GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)
Registration No: 00012347

FINANCIAL REPORT

for the financial year ended 31 December 2020

Contents

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DIRECTORS' REPORT

The directors hereby submit the report and the audited financial statements of the Company for the financial year ended 31 December 2020.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Name	Position
Mr. Yang Shaw Shin	Chairman
Oknha Ly Kunthai	Independent Director
Mr. Chen Tsung-Chi	Executive Director/ Chief Executive Officer
Ms. Wang Yi Ting	Non-Executive Director
Mr. Huang Tung-Fu	Non-Executive Director

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for the financial statements of the Company to be properly drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2020 and of its financial performance and cash flows for the financial year ended 31 December 2020. In the preparation of these financial statements, the directors are required to:

(i) adopt appropriate accounting policies in compliance with Cambodian International Financial Reporting Standards ("CIFRSs") which are supported by reasonable and appropriate judgments and estimates and then apply them consistently;

(ii) comply with the disclosure requirements CIFRSs, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;

(iii) maintain adequate accounting records and an effective system of internal controls;

(iv) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue its operations in the foreseeable future; and

(v) control and direct effectively the Company in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

The directors confirm that the Company has complied with the above requirements in preparing the financial statements of the Company.

DIRECTORS' REPORT

PREPARATION OF THE FINANCIAL STATEMENTS

In the preparation of the financial statements, the directors have taken account of the following matters:-

(i) all material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements;

(ii) adequate allowance for impairment losses on receivables and other current and non-current assets, if required, has been made;

(iii) known bad debts had been written off, if any;

(iv) existing methods of valuation of assets or liabilities is not misleading or inappropriate;

(v) there are no known circumstances that would render any amount stated in the financial statements to be misleading;

(vi) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Company for the financial year in which this report is made;

(vii) the results of the operations of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature;

(viii) no contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations when they fall due.

APPROVAL OF THE FINANCIAL STATEMENTS

The directors hereby approve the accompanying financial statements which give a true and fair view of the financial position of the Company as at 31 December 2020, its financial performance and cash flows for the financial year then ended in accordance with CIFRSs.

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC.
KINGDOM OF CAMBODIA

Wang Yi Ting

Mr. Chen Tsung-Chi	**Ms. Wang Yi Ting**
Chief Executive Officer	Non-Executive Director

Phnom Penh, Cambodia
30 March 2021

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

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)
Registration No: 00012347

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Grand Twins International Cambodia Plc ("the Company"), which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Grand Twins International (Cambodia) Plc as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

Basis of opinion

We conducted our audit in accordance with Cambodia International Standards on Auditing ("CISAs"). Our responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA-Code") together with the ethics requirements that are relevant to our audit of financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The financial statements of the Company for the preceding financial year were audited by another firm of auditors whose report dated 27 March 2020 expressed an unmodified opinion on those statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><td colspan="2">Recoverability of trade receivables

Refer to Note 7 to the financial statements</td></tr>
<tr><td>Key Audit Matter</td><td>How our audit addressed the Key Audit Matter</td></tr>
<tr><td>As at 31 December 2020, the carrying amount of trade receivables amounted to approximately USD 47,046,449.

Management recognised the allowance of impairment losses on trade receivables based on specific known facts or customers' ability to pay.

We focused on this are as determination of whether trade receivables are recoverable involves significant management judgement</td><td>Our procedures included, amongst others:-

(a) Obtained an understanding of:-
• the control over the trade receivables collection process;
• how the Management identifies and assesses the impairment of trade receivables; and
• how the Management makes the accounting estimates for impairment.

(b) Reviewed the ageing analysis of trade receivables and tested its reliability;

(c) Reviewed subsequent cash collections for major trade receivables and overdue amounts;

(d) Made inquiries of management regarding the action plans to recover overdue amounts;

(e) Compared and challenged management's view on the recoverability of overdue amounts to historical patterns of collection;

(f) Examined other evidence including customers' correspondences, proposed or existing settlement plans and repayment schedules; and

Evaluated the reasonableness and tested the adequacy of the impairment losses recognised for identified exposures on trade receivables by assessing the relevant assumptions and historical data from the Company's previous collection experience.</td></tr>
</table>

<table>
<tr><td colspan="2">Valuation of inventories

Refer to Note 6 to the financial statements</td></tr>
<tr><td>Key Audit Matter</td><td>How our audit addressed the Key Audit Matter</td></tr>
<tr><td>As at 31 December 2020, the carrying amount of inventories amounted to approximately USD 23,285,393 which exposed to a risk that the inventories may become slow moving or obsolete and eventually non-saleable or selling below their carrying values.

