated on the basis of 360 days per year.

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

For the twelve-months period to 31 December 2020, the Company paid the principal amounting to USD13,830,000 (2019: USD11,960,000) and drawn down an aggregate amount of USD13,830,000 (2019: USD13,960,000).

#### 16.2. Term loan with the Taiwan Cooperative Bank

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

## GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

#### 16. BORROWINGS (CONT'D)

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

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 226,697m<sup>2</sup>, 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 m<sup>2</sup>, locate at Phum Chorm Pol, Khum Porpel, Srok Tram Kak, Takeo province, Cambodia.

For the twelve-months period to 31 December 2020, the Company paid the principal amounting to USD430,927 (2019: USD373,939).

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

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

The Company has not met the return on equity ratio and debt asset ratio covenant for the financial year ended 31 December 2019. As at 31 December 2020, the Company's return on equity is 1.01% and debt to asset ratio is 0.21 for the 12 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

	Unaudited 3 months to 31 December 2020		Unaudited 3 months to 31 December 2019	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Sale of goods	28,578,979	115,601,970	43,371,192	175,740,070
Subcontract revenue	230,337	931,713	-	-
	<u>28,809,316</u>	<u>116,533,683</u>	<u>43,371,192</u>	<u>175,740,070</u>



# GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

### 17. REVENUE (CONT'D)

	Unaudited 12 months to 31 December 2020		Audited 12 months to 31 December 2019	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Sale of goods	117,404,371	474,900,681	169,254,312	685,818,472
Subcontract revenue	1,760,828	7,122,549	-	-
Cut, Make and Pack revenue	18,698	75,633	-	-
	<u>119,183,897</u>	<u>482,098,863</u>	<u>169,254,312</u>	<u>685,818,472</u>

### 18. COST OF SALES

	Unaudited 3 months to 31 December 2020		Unaudited 3 months to 31 December 2019	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Direct materials	19,828,801	80,207,500	29,253,948	118,536,997
Direct labour	2,014,201	8,147,443	3,279,354	13,287,942
Overhead	5,855,452	23,685,303	7,865,457	31,870,832
	<u>27,698,454</u>	<u>112,040,246</u>	<u>40,398,759</u>	<u>163,695,771</u>

	Unaudited 12 months to 31 December 2020		Audited 12 months to 31 December 2019	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Direct materials	77,781,476	314,626,070	110,403,314	447,354,228
Direct labour	8,836,550	35,743,845	14,347,198	58,134,846
Overhead	26,100,081	105,574,828	33,186,198	134,470,475
	<u>112,718,107</u>	<u>455,944,743</u>	<u>157,936,710</u>	<u>639,959,549</u>

## GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

#### 19. OTHER INCOME

	Unaudited 3 months to 31 December 2020		Unaudited 3 months to 31 December 2019	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Interest income	434	1,756	599	2,427
Rental income	72,457	293,089	161,927	656,128
Realised foreign exchange gain	899	3,636	1,176	4,765
Others	3,648	14,756	70,019	283,717
	<u>77,438</u>	<u>313,237</u>	<u>233,721</u>	<u>947,037</u>

	Unaudited 12 months to 31 December 2020		Audited 12 months to 31 December 2019	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Interest income	1,608	6,504	1,846	7,480
Rental income	265,656	26,236	161,927	656,128
Realised foreign exchange gain	6,486	1,074,579	16,550	67,060
Others	100,537	406,672	94,510	382,955
	<u>374,287</u>	<u>1,513,991</u>	<u>274,833</u>	<u>1,113,623</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.

## GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

#### 22. EARNINGS PER SHARE

	Unaudited 3 months to 31 December 2020		Unaudited 3 months to 31 December 2019	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
(Loss)/Profit attributable to ordinary equity holders	(275,901)	(1,116,019)	300,174	1,216,306
Weighted average number of shares in issue	40,000,000	40,000,000	40,000,000	40,000,000
Basic earnings per share	(0.007)	(0.028)	0.008	0.030
Diluted earnings per share	(0.007)	(0.028)	0.008	0.030

	Unaudited 12 months to 31 December 2020		Audited 12 months to 31 December 2019	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Profit attributable to ordinary equity holders	290,296	1,174,247	860,510	5,545,139
Weighted average number of shares in issue	40,000,000	40,000,000	40,000,000	40,000,000
Basic earnings per share	0.007	0.029	0.022	0.139
Diluted earnings per share	0.007	0.029	0.022	0.139

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.

## GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

#### 23. RELATED PARTY BALANCES AND TRANSACTIONS

The following balances are outstanding with related parties:

			31 December 2020		31 December 2019	
			USD	KHR'000	USD	KHR'000
Amounts due from						
QMI Industrial Co., Ltd	Common control	Trade receivables	47,046,449	190,302,886	53,543,145	218,188,316
		Non-trade receivables	105,538	426,901	23,501	95,767
Quint Major Industrial Co., Ltd.	Common control	Trade receivables	26,568	107,468	161,927	659,853
			<u>47,178,555</u>	<u>190,837,255</u>	<u>53,728,573</u>	<u>218,943,936</u>
Amounts due to						
Quint Major Industrial Co., Ltd	Common control	Trade payables	4,956,912	20,050,709	7,954,820	32,415,892
QMI Industrial Co., Ltd	Common control	Trade payables	1,872	7,572	2,832,549	11,542,637
			<u>4,958,784</u>	<u>20,058,281</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 31 December 2020		Unaudited 3 months to 31 December 2019	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
<u>Under common control</u>				
QMI Industrial Co., Ltd				
Sales	28,578,979	115,601,970	43,371,192	175,740,071
Purchases of raw materials	-	-	20,761,193	84,124,355
Purchases of machinery	85,978	347,782	226,282	916,894
Purchases of fixed assets	-	-	6,820	27,635
Cash collection	11,443,153	46,287,556	16,472,840	66,747,948
Offset with trade payables	18,582,602	75,166,626	20,761,193	84,124,355
Payments on behalf for the Company	147,503	596,652	450,797	1,826,631
Payments on behalf by the Company	291,091	1,177,463	62,278	252,350
Advances to the Company	132,167	534,616	306,000	1,239,912
Repayment of advances by the Company	60,000	242,700	336,000	1,361,472

## GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

#### 23. RELATED PARTY BALANCES AND TRANSACTIONS (CONT'D)

	Unaudited 12 months to 31 December 2020		Unaudited 12 months to 31 December 2019	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Quint Major Industrial Co., Ltd.				
Subcontract cost	3,126,807	12,647,933	4,262,582	17,271,982
Rental machinery	72,457	293,089	161,927	656,128
Repayment	3,686,124	14,910,370	4,468,000	18,104,336
<u>Under common control</u>				
QMI Industrial Co., Ltd				
Sales	117,404,371	474,900,681	169,254,312	685,818,472
Purchases of raw materials	53,635,333	216,954,923	98,883,936	400,677,709
Purchases of machinery	425,301	1,720,344	2,319,925	9,400,336
Purchases of fixed assets	3,701	14,972	12,143	49,202
Cash collection	48,243,359	195,144,385	61,535,026	249,339,925
Offset with trade payables	74,047,105	299,520,540	98,874,440	400,639,231
Payments on behalf for the Company	480,951	1,945,448	2,587,481	10,484,473
Payments on behalf by the Company	793,097	3,208,076	213,163	863,737
Advances to the Company	852,167	3,447,016	1,191,000	4,825,932
Repayment of advances by the Company	780,000	3,155,100	1,211,000	4,906,972
Quint Major Industrial Co., Ltd.				
Subcontract cost	14,459,041	58,486,819	16,239,575	65,802,758
Rental machinery	265,656	1,074,580	161,927	656,128
Repayment	17,456,949	70,613,357	14,970,000	60,658,440

#### 24. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

	Unaudited 31 December 2020		Audited 31 December 2019	
	USD	KHR'000	USD	KHR'000
Financial assets				
Amortised cost				
Trade and other receivables*	47,073,017	190,410,353	53,705,072	218,848,169
Cash and cash equivalents	974,600	3,942,257	641,825	2,615,437
	<u>48,047,617</u>	<u>194,352,610</u>	<u>54,346,897</u>	<u>221,463,606</u>

\* Excludes prepayments and VAT receivables.

## GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

#### 24. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

	Unaudited		Audited	
	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
Financial liabilities				
Amortised cost				
Trade and other payables**	9,537,538	38,579,341	15,257,096	62,172,666
Borrowings	8,212,061	33,217,787	8,642,988	35,220,176
	<u>17,749,599</u>	<u>71,797,128</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.

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

(Incorporated in Cambodia)

Registration No: 00012347

### **NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020**

---

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

##### **25.3 Interest rate risk**

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

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

#### **26. TAXATION CONTINGENCIES**

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

#### **27. COMMITMENT**

At the end of the current financial quarter, the Company has a commitment for capital expenditure in respect of the purchase of new research office units from TACC (C.R) Ltd amounting to USD5,913,044 (31 December 2019: USD5,913,044). As of 31 December 2020, the construction of the building where the research office will be located is still in progress.

#### **28. SIGNIFICANT EVENT DURING THE REPORTING PERIOD**

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

#### **29. EVENT AFTER THE REPORTING PERIOD**

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

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

(Incorporated in Cambodia)

Registration No: 00012347

### **NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020**

---

#### **30. IMPACT OF COVID-19**

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

(i) Expected credit losses

Management has assessed and analyzed events that can be identified and have correlations to the probability of defaults rates of the expected credit loss model of the Company. As at 31 December 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 arose as a result of the development in the Covid-19 situation and may be sensitive to any significant adverse deterioration in the business environment of the Company.

#### **31. AUTHORISATION OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**

The Condensed Interim Financial Statements as at and for the period ended 31 December 2020 were approved for issue by the Board of Directors on 13 February 2021.