



GRAND TWINS INTERNATIONAL (CAMBODIA) PLC.



REPORT OF THE SECOND QUATER OF 2022

As at ended 30 June 2022

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



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

Grand Twins Internation (Cambodia)Plc.

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

Our Slogan

“You Wear, We Care”

Our Vision

- Performance Upgrading
- Quality Improving
- Technology Placing

Our Mission

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

Grand Twins Internation (Cambodia)Plc.

“A Leading Garment Manufacturerer

In the Kingdom of Cambodia”

Company's Strengths

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

Business Strategies and Future Plan

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

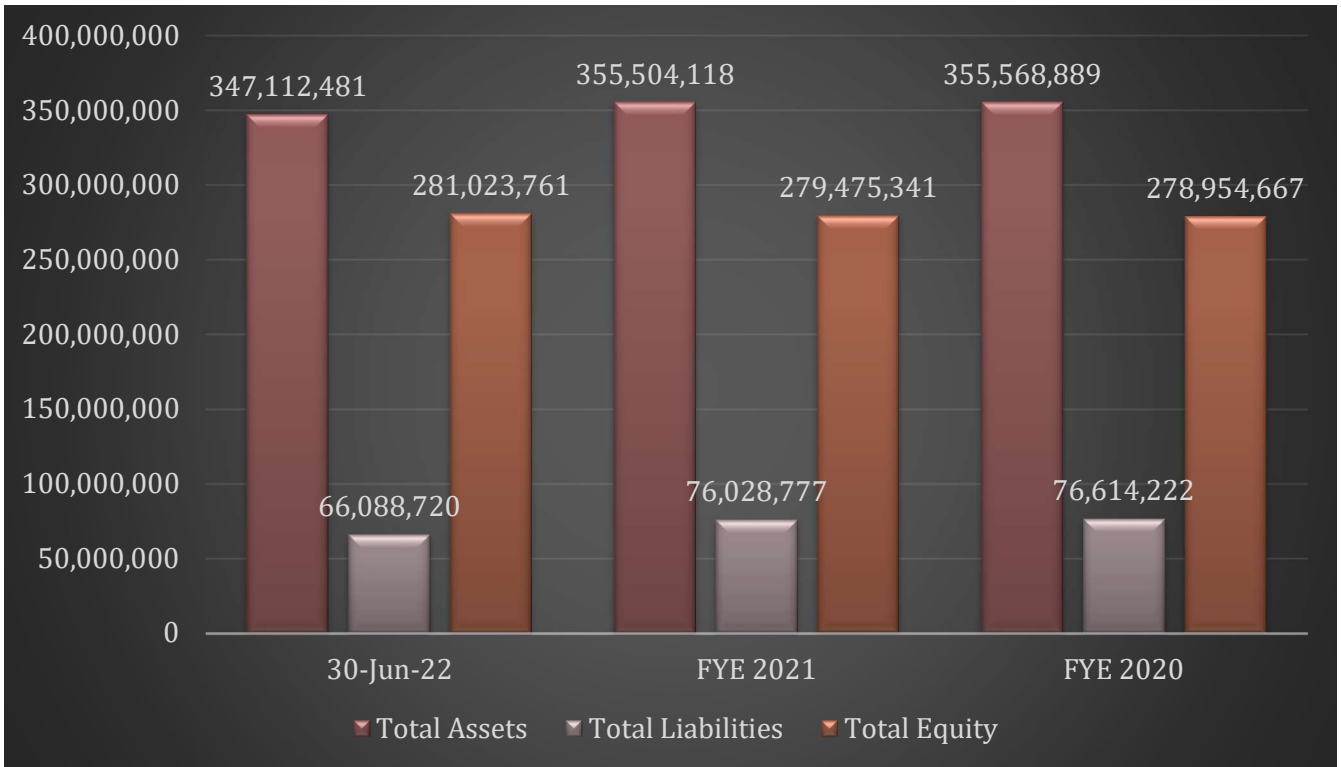
**KEY DATA AND INDICATOR
FOR
THE SECOND QUARTER OF 2022**

CONDENSED INTERIM FINANCIAL STATEMENTS FOR Q2 OF 2022 & Q2 OF THE PREVIOUS YEARS

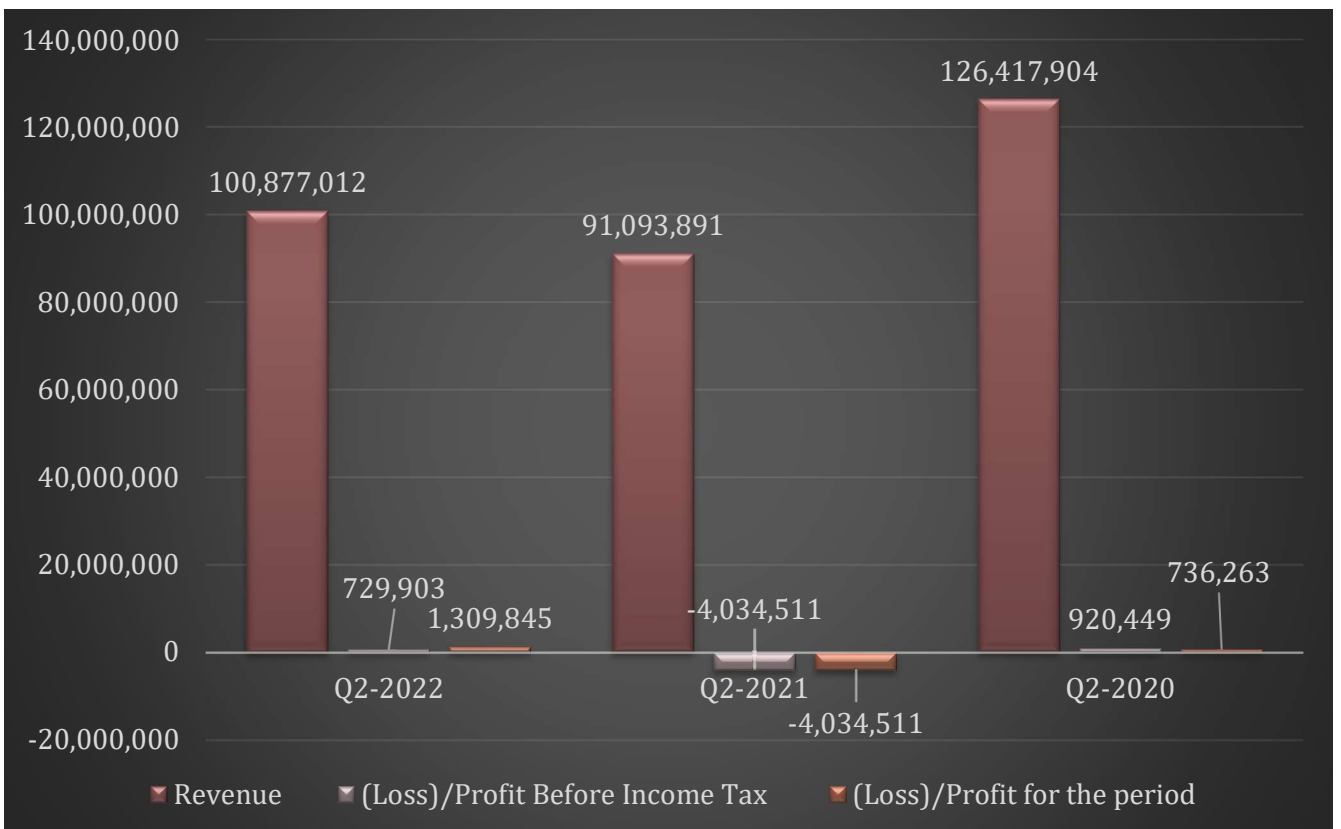
Description		30 June 2022	FYE 2021	FYE 2020
		KHR'000	KHR'000	KHR'000
Financial Position				
Total Assets		347,112,481	355,504,118	355,568,889
Total Liabilities		66,088,720	76,028,777	76,614,222
Total Equity		281,023,761	279,475,341	278,954,667
Comprehensive Income		30 Jun 2022	30 Jun 2021	30 Jun 2020
Revenue		100,877,012	91,093,891	126,417,904
(Loss)/Profit Before Income Tax		729,903	-4,034,511	920,449
(Loss)/Profit for the period		1,309,845	-4,034,511	736,263
Comprehensive Income for the period		1,309,845	-4,034,511	736,263
Financial Ratio		30 June 2022	FYE 2021	FYE 2020
Solvency Ratio		80.96%	78.61%	78.45%
Liquidity	Current Ratio	4.63	4.16	4.27
Ratio	Quick Ratio	2.83	2.67	2.94
		30 June 2022	30 June 2021	30 June 2020
Profitability	Return on Assets	0.38%	-1.27%	0.20%
Ratio	Return on Equity	0.47%	-1.47%	0.26%
	Gross Profit Margin	5.86%	1.12%	5.65%
	Profit Margin	1.30%	-4.43%	0.58%
	(Loss)/Earnings Per Share	32.75	-100.86	18.41
Interest Coverage Ratio		3.12	-14.74	3.28
Dividend Yield (if any)		-	15	15
Others Financial Ratio (if any)		-	-	-