Management's judgement and estimation were involved in identifying inventories with net realisable values that are lower than their costs, and obsolescence, with reference to the condition of the inventories, historical and current sales information, as well as the ageing of inventories to identify slow-moving items to ascertain the amount of allowance for inventories.</td><td>Our procedures included, amongst others:-

(a) Obtained an understanding of:-
• the inventory management process;
• how the Management identifies and assesses inventory write-downs; and
• how the Management makes the accounting estimates for inventory write-downs.

(b) Attended inventory counts and reconciled the count results to the inventory listings for completeness.

(c) Reviewed and tested the accuracy of the cost absorption against the underlying documents.

(d) Reviewed and tested the net realisable value of inventories on a sampling basis.

(e) Evaluated the consistency of the application of management's methodology for calculating the allowance for inventory write-downs from year to year and assessing the adequacy of the allowance estimated and provided in the financial statements.</td></tr>
</table>

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in its annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors and respond to other matter in accordance with the requirements of CISA 720 (revised). We have nothing to report in this regard.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with CIFRSs, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Crowe (KH) Co., Ltd.

CROWE (KH) CO. LTD. KINGDOM OF CAMBODIA

Onn Kien Hoe

Director

30 MAR 2021

STATEMENT OF FINANCIAL POSITION

	Note	31 December 2020 USD	31 December 2020 KHR'000 (Note 3.2)	31 December 2019 USD	31 December 2019 KHR'000 (Note 3.2)
Assets					
Non-current					
Property, plant and equipment	4	12,946,469	52,368,467	14,223,478	57,960,673
Intangible assets	5	4,762	19,262	7,600	30,970
Non-current assets		12,951,231	52,387,729	14,231,078	57,991,643
Current					
Inventories	6	23,285,393	94,189,415	21,895,679	89,224,892
Trade and other receivables	7	50,692,086	205,049,488	57,002,230	232,284,087
Cash and cash equivalents	8	974,600	3,942,257	641,825	2,615,437
Current assets		74,952,079	303,181,160	79,539,734	324,124,416
Total assets		87,903,310	355,568,889	93,770,812	382,116,059
Equity and liabilities					
Equity					
Share capital	9	10,000,000	40,450,000	10,000,000	40,450,000
Share premium	10	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 reserve		-	(2,060,176)	-	2,058,353
Total equity		68,962,835	278,954,667	68,672,539	279,840,596
Liabilities					
Non-current					
Deferred tax liabilities	18.3	572,107	2,314,173	572,107	2,331,336
Trade and other payables	11	810,000	3,276,450	1,170,000	4,767,750
Non-current liabilities		1,382,107	5,590,623	1,742,107	7,099,086
Current					
Trade and other payables	11	9,058,383	36,641,159	14,422,676	58,772,405
Borrowings	12	8,212,061	33,217,787	8,642,988	35,220,176
Income tax payables	18.2	287,924	1,164,653	290,502	1,183,796
Current liabilities		17,558,368	71,023,599	23,356,166	95,176,377
Total liabilities		18,940,475	76,614,222	25,098,273	102,275,463
Total equity and liabilities		87,903,310	355,568,889	93,770,812	382,116,059

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	31 December 2020		31 December 2019	
		USD	KHR'000	USD	KHR'000
			(Note 3.2)		(Note 3.2)
Revenue	13	119,183,897	482,098,863	169,254,312	685,818,472
Cost of sales	14	(112,718,107)	(455,944,743)	(157,936,710)	(639,959,549)
Gross profit		6,465,790	26,154,120	11,317,602	45,858,923
Other income		372,679	1,507,487	272,987	1,106,143
Administrative expenses	15	(3,945,619)	(15,960,029)	(4,354,391)	(17,643,992)
Distribution costs	16	(1,822,184)	(7,370,734)	(5,663,406)	(22,948,121)
Other expenses		(107,424)	(434,530)	(92,186)	(373,538)
Operating profit		963,242	3,896,314	1,480,606	5,999,415
Finance income		1,608	6,504	1,846	7,480
Finance costs	17	(413,814)	(1,673,877)	(454,127)	(1,840,123)
Profit before income tax		551,036	2,228,941	1,028,325	4,166,772
Income tax expense	18.1	(260,740)	(1,054,694)	(167,815)	(679,986)
Profit for the year		290,296	1,174,247	860,510	3,486,786
Other comprehensive income		-	-	-	-
Currency translation difference		-	-	-	2,058,353
Total comprehensive income for the year		290,296	1,174,247	860,510	5,545,139

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

	Note	31 December 2020		31 December 2019	
		USD	KHR'000	USD	KHR'000
			(Note 3.2)		(Note 3.2)
Basic earnings per share	20	0.007	0.029	0.022	0.087
Diluted earnings per share	20	0.007	0.029	0.022	0.087