COMPREHENSIVE INCOME FOR Q2 OF 2022 AND Q2 OF THE PREVIOUS YEARS

(In KHR'000)



(In KHR'000)



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

COMPOSITION OF BOARD OF DIRECTORS



Mr. Yang Shaw Shin

Chairman of the board of directors



Mr. Chen Tsung-Chi

Executive Director and
Chief Executive Officer



Mr. Ly Kun Thai

Independent Director



Mr. Huang Tung-Fu

Non-Executive Director



Ms. Wang Yi Ting

Non-Executive Director

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

THE STATEMENT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS



Mr. Yang Shaw Shin
Chairman

We, the board of directors of Grand Twins International (Cambodia) Plc. (“GTI” or “Grand Twins” or the “Company”), are pleasure to present the interim condensed financial report for Q2 of 2022 as at 30 June 2022 of the Company.

Efficiency on customer services

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

We continuously to maintain good relationship with our main customer namely Addida, in order to received more purchase order in 2022, meanwhile, we continuously collaborate with other customers to increase our other revenues such as from subcontract and CMP to stablized and gain higher revenue than previous year.

Financial performance highlighted for Q2 of 2022

In Q2 of 2022 as at 30 June 2022 Grand Twins has generated KHR100,877 Millions (USD24.853 Millions), and interpreted to profit before tax of KHR 730 Millions (USD 179,823) and the profit after of KHR 1,310 Millions (USD 322,701) respectively. It has figured in slightly increase comparing to Q2 of the previous years.

Expectation for further quarter s of 2022

For further quarters of 2022, we will commit to keep more effort to enhance our corporate governance and accomplish our vision and mission. Our target is to archieve higher profit more than previous years.

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

Phnom Penh, Dated: 15 August 2022
Signature and stamp

Chairperson of the Board of Directors

Mr. Yang Shaw Shin

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

The board of the directors of the Company is gladly present the interim condensed financial report of Q2 of 2022 of the Company and the reviewed financial information as at 30th June 2022.

Principal activities

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

Financial Performance

The financial performance for the quarter end 30th June 2022, is disclosed in the interim report in section 6 "Interim Condensed Financial Report" of independent auditor

	In KHR '000'	US Dollar
Total Revenue	100,877,012	24,852,676
Profit before income tax	729,903	179,823
Profit for the period	1,309,845	322,701

Assets

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

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

Valuation methods

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

Contingent and other liabilities

At the date of this report there does not exist:

- Any charge on the assets of the Company that has arisen since the end of the year which secures the liabilities of any other person as quarter ended 30th June 2022; or
- Any contingent liability in respect of the Company that has arisen.

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

Change of circumstances

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

Items of an unusual nature

In the opinion of the management, the results of the operations of the Company presented in the Company's financial statements for the quarter ended 30th June 2022, have not been substantially affected by any item, transaction or event of a material and unusual nature. In the opinion of the Director, there have not been any item, transaction or even of a material and unusual nature likely, to affect substantially the results of the operations of the Company.

Event after the balance sheet date

Other than those events disclosed in the Note to the financial statements, there has not arisen any item transaction or event of a material and unusual nature likely to affect substantially the interim financial performance of our Company for the quarter ended 30th June 2022.

The Director's Responsibility for the Financial Statements

The Director is responsible for ensuring that the financial statement are properly drawn up so as to present fairly. In all materials aspects, the financial position of the company as at for the quarter ended 31st March 2022 of it interim financial performance and cash flow for the years and period then ended.

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

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

The directors of the Company do hereby confirm that the interim condensed financial statements, together with the notes thereto, present fairly, in all material respects the financial position of the Company for the quarter of 2022 as at 30th June 2022 and its financial performance and cash flows for the years and period then ended in accordance with Cambodian Accounting Standards.

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

STATEMENT OF THE CHIEF EXECUTIVE OFFICER



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

I, the undersigned, the authorized representative of Grand Twins, have a great honored and pleasure to present our interim condensed financial report for Q2 of 2021 as at 30th June 2022. In this Q2 of 2022, the Company has generated total revenue of KHR100,877 Millions (USD24.853 Millions), and interpreted to profit before tax of KHR 730 Millions (USD 179,823) and the profit after of KHR -1,310 Millions (USD 322,701) respectively.

Financial performance for Q2 of 2022 and Q2 of the previous years

(In KHR'000)



Highlighted financial performance for Q2 of 2022

For Q2 of 2021, we have generated in total revenue of KHR100,877 Millions (USD24.853 Millions) in which the sale of products have accounted of KHR100,117 Millions (USD24.665 Millions) and the revenue from subcontract of KHR760 Millions (USD187,273) respectively. We had not generated the revenue from CPM for Q2 of 2022.

Expectation for further quarters of 2022

For further quarters of 2022, we will commit to keep more effort to enhance our corporate governance and accomplish our vision and mission. Our target is to achieve higher profit more than the previous years.

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

Phnom Penh, Dated: 15 August 2022
Signature and stamp
Chief Executive Officer

Mr. **Chen Tsung-Chi**

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1. GENERAL INFORMATION OF GRAND TWINS

COMPANY OVERVIEW



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

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

Standard Code : KH1000020003

Address : Phum Tra Pang Por, Sangkat Chom Chau, Khan Posenchey, Phnom Penh, Cambodia

Telephone Numeber : (855) 23 890 325

Fax : (855) 23 890 326

Website : www.Grandtwins.com.kh

Email : vuthy.phuong@qmico.com

Business Registration No : 00012347

Date : 15 Nov 2007

Business License No. : N/A

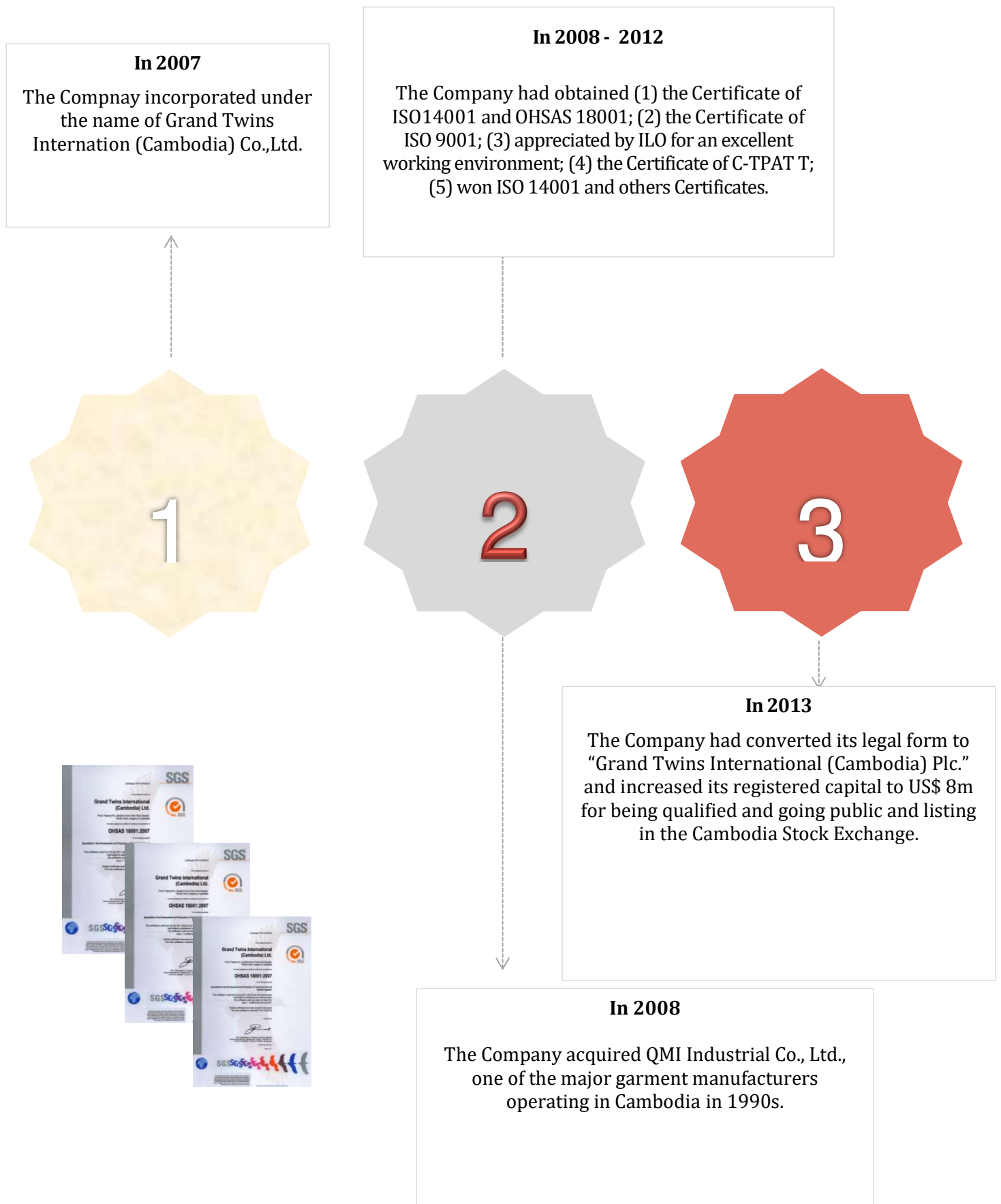
Date : N/A

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

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

Position : Chief Executive Officer

COMPANY OVERVIEW





In 2014

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

In 2015 - 2021

The Company had resolved and approved to distribute the 7th dividend in cash to the shareholders and held the 7th General Meeting of the Shareholders since the Company's official listing on the CSX.

4

5

6

In 2022

The board of directors had resolved and approved to distribute the 8th dividend in cash to the shareholders on 31st May 2022 and the 8th General Meeting of the Shareholders was held on 30th June 2022.



COMPANY OVERVIEW

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

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

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

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

We have produced numberious sportwear for Adidas Group. As for Q2 of 2022, Adidas constandly preserve as our major customer.

We purchases raw materials from Taiwan, China, Thailand and Vietnam. In Q2 of 2021, our export destinations include include countries in Europe 60%, United State 23%, Asia and other countries 17% of total revenue in Q2 of 2022. In Q2 of 2022, Europe becomes our export major market.

We have a specialized management team who has many years of experience in the apparel industry, as well as advanced manufacturing technology to ensure production efficiency. Up quarter ended 30 June 2022, GTI has 3,416 employees. Our factory land is 32,341 square meters (there are 2 buildings with two floors in total of 21,620 square meters). A new build three-floor building, has completed the construction in 2015 that use for raw material warehouse. In end of 2017, we had invested almost USD 5 Millions on our Research and Development Center to be improve and gain more convenience for immediatly respond our clients required.

Major customers

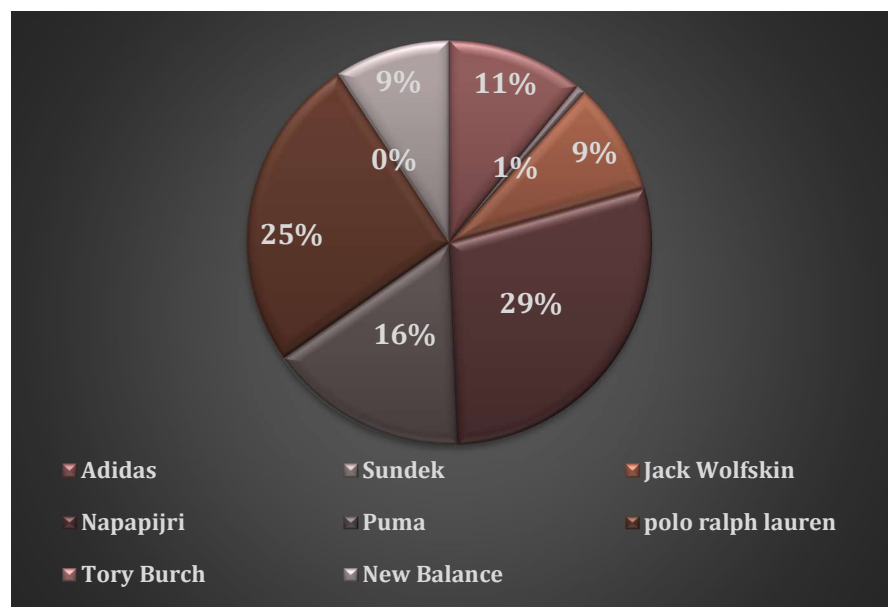
We have produced numerous sportswear for Adidas Group. As for Q1 of 2022, Adidas constantly preserves as our major customer. According to Adidas's Annual Report 2021 dated 09 March 2022, the result of 2021 was a much better year than 2020. On the back of successful vaccination campaigns around the globe, the worldwide economy started to recover. Sport returned to the global stage, with the UEFA EURO 2020 football tournament and the Tokyo 2020 Olympics finally taking place, creating huge excitement around the world. That said, the covid-19 pandemic continued to impact lives and businesses across the globe. At Adidas, we delivered a set of strong results despite heavy disruptions in supply and demand, with currency-neutral sales up 16% to more than € 21 billion and a net income from continuing operations of € 1.492 billion – an improvement of more than € 1 billion compared to the previous year. In addition, we launched our new 2025 strategy 'Own the Game' which will set us up for long-term success in this attractive industry.

The global outbreak of the coronavirus in 2020 continued to impact our store network in 2021 with a significant number of temporary store closures – both own and partner-operated, with some markets more heavily impacted than others. The pronounced traffic reduction within the store fleet had a negative impact on our sales development.

To meet the challenges we had to face in our business, we continued our focus on e-commerce, as the one fully operational store at all times. Through targeted consumer marketing, exclusive product launches, and prioritized supply chain management we continued our sales efforts to drive continued e-commerce growth even as the overall environment normalized and despite facing significantly higher sales compared to prior year periods. In 2021, we continued the rapid acceleration of digital tools and omni-channel services. We also leveraged our digital capabilities to allow for safe and convenient shopping experiences when stores reopened. Health and safety guidelines and processes were a priority to protect our staff and consumers and to ensure our consumers felt safe upon returning to our stores.

(Source: Adidas's annual report 2021 dated 09 March 2022)

Grand Twins's customers as in Q2 of 2022 as the following:



Main products

Sportswear

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



Water-Resistant Clothing

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

Outdoor Clothing

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



Functional Clothing

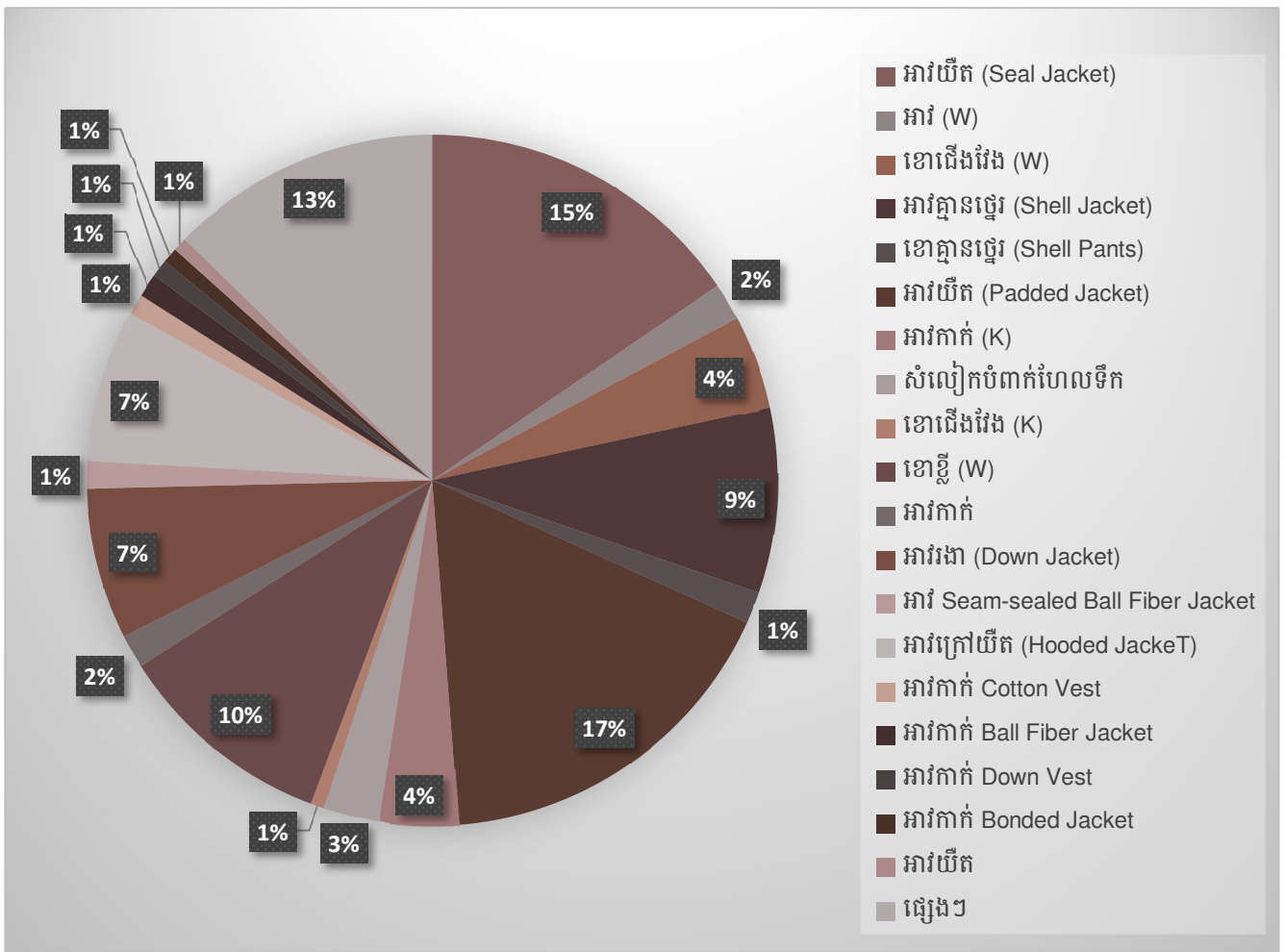
This category represents one of our major products to United States and Canada market.