STATEMENT OF CHANGE IN EQUITY

	Note	Share capital USD	Share premium USD	Retained earnings USD	Total USD	KHR'000 (Note 3.2)
Balance as at 1 January 2020		10,000,000	17,280,000	41,392,539	68,672,539	279,840,596
Profit for the year		-	-	290,296	290,296	1,174,247
Currency translation difference		-	-	-	-	(2,060,176)
Balance as at 31 December 2020		10,000,000	17,280,000	41,682,835	68,962,825	278,954,667
Balance as at 1 January 2019		10,000,000	17,280,000	41,132,029	68,412,029	276,726,657
Profit for the year		-	-	860,510	860,510	3,486,786
Dividends paid	19	-	-	(600,000)	(600,000)	(2,431,200)
Currency translation difference		-	-	-	-	2,058,353
Balance as at 31 December 2019		10,000,000	17,280,000	41,392,539	68,672,539	279,840,596

STATEMENT OF CASH FLOWS

	Note	For the year ended 31 December 2020		For the year ended 31 December 2019	
		USD	KHR'000	USD	KHR'000
			(Note 3.2)		(Note 3.2)
Operating activities					
Profit before income tax		551,036	2,228,941	1,028,325	4,166,772
Adjustments for:					
Amortisation of intangible assets		2,838	11,480	5,194	21,046
Depreciation of property, plant and equipment		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 Changes in working capital:		2,775,324	11,226,186	3,354,546	13,592,620
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		(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		(14,260,927)	(57,685,450)	(12,333,939)	(49,977,121)
Drawdown of borrowings		13,830,000	55,942,350	13,960,000	56,565,920
Dividends paid		-	-	(600,000)	(2,431,200)
Net cash (used in)/from 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 year		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 year		974,600	3,942,257	641,825	2,615,437

NOTES TO THE FINANCIAL STATEMENTS

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 its legal form to a public limited company. Thereafter, the Company was listed on the Cambodia Securities Exchange on 16 June 2014.

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

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

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 year.

2 Basis of preparation

The financial statements of the Company have been prepared in accordance with the Cambodian International Financial Reporting Standards ("CIFRSs").

The National Accounting Council of Cambodia, as mandated by Prakas (Circular) No. 068-MEF-Pr dated 8 January 2009 issued by the Ministry of Economy and Finance of Cambodia on the adoption of Cambodian Financial Reporting Standards, has decided to fully adopt International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") without modifications. The new standards are referred to as "Cambodian International Financial Reporting Standards" ("CIFRSs").

(a) During the current financial year, the Company has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

CIFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to CIFRS 3: Definition of a Business

Amendments to CIFRS 4: Extension of the Temporary Exemption from Applying CIFRS 9

Amendments to CIFRS 9, CIAS 39 and CIFRS 7: Interest Rate Benchmark Reform

Amendments to CIAS 1 and CIAS 8: Definition of Material

Amendments to References to the Conceptual Framework in CIFRS Standards

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(b) The Company has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the International Accounting Standards Board (IASB) but are not yet effective for the current financial year:-

CIFRSs and/or IC Interpretations (Including The Consequential Amendments)	**Effective Date**
CIFRS 17 Insurance Contracts	1 January 2023
Amendments to CIFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to CIFRS 9, CIAS 39, CIFRS 7, CIFRS 4 and CIFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to CIFRS 10 and CIAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to CIFRS 16: COVID-19-Related Rent Concessions	1 June 2020
Amendments to CIFRS 17 Insurance Contracts	1 January 2023
Amendments to CIAS 1: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to CIAS 16: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to CIAS 37: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to CIFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Company upon their initial application.

3 Significant accounting policies

3.1 Critical accounting estimates and judgements

The outbreak of the COVID-19 has brought unprecedented challenges and added economic uncertainties in Cambodia and markets in which the Company operates. While the Company has considered the potential financial impact of the COVID-19 pandemic in the preparation of these financial statements, the full financial impact to the Company remains uncertain. Accordingly, there is a possibility that factors not currently anticipated by management could occur in the future and therefore affect the recognition and measurement of the Company's assets and liabilities at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Company anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 4 to the financial statements.

(b) Write-down of inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 6 to the financial statements.

(c) Impairment of trade receivables

The Company uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Company develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 7 to the financial statements.

(d) Impairment of non- trade receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. It also requires the Company to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Company uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information incorporating the impact of COVID-19 pandemic. The carrying amount of other receivables as at the reporting date is disclosed in Note 7 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(e) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amount of current tax liabilities as at the reporting date is USD287,924 (2019 – USD290,502).