Sale volumn of mix products

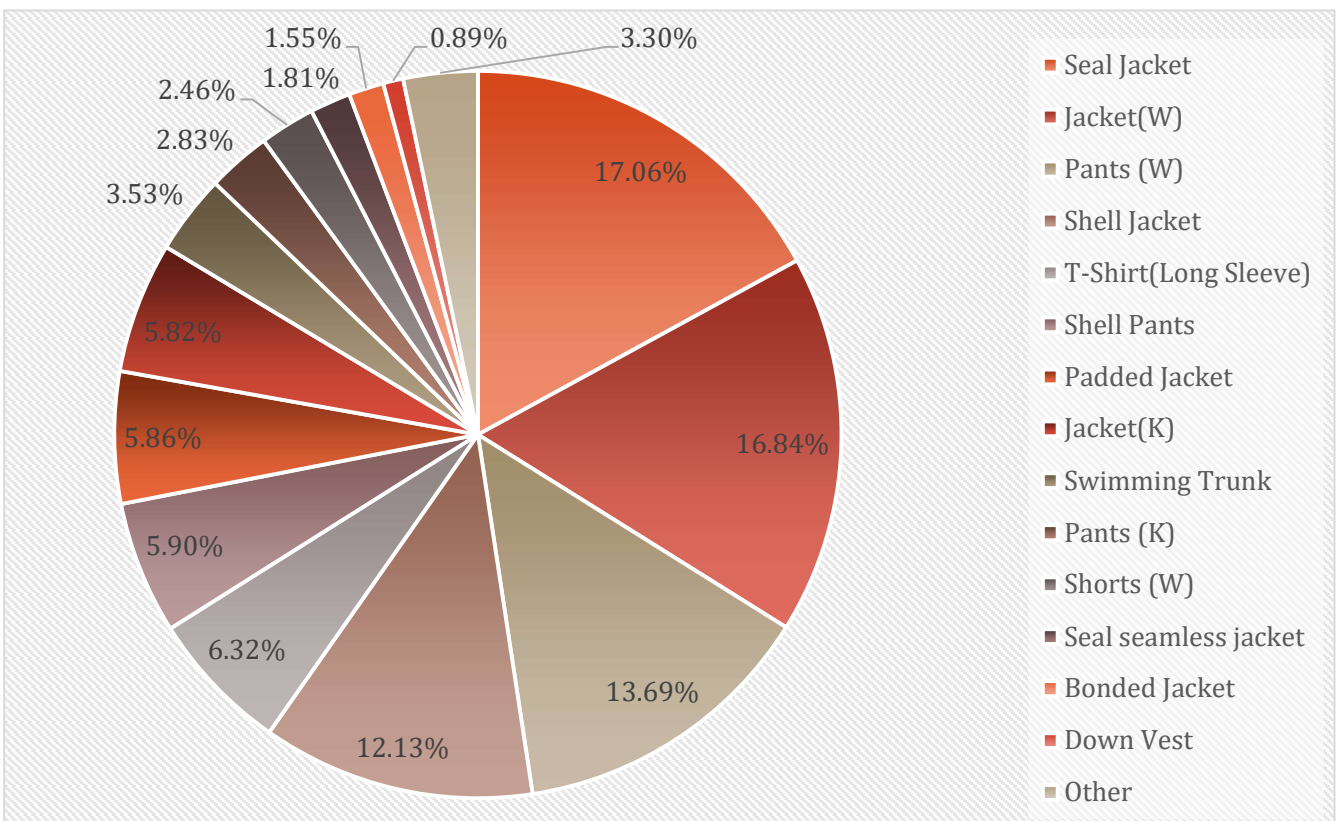
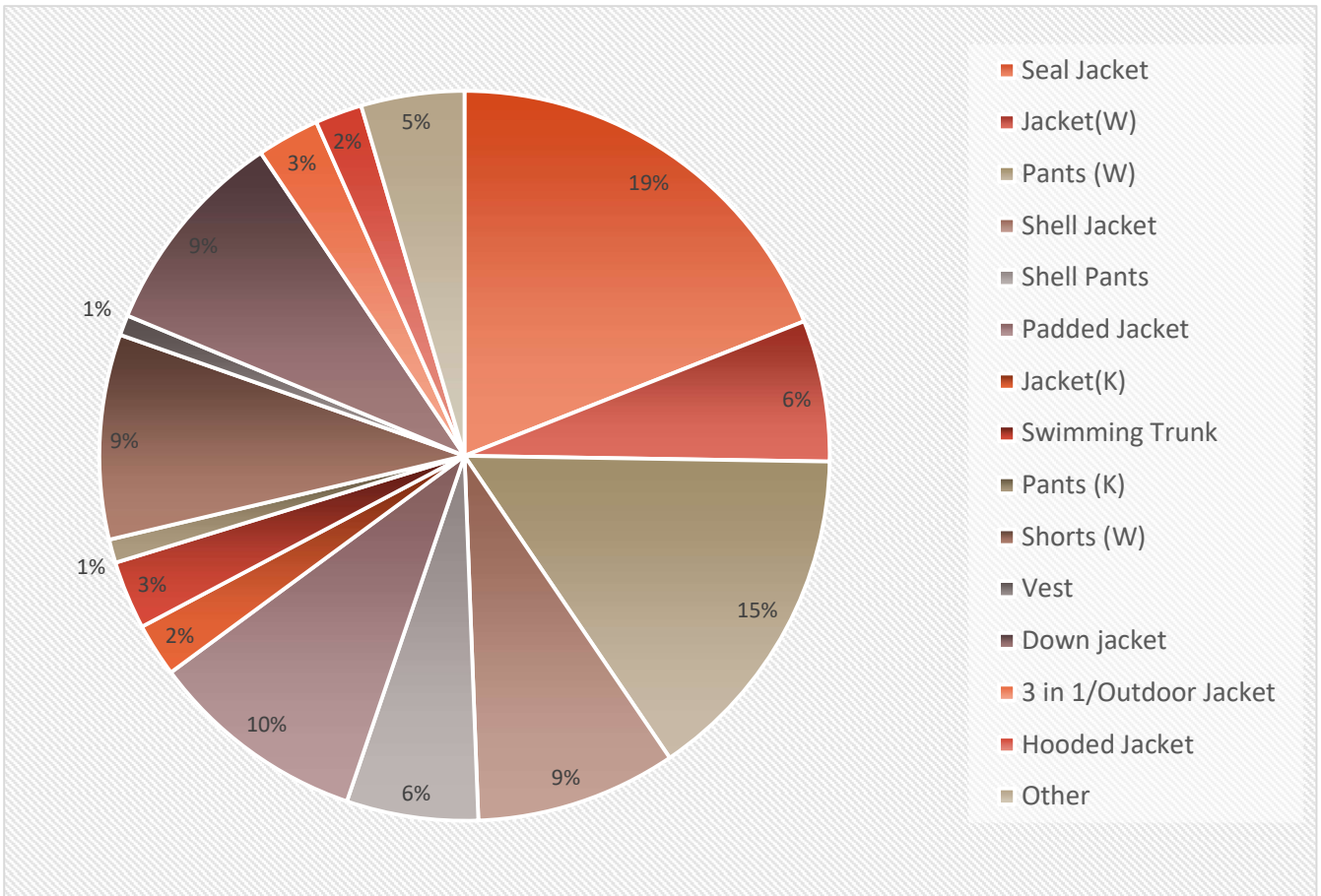
Sale volume of mix products in the Q2 of 2022

Description	Q2 of 2022 As at 30 th June 2022	
	Amount	%
Seal Jacket	3,846,724	15.48%
Jacket(W)	432,867	1.74%
Pants (W)	1,094,845	4.41%
Shell Jacket	2,150,787	8.65%
Shell Pants	368,889	1.48%
Padded Jacket	4,229,712	17.02%
Jacket(K)	915,782	3.68%
Swimming Trunk	650,518	2.62%
Pants (K)	156,807	0.63%
Shorts (W)	2,546,589	10.25%
Vest	389,900	1.57%
Down jacket	1,759,301	7.08%
Seam-sealed Ball Fiber Jacket	317,253	1.28%
Hooded Jacket	1,779,870	7.16%
Cotton Vest	237,017	0.95%
Ball Fiber Jacket	275,211	1.11%
Down Vest	202,345	0.81%
Bonded Jacket	178,341	0.72%
T-Shirt	159,045	0.64%
Other	3,160,873	12.72%
Total (In USD)	24,852,676	100%

Graphic on sale volume of mix products of the Q2 of 2022

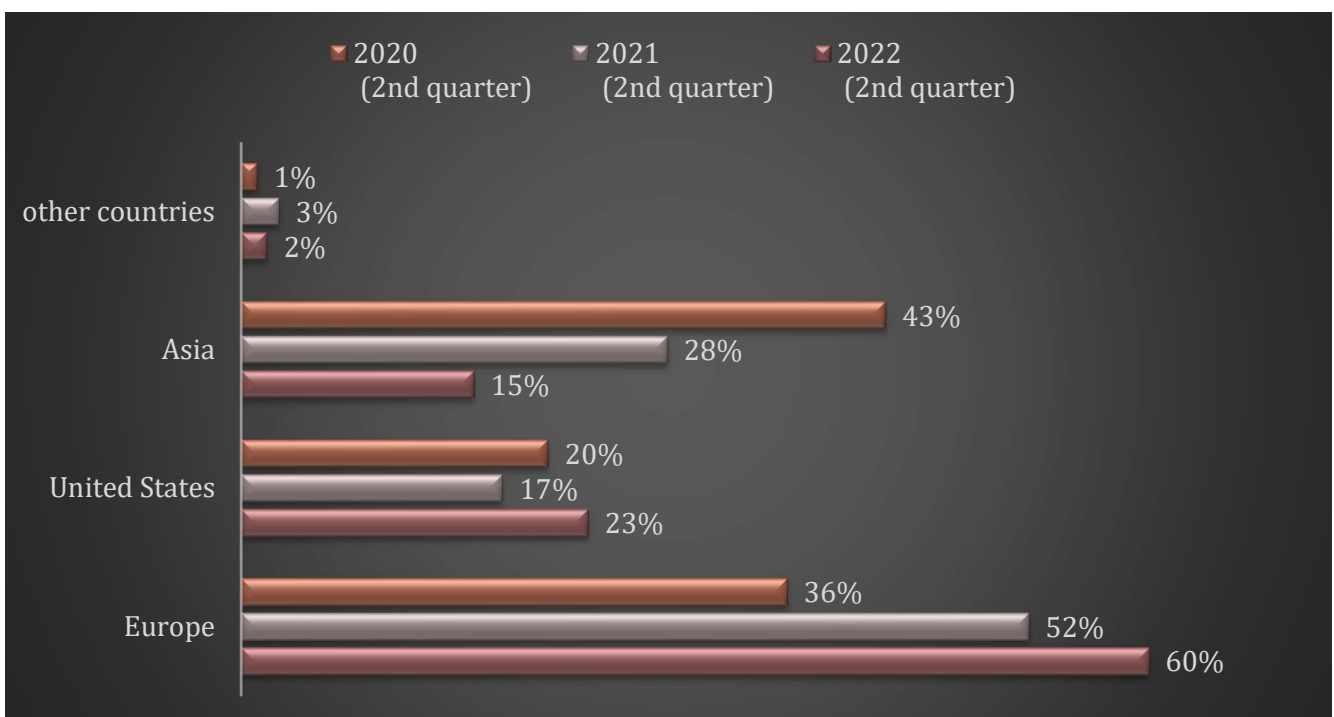


Sale volume of mix products of the Q2 of 2021 and Q2 of 2020



Our Company's markets

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



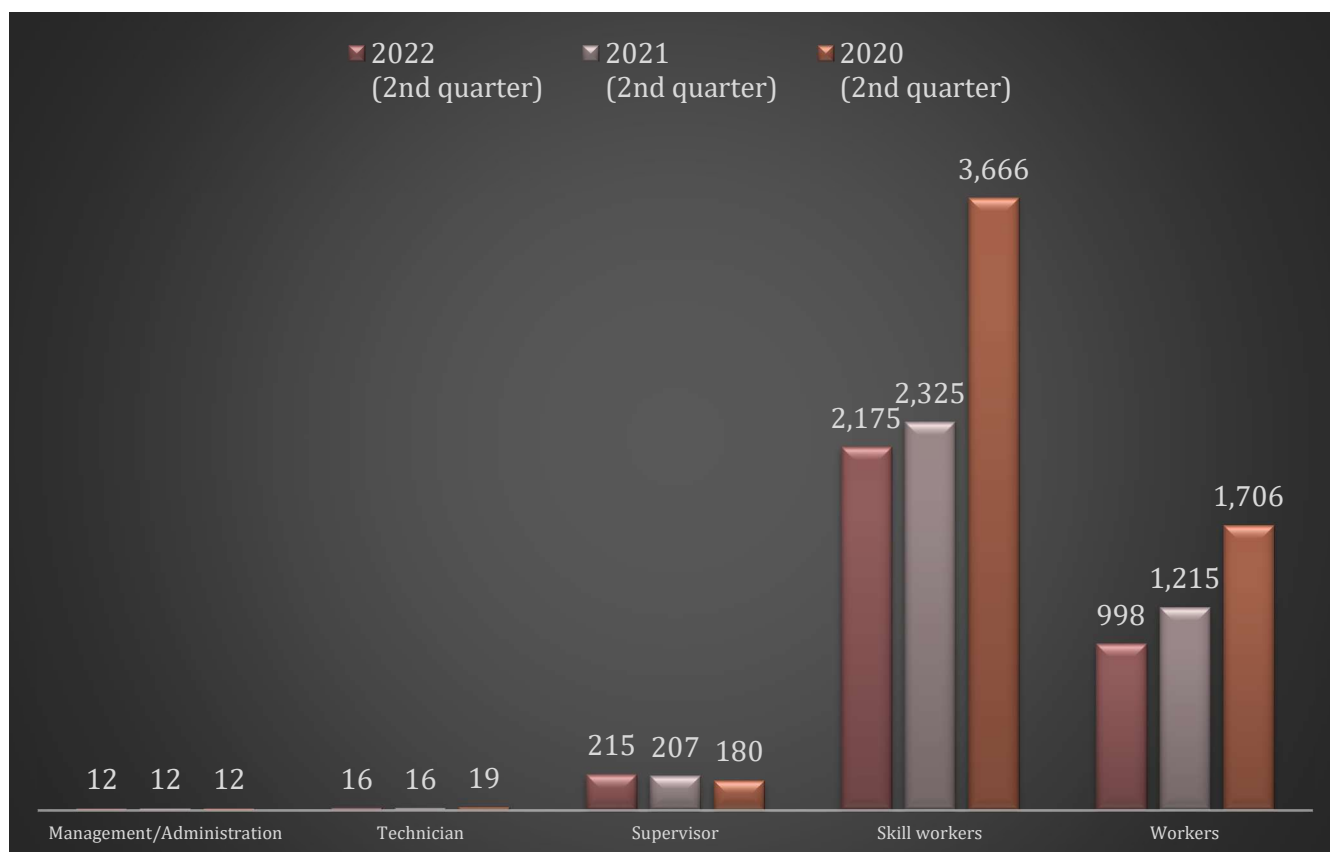


Number of Full Time Employees

In the Q2 of 2022 as at 30th June 2022, we employ 3,416 full- time employees. Our sales employees are paid an hourly wage, plus commission. Bonuses are provided with each year of service following an annual review to encourage employee retention depending on criteria such as experience or involvement in the industry, designation and role in the applying company, and management systems. Our Human Resource Management System plays an important role for our productivity measures, for providing opportunities for employees to develop skills and expertise, for our focus on achieving outcomes and maintaining and improving productivity, and fair recruitment, effectiveness of grievance and disciplinary procedures, and for our focus on remuneration of employees, performance evaluation, employee development training. management of turnover rate, employment involvement and worker-management relationship. We enjoy loyalty from our employees and more than 35% of our employees have stayed with us for more than five years.