Critical judgements made in applying accounting policies

Management believes that there are no instances of application of critical judgement in applying the Company's accounting policies which will have a significant effect on the amounts recognised in the financial statements.

3.2 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 the United States Dollars ("USD"), the Board of Directors has determined the USD to be the Company's currency for measurement and presentation purposes 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 KHR4,045 for the year ended 31 December 2020 (2019: KHR4,052) and closing rate USD1 to KHR4,045 as at 31 December 2020 as announced by the General Department of Taxation ("GDT").

Such translation amounts are unaudited and should not be construed as representations that the USD amounts represent, or have been or could be, converted into KHR at that or any other rate.

NOTES TO THE FINANCIAL STATEMENTS

3.3 Financial instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Company has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in CIAS 32. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity

Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in CIFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt instruments

(i) Amortised cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

NOTES TO THE FINANCIAL STATEMENTS

(ii) Fair value through other comprehensive income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair value through profit or loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Company reclassifies debt instruments when and only when its business model for managing those assets change.

Equity instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Company has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Company's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments

(b) Financial liabilities

(i) Financial liabilities at fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value (excluding interest expense) of these financial liabilities are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(ii) Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3.4 Property, plant and equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred

Depreciation is calculated to write off the cost of the assets to their residual values over the following estimated useful lives/percentage and methods:

	Estimated useful life/ percent age	Method
Leasehold land	100 years	straight-line
Building and structure	10 years	straight-line
Plant and machinery	20%	declining balance
Motor vehicles	25%	declining balance
Equipment and computers	25% to 50%	declining balance

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3.5 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on the normal capacity of the production facilities.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

3.7 Impairment

(a) Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company’s historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Company recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(b) Impairment of financial assets

The carrying values of assets, other than those to which CIAS 36 does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its valueinuse, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

3.8 Employee benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Company.

NOTES TO THE FINANCIAL STATEMENTS

3.9 Income Taxes

(a) Current tax

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred tax

Deferred tax is recognised using the liability method for temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity.

Current tax assets and liabilities or 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 taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS

3.10 Earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding.

3.11 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

3.12 Revenue from contracts with customers

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

NOTES TO THE FINANCIAL STATEMENTS

The Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Company performs.
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

Sale of Products

Revenue from sale of product is recognised when the Company has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

3.13 Leases

The Company assesses whether a contract is or contains a lease, at the inception of the contract. The Company recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Company recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received. The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Company or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

4 Property, plant and equipment

	Leasehold land USD	Building and structure USD	Plant and machineries USD	Motor vehicles USD	Equipment and computer USD	Total USD
Gross carrying amount						
Balance at 1 January 2020	3,880,000	8,971,311	17,645,735	117,420	1,924,991	32,539,457
Additions	-	-	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
Depreciation						
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	3,530,800	3,321,882	5,920,475	4,025	169,287	12,946,469
KHR'000 (Note 3.2)	14,282,086	13,437,013	23,948,321	16,281	684,766	52,368,467
Gross carrying amount						
Balance at 1 January 2019	3,880,000	8,971,311	15,275,873	117,420	1,828,394	30,072,998
Additions	-	-	2,369,862	-	96,597	2,466,459
Balance at 31 December 2019	3,880,000	8,971,311	17,645,735	117,420	1,924,991	32,539,457
Depreciation						
Balance at 1 January 2019	(271,600)	(4,968,309)	(9,423,515)	(108,848)	(1,674,961)	(16,447,233)
Depreciation	(38,800)	(448,566)	(1,307,927)	(3,205)	(70,248)	(1,868,746)
Balance at 31 December 2019	(310,400)	(5,416,875)	(10,731,442)	(112,053)	(1,745,209)	(18,315,979)
Carrying amount at 31 December 2019	3,569,600	3,554,436	6,914,293	5,367	179,782	14,223,478
KHR'000 (Note 3.2)	14,546,120	14,484,327	28,175,744	21,871	732,611	57,960,673

Included in the net carrying amount of property, plant and equipment are right of use assets as follows:

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Leasehold land	3,530,800	14,282,086	3,569,600	14,546,120

The depreciation charges are allocated as follows:

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Cost of sales	1,757,106	7,107,494	1,768,495	7,165,942
Administrative expenses	52,138	210,898	100,251	406,217
	1,809,244	7,318,392	1,868,746	7,572,159

NOTES TO THE FINANCIAL STATEMENTS

5 Intangible assets

	Computer software 31 December 2020 USD	Computer software 31 December 2019 USD
Gross carrying amount		
Balance at 1 January	224,957	224,957
Addition	-	-
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
Carrying amount at 31 December (KHR'000) (Note 3.2)	19,262	30,970

Computer software comprises accounting software and is amortised using the declining balance method.

Amortisation of intangible assets is classified under cost of sales as the computer software is mainly used in production.

6 Inventories

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
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

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Recognised in profit or loss - Cost of sales (note 14)	77,781,476	314,626,070	110,403,314	447,354,228

NOTES TO THE FINANCIAL STATEMENTS

7 Trade and other receivables

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Trade receivables				
Amount due from related parties				
QMI Industrial Co., Ltd. (a)	47,046,449	190,302,886	53,543,145	218,188,316
Other receivables				
Amount due from related parties				
Quint Major Industrial Co., Ltd. (b)	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.	105,163	425,385	23,501	95,767
Other third parties	1,803,144	7,293,717	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

(a) Amount due from QMI Industrial Co., Ltd. is non-interest bearing and the normal trade credit terms granted by the Company is three months (2019: three months). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Amount due from Quint Major Industrial Co., Ltd. is in respect of lease of sewing machines, which are unsecured, interest-free and repayable on demand.

The ageing analysis of trade receivables of the Company is as follows:

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Neither past due nor impaired	28,199,246	114,065,950	42,946,817	175,008,279
Past due, not impaired				
91 to 120 days	18,847,203	76,236,936	10,596,328	43,180,037
	47,046,449	190,302,886	53,543,145	218,188,316

Receivables that are neither past due nor impaired
Trade receivables that are neither past due nor impaired are with a creditworthy debtor. The debtor had maintained good working relationship with the Company and there is no indication as of the end of reporting period that the debtor will not meet its payment obligations. None of the trade receivables of the Company that are neither past due nor impaired have been renegotiated during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

Receivables that are past due but not impaired
Owing to the nature of the balance that as due solely from its related party which is the subcontractor of creditworthy companies, such as Adidas group, Reebok, Taylor Made, Salomon, New Balance, among others, those customers have been assessed as having no significant financial difficulties. Hence, no impairment was made in respect of these past due trade receivables. These receivables are unsecured in nature.

8 Cash and cash equivalents

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Cash on hand	54,447	220,238	99,641	406,037
Cash at banks	920,153	3,722,019	542,184	2,209,400
	974,600	3,942,257	641,825	2,615,437

The currency exposure profile of cash and cash equivalents is shown below:

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Khmer Riel	33,175	134,193	66,650	271,599
US Dollar	941,425	3,808,064	575,175	2,343,838
	974,600	3,942,257	641,825	2,615,437

9 Share capital

	31 December 2020		31 December 2019	
	Number	USD	Number	USD
Ordinary shares of USD 0.25 each				
Authorised	200,000,000	50,000,000	200,000,000	50,000,000
Issued and fully paid	40,000,000	10,000,000	40,000,000	10,000,000
KHR'000 (Note 3.2)	-	40,450,000	-	40,450,000

10 Share premium

The share premium mainly 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 USD 0.25 each to the Cambodian public and selected investors, respectively, at an issue price of USD 2.41per share on 16 June 2014.

NOTES TO THE FINANCIAL STATEMENTS

11 Trade and other payables

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Non-current				
Other payables	810,000	3,276,450	1,170,000	4,767,750
Current				
Trade payables	1,934,925	7,826,772	1,619,582	6,599,798
Amount due to a related party				
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
	9,058,383	36,641,159	14,422,676	58,772,405
	9,868,383	39,917,609	15,592,676	63,540,155

Amount owing to related party is in respect of cash advance received during the year for Company's use in its operation. This amount is unsecured, interest-free and payable upon demand.

12 Borrowings

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Current liabilities				
First Commercial Bank	6,400,000	25,888,000	6,400,000	26,080,000
Taiwan Cooperative Bank	1,812,061	7,329,787	2,242,988	9,140,176
	8,212,061	33,217,787	8,642,988	35,220,176

The effective interest rates of the borrowings are as follows:

	31 December 2020 %	31 December 2019 %
Current liabilities	3.83 – 5.09	5 – 6.13

12.1 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%≥5%. Interest is calculated on the basis of 360 days per year and payable on a monthly basis.

NOTES TO THE FINANCIAL STATEMENTS

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%≥5%.

The loan was subsequently renewed on 4 September 2019 for another one-year term. The annual interest on the loan is the floating rate of six months LIBOR rate plus 3%≥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%≥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:
(a) Letter of guarantee by Mr. Yang Shaw Shin, Director of the Company;
(b) First mortgage on the land owned by Mr. Yang Shaw Shin with title deed No. 12050501-0119, dated on 9 April 2013 located at Phum Chum Pou Voin, Trapaing Por, Sangkat Chom Chao, Khan Dangkor, Phnom Penh, Cambodia; and,
(c) All present and future assets of the Company.