As the following the functional distribution of our full-time employees for the Q2 of 2022 as at 30th June 2022, Q2 of 2021 as at 30th June 2021 and Q2 of 2020 as at 30th June 2020:

Description	Q2-2022	Q2-2021	Q2-2020
Management/ Administration	12	12	12
Technician	16	16	19
Supervisor	215	207	180
Skill workers	2,175	2,325	3,666
Workers	998	1,215	1,706
Total	3,416	3,775	5,583



Cambodia Garment Status

Economic Growth of Asia EU, USA and other regions

According to Eurostat, the statistical office of the European Union dated 31 July 2020, Western Europe GDP was 12.1% and 11.9 in EU in 2019, described 3.6% for Western Europe GDP and 3.2% for EU GDP. Western Europe GDP will be expected 15% and 14.4% for EU GDP. Whereby American GDP was at 2.5% in 2019 and expected to increasing to 2.9% in 2020. In the mean time, global GDP was 3.9% in 2019 that keep the same figure of GDP 4.9% in 2020. The GDP of both regions were declined compared to previous years. These two region are the main sales region of our company, especially with the declining in GDP will have significant impact to company revenue in 2020.

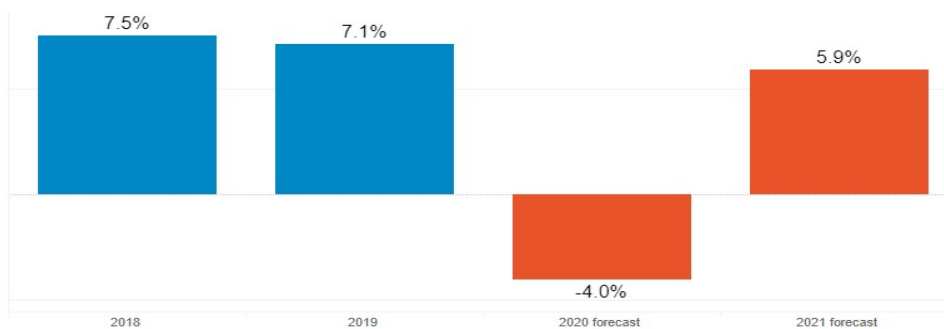
source:

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

Cambodia's Economic Status

In recently year, cambodia's economic status raise to lower-middle income by the growth on economic. Cambodian economy has continued its high growth path as real GDP expanded by 7.5% in 2018 and 7.1% in 2019. Cambodia's economy remains in a "robust" condition but economic growth is projected to slow slightly in 2019 compared to last, mainly due to weaker than expected external demand, according to a World Bank. However, the bank's expert said the 4% growth rate in 2020 lower than in 2019 is still considered high and the economy remains strong.

Cambodia GDP



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

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

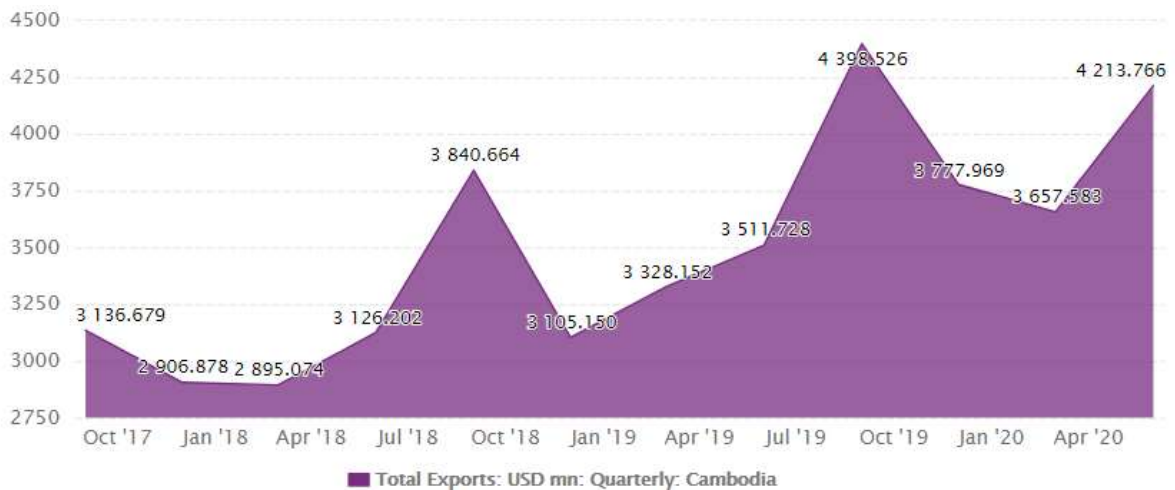
Cambodia Export in 2020

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

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

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

Graphic of Cambodia Export



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

Cambodia Competition with Neighbor Countries in Garment Sector

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

Our competitiveness

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

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

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

Our competitive strengths

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

QMI Industrial Co., Ltd is one of the major garment manufacturers in Taiwan. It has many affiliates throughout South East Asia and China. As a supplier for world renowned apparel companies, we are required to comply with lots of rules and guidelines. Among those, payment processing and raw material purchasing are critical factors. Adidas has instructed us to purchase raw material from specific suppliers through various parts of the world. As a result, in order to strengthen our bargaining power with the suppliers, we have formed an alliance with QMI Industrial Co., Ltd to purchase raw material. This alliance allows us to purchase raw material at relatively low cost due to the high volume that both of us purchase for production. Furthermore, Adidas requires the payment to be processed through one of the two banks in Hong Kong: Standard Chartered Bank and HSBC Bank. Since there is neither branch of this bank in Cambodia, QMI Industrial Co., Ltd has facilitated the payment for us. In return, QMI Industrial Co., Ltd charges us 6% of total order for this relationship.

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

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

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

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

4. We are trusted and reliable manufacturer

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

5. We have an experienced management team

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

6. We enjoy geographical diversification of market for our products

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

7. We have introduced "down" technology

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

The Company Business Strategies

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

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

2. We ensure that we respond to customers' needs

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

3. We ensure efficiency in production and delivery

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

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

4. We ensure that our quality is excellent

Our success relies heavily on our ability to deliver high quality products consistently to our customers. To achieve our commitment to quality, we ensure that every staff member is aware of his/her responsibility to ensure that our goods are of the highest possible quality. We provide handbooks to them to ensure that they are well trained and aware of our procedures. Our quality assurance team ("QC")

implements and monitors a "no fault", or 100% success policy on all goods at each step of the production process. The same stringent control on quality is applied to the purchase of raw materials and accessories. Raw materials and accessories are purchased only from suppliers who have been screened and approved by Adidas. All materials and accessories are further inspected before they are used for production to ensure that they are of the required specifications and free from defects. All finished products are subject to final inspection before delivery.

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

30 - June - 2022

Eighth General Meeting of the Shareholders
(Through Online Zoom Meeting)



 **មហាសន្និបាតភាគហ៊ុនិក លើកទី៨**
ក្រុមហ៊ុន ហ្គ្រង ធួន អ៊ិនធើណេសិនណល (ខេមបូឌា) ភីអិលស៊ី

THE EIGHTH GENERAL MEETING OF SHAREHOLDERS
GRAND TWINS INTERNATIONAL (CAMBODIA) PLC.

ថ្ងៃទី៣០ ខែមិថុនា ឆ្នាំ២០២២
30th June 2022

fppt.com

08 - July - 2022

The board of directors has proposed on the dividend distribution to the Company's shareholders through the board of directors' resolution dated 31 May 2022. The proposed dividend Distribution had approved and resolved in the 8th general meeting fo shareholders held on 30 June 2022.