As at 31 December 2020, the outstanding borrowing with First Commercial Bank is USD6,400,000.

12.2 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 for 84 months starting from the date of first drawdown. On 29 November 2017 and 22 December 2017, the Company drawndown USD2,000,000 and USD1,000,000, respectively.

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

The term loan is secured by the following:

a. Letters of guarantee by Mr. Yang Shaw Shin, Director of the Company;

b. First-rank hypothec over the real properties owned by Mr. Yang Shaw Shin (including land(s) and all constructions) as following:

- 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 14,871m2, locate at Phum Chorm Pol, Khum Porpel, Srok Tram Kak, Takeo province, Cambodia.

The term loan is subject to covenant clauses, whereby the Company is required to meet certain key financial ratios. The Company has not met all the key financial ratios as at 31 December 2020, hence the bank is contractually entitled to request immediate repayment of the outstanding loan amount of USD1,812,061. Accordingly, outstanding balance is presented as current liabilities as at 31 December 2020.

The bank has not requested early repayment of the loan as of the date when these financial statements were approved by the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS

13 Revenue

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Recognised at a point in time				
Sales 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	-	-
	119,183,897	482,098,863	169,254,312	685,818,472

14 Cost of sales

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
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
	112,718,107	455,944,743	157,936,710	639,959,549

15 Administrative expenses

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Research and development costs	1,680,714	6,798,489	1,914,035	7,755,670
Personnel costs	1,519,178	6,145,075	1,703,900	6,904,203
Stationeries	73,876	298,828	103,837	420,748
Depreciation	52,138	210,898	100,251	406,217
Professional service fees	209,185	846,153	78,558	318,317
Tax and other expenses	78,757	318,572	54,343	220,198
Traveling	31,508	127,450	36,598	148,295
Repairs and maintenance	23,627	95,571	34,998	141,812
Postage and stamp	28,061	113,507	32,681	132,423
Property insurance	31,425	127,114	23,799	96,434
Equipment rental*	17,670	71,475	16,980	68,803
Donation	1,200	4,854	10,000	40,520
Entertainment	2,399	9,704	6,310	25,568
Utilities	4,200	16,989	4,200	17,018
Others	191,681	775,350	233,901	947,766
	3,945,619	15,960,029	4,354,391	17,643,992

*Represents low value assets charged to profit and loss.

NOTES TO THE FINANCIAL STATEMENTS

16 Distribution costs

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Custom and document fees	1,653,799	6,689,617	2,842,038	11,515,938
Freight outwards	168,385	681,117	2,821,368	11,432,183
	1,822,184	7,370,734	5,663,406	22,948,121

17 Finance costs

This amount represents the interest expense on the outstanding borrowings.

18 Taxation

18.1 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 of 1%, whichever is higher. Owing to its qualified investment project status, the Company is exempt from paying minimum tax. As of the reporting date, the Company is still in the process of obtaining Certificate of Compliance from the Council for the Development of Cambodia for the year ended 2018. The Management strongly believes that the certificate can be obtained which will enable the Company to enjoy exemption from minimum tax.

The Company is also exempt from paying prepayment tax on income as the imposition of this tax is temporarily suspended until the end of year 2022 as per Prokas No. 1130MEF.Prk dated on 27 October 2017 issued by the Ministry of Economy and Finance.

The Company's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations for many types of transactions is susceptible to varying interpretations, the amounts reported in the financial statements could change at a later date upon final determination by the tax authorities.

On 27 March 2019, the Company has submitted a request letter to the General Department of Taxation ("GDT") to delay the payment of income tax balance for the year ended 31 December 2018 amounted to KHR1,173,051,595 (USD293,762) until May 2019. The request was approved by the GDT via a letter dated 12 April 2019.

On 23 and 30 July 2019, the Company has submitted a request letter to the GDT to offset the income tax balance for the year ended 31 December 2018 abovementioned with the VAT credit and overpayment amounting to KHR4,162,728,512 (USD1,040,682) and KHR235,505,120 (USD58,876), respectively. The Management strongly believes that the request will be approved by the GDT, hence the income tax balance remain unpaid as of the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

A reconciliation between accounting profit before tax and estimated taxable income for the years ended 31December 2020 and 2019 follows:

	For the year ended 31 December 2020 USD	KHR'000 (Note 3.2)	For the year ended 31 December 2019 USD	KHR'000 (Note 3.2)
Profit before income tax	551,036	2,228,941	1,028,325	4,166,772
Income tax expense at applicable tax rate of 20% (2018: 20%)	110,207	445,788	205,665	833,354
Tax effects in respect of:				
Non-allowable expenses	41,373	167,354	15,751	63,823
Under provision in respect of prior years	153,639	621,470	-	-
Other movements	(44,479)	(179,918)	(53,601)	(217,191)
Income tax expense	260,740	1,054,694	167,815	679,986
Tax expense comprise:				
Estimated current income tax expense	260,740	1,054,694	23,349	94,610
Deferred tax expense	-	-	144,466	585,376
	260,740	1,054,694	167,815	679,986

18.2 Income tax payables

	31 December 2020 USD	KHR'000 (Note 3.2)	31 December 2019 USD	KHR'000 (Note 3.2)
Opening balance	290,502	1,183,796	358,559	1,450,371
Income tax expense	206,740	1,054,694	23,349	94,610
Income tax paid	(263,318)	(1,065,121)	(91,406)	(370,377)
Currency translation differences	-	(8,716)	-	9,192
	287,924	1,164,653	290,502	1,183,796

18.3 Deferred tax liabilities

The movements of deferred tax liabilities in respect of property, plant and equipment as well as intangible assets during the financial year are as follow:

	31 December 2020 USD	KHR'000 (Note 3.2)	31 December 2019 USD	KHR'000 (Note 3.2)
Balance at 1January	572,107	2,331,336	427,641	1,729,808
Recognised in profit or loss (Note 18.1)	-	-	144,466	585,376
Exchange differences	-	(17,163)	-	16,152
	572,107	2,314,173	572,107	2,331,336

NOTES TO THE FINANCIAL STATEMENTS

18.4 Taxation contingencies

As at the reporting date, The Company has not yet received notification of any tax reassessment audit for the financial periods from 31 December 2014 to 2017.

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 tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

19 Dividends

	For the year ended 31 December 2020			For the year ended 31 December 2019		
	Dividend per share	Amount of dividend		Dividend per share	Amount of dividend	
	KHR	KHR'000	USD	KHR	KHR'000	USD
Dividend paid	-	-	-	60	2,400,000	600,000

On 2 August 2019, the Board of Directors approved the declaration of dividend in respect of the year ended 31 December 2018 of KHR60 per share, amounting to a total dividend of KHR2,400 million (equivalent to USD600,000). The dividend was subsequently paid on 12 August 2019.

In this year, there is no dividend paid.

20 Earnings per share

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Profit attributable to ordinary equity holders	290,296	1,174,247	860,510	3,486,786
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	0.087
Diluted earnings per share	0.007	0.029	0.022	0.087

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 year end. As such, the diluted earnings per share is equivalent to the basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

21 Related party balance and transactions

The following balances are outstanding with the related parties:

	Relationship		31 December 2020 USD	31 December 2020 KHR'000 (Note 3.2)	31 December 2019 USD	31 December 2019 KHR'000 (Note 3.2)
Amount 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	105,163	425,385	23,501	95,767
Quint Major Industrial Co.,Ltd.	Common control	Trade receivables	26,568	107,468	161,927	659,853
			47,178,180	190,835,739	53,728,573	218,943,936
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
			4,958,784	20,058,281	10,787,369	43,958,529

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 year:

	For the year ended 31 December 2020 USD	For the year ended 31 December 2020 KHR'000 (Note 3.2)	For the year ended 31 December 2019 USD	For the year ended 31 December 2019 KHR'000 (Note 3.2)
Common control				
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 fixed assets	3,701	14,972	12,143	49,202
Cash collection	48,243,359	195,144,385	61,535,026	249,339,925
Off-set with trade receivables	74,047,105	299,520,540	99,066,640	401,418,025
Off-set 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 income	265,656	1,074,580	161,927	656,128
Repayment	17,456,949	70,613,357	14,970,000	60,658,440

NOTES TO THE FINANCIAL STATEMENTS

22 Reconciliation of liabilities arising from financing activities

	1 January 2020	31 December 2020 Cash flows Drawdown	Repayment	31 December 2020	
	USD	USD	USD	USD	KHR'000
Borrowings					
First Commercial Bank	6,400,000	13,830,000	(13,830,000)	6,400,000	25,888,000
Taiwan Cooperative Bank	2,242,988	-	(430,927)	1,812,061	7,329,787
	8,642,988	13,830,000	(14,260,927)	8,212,061	33,217,787

	1 January 2019	31 December 2019 Cash flows Drawdown	Repayment	31 December 2019	
	USD	USD	USD	USD	KHR'000
Borrowings					
First Commercial Bank	4,400,000	13,960,000	(11,960,000)	6,400,000	26,080,000
Taiwan Cooperative Bank	2,616,927	-	(373,939)	2,242,988	9,140,176
	7,016,927	13,960,000	(12,333,939)	8,642,988	35,220,176

23 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost under CIFRS 9 and financial liabilities categorised as other liabilities measured at amortised cost:

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Financial assets				
Amortised cost				
Trade and other receivables*	47,073,017	190,410,354	53,705,072	218,848,169
Cash and cash equivalents	974,600	3,942,257	641,825	2,615,437
	48,047,617	194,352,611	54,346,897	221,463,606

* Excludes VAT receivables and prepayments

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Financial assets				
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
	17,749,599	71,797,128	23,900,084	97,392,842

** Excludes withholding tax payables

NOTES TO THE FINANCIAL STATEMENTS

24 Transactions with key management personnel

In the previous year, the key management's (i.e., Chairman, Chief Executive officer, Chief Finance Officer and directors) remuneration was amounted to USD81,200 (KHR 329,022,400).

There was no key management's remuneration paid or payable during the year.

25 Commitments

At the end of the current financial year, the Company has commitments for capital expenditure in respect of the construction of a new research office building entered into with 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.

26 Financial risk management objectives and policies

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

The Board of Directors is 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 Board of Directors.

The main areas of financial risks faced by the Company and its policies in respect of the major areas of treasury activities are set out below:

26.1 Credit risk

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

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

<u>Receivables</u>
The net carrying amount of receivables is considered a reasonable approximation of fair value.

The Company applies the CIFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed individually by benchmarking the risk characteristics of customers to external rating as published by international credit rating agency, and the corresponding default rates are being used to compute ECL.

The Company believes that no impairment allowance is necessary in respect of its trade receivables because they are related parties with good collection track record and no recent history of default.

NOTES TO THE FINANCIAL STATEMENTS

Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable local banks.

26.2 Liquidity and cash flow risk

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

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

The maturity analysis for financial liabilities that shows the remaining contractual maturities based on undiscounted cash flows is as follows:

	On demand or within one year	One to five years	Over five years	Total	
	USD	USD	USD	USD	KHR'000
31 December 2020					
Borrowings	8,472,875	-	-	8,472,875	34,272,779
Trade and other payables	8,727,538	810,000	-	9,537,538	38,579,341
	17,200,413	810,000	-	18,010,413	72,852,120

	On demand or within one year	One to five years	Over five years	Total	
	USD	USD	USD	USD	KHR'000
31 December 2019					
Borrowings	8,953,009	-	-	8,953,009	36,483,512
Trade and other payables	14,087,096	1,170,000	-	15,257,096	62,172,666
	23,040,105	1,170,000	-	24,210,105	98,656,178

26.3 Interest rate risk

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

The exposure of the Company to interest rate risk arises primarily from loans and borrowings. 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.

NOTES TO THE FINANCIAL STATEMENTS

Sensitivity analy sis for interest rate risk
The following table demonstrates the sensitivity analysis of the Company if interest rates at the end of reporting period changed by 100 basis points with all other variables held constant:

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Profit net of tax				
- Increased by 1% (2019: 1%)	(65,696)	(265,742)	(69,144)	(281,761)
- Decreased by 1% (2019: 1%)	65,696	265,742	69,144	281,761

26.4 Foreign currency risk

The foreign currency exchange risk of the Company arises from the transactions denominated in foreign currencies.

During the year ended 31 December 2019, the Company's exposure to risk normally from changes in foreign currency exchange rates is minimal as most of its transactions are conducted in USD.

27 Capital management

The primary objective of the Company's capital management is to ensure that the Company would be able to continue as a going concern whilst maximising the return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Company remains unchanged from that in the previous financial year.

The Company manages its capital structure and makes adjustments to it, in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the dividend payments to shareholders, return of capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2020.

The Company monitors and maintains a prudent level of total debts and to ensure compliance with any externally imposed capital requirements.

28 Fair value measurement

28.1 Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value.

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of their fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

(ii) Non-current payable

The fair value of this financial instruments is estimated by discounting expected future cash flows at market incremental leading rate for similar types of instrument at the end of the reporting period.

29 Events after the reporting date

No adjusting or significant non-adjusting events have occurred between the 31 December 2020 reporting date and the date of authorisation of these 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 30 January 2020, the World Health Organization ("WHO") declared an international health emergency due to the outbreak of COVID-19 virus. Since 11 March 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.

NOTES TO THE FINANCIAL STATEMENTS

31 Authorisation of the financial statements

The financial statements as at and for the year ended 31 December 2020 were approved for issue by the Board of Directors on 30 March 2021.