Each sharehlder receives:

15 Khmer Riels per share

Type of Dividend	in cash
Period of Dividend	FYE 2021
Dividend Payout Ratio	<u>51,33%</u> of the profit after tax of the FYE 2021
Total Dividend	600,000,000 Khmer Riels
Dividend Per Share	15 Khmer Riels
Record Date	08 July 2022
Payment Date	18 July 2022
List of shareholders receiving such dividend	06 July 2022
Complaint date	25 July 2022to 29 July 2022

2. BUSINESS PERFORMACE OF GRAND TWINS

BUSINESS PERFORMANCE OF GRAND TWINS

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

Translations between KHR and USD are presented in our financial statements for the Q2 of 2022 as at 30th June 2022, Q2 of 2021 as at 30th June 2021 and Q2 of 2020 as at 30th June 2020 using the official rate of exchange regulated by National Bank of Cambodia present as below:

Year	Riel /US Dollar As at 30 th June
2022 (2 nd quarter)	4,010
2021 (2 nd quarter)	4,000
2020 (2 nd quarter)	4,005

Source: National Bank of Cambodia

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

The Company's revenue consists of revenue from the sale of products, subcontract revenue and CMP (Cut, Make and Pack) revenue. As at second quarter ended, 30th June 2022 our revenue from sale of products accounted for 99.25% of total revenue. Subcontract and CMP revenue contribute only immaterial amounts to our total revenue. Consequently, any material changes in sales and revenue are due to changes in revenue from the sale of goods. Revenue from sale of products depends on the volume of clothing items that we produce and sell to our customer.

Our revenue by segment for Q2 of 2022, Q2 of 2021 and Q2 of 2020 set forth as below:

Total revenue of Q2 of 2022 as at 30th June 2022

KHR100,877,012,000 approximately USD24,852,676

Revenue from sale of products

KHR100,116,871,000 approximately USD24,665,403

presenting to **99.25%** of the total revenue

Revenue from subcontract

KHR760,141,000 approximately USD187,273

presenting to **0.75%** of the total revenue

Total revenue of Q2 of 2021 as at 30th June 2021

KHR91,093,891,000 approximately USD22,354,329

Revenue from sale of products

KHR90,900,104,000 approximately USD22,306,774 presenting to **99.79%** of the total revenue

Revenue from subcontract

KHR193,787,000 approximately USD47,555 presenting to **0.21%** of the total revenue

Total revenue of Q2 of 2020 as at 30th June 2020

126,417,904,000 KHR approximately 30,886,368 USD

Revenue from sale of products

124,202,240,000 KHR approximately 30,345,038 USD presenting **98.25%** of the total revenue

Revenue from subcontract

2,215,664,000 KHR approximately 541,330 USD presenting **1.75%** of the total revenue

MATERIAL CHANGES IN BUSINESS OPERATION OF GRAND TWINS

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

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

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

Seasonal aspects of the Company's business

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

Trend, events or uncertainties

We expect fluctuations in the selling prices of our products as there is general upward trend in our selling prices based on the current trend to-date. Our cost of sales, which comprises purchase cost of raw materials and packaging materials, labor costs and overhead, significantly increased over the last three financial years from 2019 to 2021. Based on the current trend to-date and barring any unforeseen circumstances, we do expect a deviation from this trend in 2022. We manage our purchasing inventory on a just-in-time basis, that we expect our inventory levels to remain relatively stable.

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

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

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

Material loan between holding company and its subsidiaries

In the Q2 of 2022 as at 30th June 2022, we don't have any loan from subsidiaries.

Future contractual and contingent liabilities

In the Q2 of 2022 as at 30th June 2022, we are not aware of any contingent liabilities or future contractual obligations other than the report for the 4th quarter of 2022.

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

In the Q2 of 2022 as at 30th June 2022, we don't have any unpaid VAT to the General Department of Taxation (“GDT”) of the Ministry of Economy and Finance (“MEF”).

Tax on Income

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

We’re also allowed carry forward loss of 05 (five) years to offset against future plan. Another exemption on income tax as tax holiday which include 03 (three) years of trigger period, plus 01 (one) year of priority period through approval from the MEF on 22 November 2007.

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

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

Custom Duty Tax

In the Q2 of 2022 as at 30th June 2022, the Company has no any unpaid custom duty tax.

Tax Arrear including any contingent liabilities

The Company is obliged to pay taxes in accordance with Cambodian tax law. We have been paying our taxes in a timely manner and do not have any unpaid tax liability. In the Q2 of 2022 as at 30th June 2022, we had not remained any tax arrear.

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

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

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

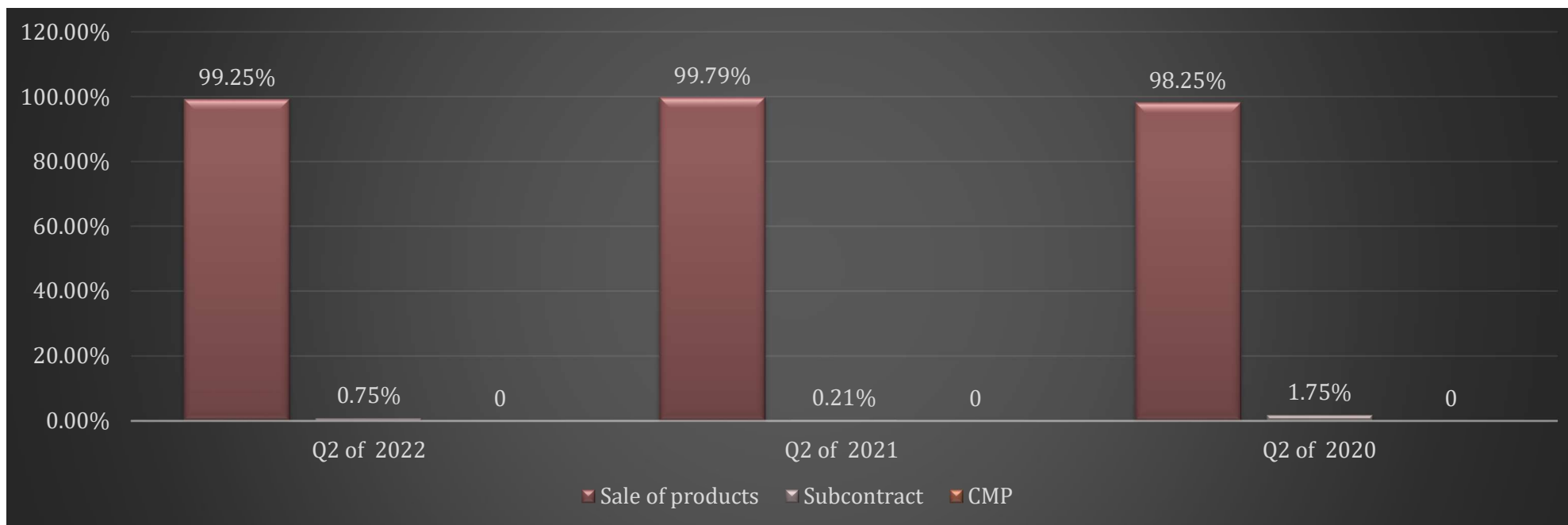
Our employees also receive non-leave bonuses of USD 20,000 (USD 5) in week and transportation allowance KHR 28,000 (USD 7), and seniority from KHR 8,000 (USD 2) to KHR 44,000 (USD 11) based on the length of their employment. In addition to these benefits, our employees also receive KHR 2,000 (USD 0.5)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

We also provide other benefits to our employees in accordance with Cambodian labor law such as annual leave of 18 (eighteen) days a year, maternity leave, special leave (granted up to maximum of 07 (seven) days during any event directly affecting employees' immediate family) and sick leave.

We commit to comply to Cambodia applicable law such as average wage for garment workers. The increase in average salary for garment industrial had caused to decrease in total revenue. In the beginning of 2021, worker average salary in garment industry is USD192 and the increasing in salary expense will directly impact company performance in 2022. Forseen, salary will increase in consequently in further years.

REVENUE SOURCES OF GRAND TWINS

Revenue Source	Q2 of 2022 As at 30 th June 2021		Q2 of 2021 As at 30 th June 2021		Q2 of 2020 As at 30 th June 2020	
	Amount	%	Amount	%	Amount	%
Sale of products	100,116,871	99.25%	90,900,104	99.79%	124,202,240	98.25%
Subcontract	760,141	0.75%	193,787	0.21%	2,215,664	1.75%
CMP	-	-	-	-	-	-
Total Revenue	100,877,012	100%	91,093,891	100%	126,417,904	100%



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

Condensed Interim Financial Statements For the secon quarter and 6 months of 2022 as at 30 June 2022



REPORT ON THE REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

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

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

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We have reviewed the accompanying condensed interim financial statements of Grand Twins International (Cambodia) Plc (“the Company”), which comprise the condensed interim statement of financial position as at 30 June 2022, and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period then ended, and accompanying explanatory notes (collectively known as “Condensed Interim Financial Statements”). The directors of the Company are responsible for the preparation and presentation of these Condensed Interim Financial Statements in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on the Condensed Interim Financial Statements based on our review.

Scope of review

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

Conclusion

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

Crowe (KH) Co.,Ltd.


Onn Kien Hoe
Director



15 August 2022

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	USD	Unaudited 30 June 2022 KHR'000 (Note 4)	USD	Audited 31 December 2021 KHR'000 (Note 4)
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	8	11,647,458	47,405,154	11,943,103	48,656,202
Intangible assets	9	2,671	10,871	3,150	12,833
Deferred tax asset		46,731	190,195	-	-
		<u>11,696,860</u>	<u>47,606,220</u>	<u>11,946,253</u>	<u>48,669,035</u>
CURRENT ASSETS					
Inventories	10	28,724,414	116,908,365	26,907,390	109,620,707
Trade and other receivables	11	43,683,692	177,792,626	46,457,239	189,266,792
Cash and cash equivalents	12	1,180,656	4,805,270	1,950,806	7,947,584
		<u>73,588,762</u>	<u>299,506,261</u>	<u>75,315,435</u>	<u>306,835,083</u>
TOTAL ASSETS		<u>85,285,622</u>	<u>347,112,481</u>	<u>87,261,688</u>	<u>355,504,118</u>
EQUITY AND LIABILITY					
EQUITY					
Share capital	13	10,000,000	40,450,000	10,000,000	40,450,000
Share premium	14	17,280,000	69,897,600	17,280,000	69,897,600
Retained earnings		41,767,607	171,062,838	41,319,740	169,236,094
Currency translation difference		-	(386,677)	-	(108,353)
TOTAL EQUITY		<u>69,047,607</u>	<u>281,023,761</u>	<u>68,599,740</u>	<u>279,475,341</u>
LIABILITIES					
NON-CURRENT LIABILITIES					
Deferred tax liabilities		-	-	96,147	391,703
Trade and other payables	15	360,000	1,465,200	450,000	1,833,300
		<u>360,000</u>	<u>1,465,200</u>	<u>546,147</u>	<u>2,225,003</u>
CURRENT LIABILITIES					
Trade and other payables	15	8,126,176	33,073,535	10,278,243	41,873,563
Borrowings	16	7,588,181	30,883,897	7,774,957	31,675,175
Income tax liabilities		163,658	666,088	62,601	255,036
Current liabilities		<u>15,878,015</u>	<u>64,623,520</u>	<u>18,115,801</u>	<u>73,803,774</u>
TOTAL LIABILITIES		<u>16,238,015</u>	<u>66,088,720</u>	<u>18,661,948</u>	<u>76,028,777</u>
TOTAL EQUITY AND LIABILITIES		<u>85,285,622</u>	<u>347,112,481</u>	<u>87,261,688</u>	<u>355,504,118</u>

**CONDENSED INTERIM STATEMENT OF OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2022**

	Note	USD	Unaudited 3 months to 30 June 2022 KHR'000 (Note 4)	USD	Unaudited 3 months to 30 June 2021 KHR'000 (Note 4)
Revenue	17	24,852,676	100,877,012	22,354,329	91,093,891
Cost of sales	18	(23,395,659)	(94,962,980)	(22,103,860)	(90,073,230)
Gross profit		1,457,017	5,914,032	250,469	1,020,661
Other income	19	142,622	578,903	69,412	282,854
Administrative expenses		(932,086)	(3,783,337)	(838,514)	(3,416,945)
Distribution costs		(402,428)	(1,633,455)	(390,803)	(1,592,522)
Other expenses		(667)	(2,707)	(18,410)	(75,021)
Operating profit/(loss)		264,458	1,073,436	(927,846)	(3,780,973)
Finance income	19	350	1,421	675	2,751
Finance costs	20	(84,985)	(344,954)	(62,893)	(256,289)
Profit/(loss) before income tax		179,823	729,903	(990,064)	(4,034,511)
Income tax expense	21	142,878	579,942	-	-
Profit/(Loss) for the period		322,701	1,309,845	(990,064)	(4,034,511)
Other comprehensive income		-	-	-	-
Total comprehensive income/(expense) for the period		322,701	1,309,845	(990,064)	(4,034,511)

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

	Notes	USD	Unaudited 3 months to 30 June 2022 KHR'000 (Note 4)	USD	Unaudited 3 months to 30 June 2021 KHR'000 (Note 4)
Basic earnings per share	23	0.008	0.033	-0.025	-0.101
Diluted earnings per share	23	0.008	0.033	-0.025	-0.101

**CONDENSED INTERIM STATEMENT OF OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2022**

	Note	Unaudited 6 months to 30 June 2022		Unaudited 6 months to 30 June 2021	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Revenue	17	52,433,517	212,827,646	55,085,504	224,473,429
Cost of sales	18	(48,881,157)	(198,408,616)	(53,254,763)	(217,013,159)
Gross profit		3,552,360	14,419,030	1,830,741	7,460,270
Other income	19	223,382	906,708	146,878	598,528
Administrative expenses		(1,834,716)	(7,447,112)	(1,809,205)	(7,372,510)
Distribution costs		(1,079,883)	(4,383,245)	(873,491)	(3,559,476)
Other expenses		(1,569)	(6,369)	(34,465)	(140,445)
Operating profit/(loss)		859,574	3,489,012	(739,542)	(3,013,633)
Finance income	19	928	3,767	1,102	4,491
Finance costs	20	(175,396)	(711,932)	(153,978)	(627,460)
Profit/(Loss) before income tax		685,106	2,780,847	(892,418)	(3,636,602)
Income tax expense	21	(87,239)	(354,103)	(19,529)	(79,581)
Profit/(Loss) for the period		597,867	2,426,744	(911,947)	(3,716,183)
Other comprehensive income		-	-	-	-
Total comprehensive income/(expense) for the period		597,867	2,426,744	(911,947)	(3,716,183)

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

	Notes	Unaudited 6 months to 30 June 2022		Unaudited 6 months to 30 June 2021	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Basic earnings per share	23	0.015	0.061	-0.023	-0.093
Diluted earnings per share	23	0.015	0.061	-0.023	-0.093

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2022**

	Note	Share capital USD	Share premium USD	Retained earnings USD	Total equity	
					USD	KHR'000 (Note 4)
Balance as at 1 January 2022 (Audited)		10,000,000	17,280,000	41,319,740	68,599,740	279,475,341
Profit for six-month period		-	-	597,867	597,867	2,426,744
Dividend declared	22	-	-	(150,000)	(150,000)	(600,000)
Currency translation difference		-	-	-	-	(278,324)
Balance as at 30 June 2022 (USD) (Unaudited)		10,000,000	17,280,000	41,767,607	69,047,607	281,023,761
Balance as at 1 January 2021 (Audited)		10,000,000	17,280,000	41,682,835	68,962,835	278,954,667
Loss for six-month period		-	-	(911,947)	(911,947)	(3,716,183)
Dividend paid	22	-	-	(500,000)	(500,000)	(2,000,000)
Currency translation difference		-	-	-	-	2,031,386
Balance as at 30 June 2021 (USD) (Unaudited)		10,000,000	17,280,000	40,270,888	67,550,888	275,269,870

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2022**

	Note	Unaudited 6 months to 30 June 2022		Unaudited 6 months to 30 June 2021	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Operating activities					
Profit/(Loss) before income tax		685,106	2,780,847	(892,418)	(3,636,602)
Adjustments for:					
Amortisation of intangible assets	9	479	1,944	806	3,284
Depreciation of property, plant and equipment	8	533,721	2,166,374	635,151	2,588,240
Interest expense	20	175,396	711,932	153,978	627,460
Interest income		(928)	(3,767)	(1,102)	(4,491)
Gain on disposal of property, plant and equipment		(39,255)	(159,336)	-	-
Operating profit/(loss) before working capital		1,354,519	5,497,994	(103,585)	(422,109)
Changes in working capital:					
- inventories		(1,817,024)	(7,395,288)	(12,080,226)	(49,226,921)
- trade and other receivables		2,773,547	11,288,336	21,185,290	86,330,057
- trade and other payables		(2,392,067)	(9,735,713)	(2,162,187)	(8,810,912)
Cash generated from operating activities		(81,025)	(344,671)	6,839,292	27,870,115
Income tax paid		(129,060)	(523,855)	(68,686)	(279,895)
Net cash (for)/from operating activities		(210,085)	(868,526)	6,770,606	27,590,220
Investing activities					
Purchases of property, plant and equipment	8	(238,076)	(968,969)	(148,731)	(606,079)
Proceed from disposal of property, plant and equipment		39,255	159,336	-	-
Interest received		928	3,767	1,102	4,491
Net cash used in investing activities		(197,893)	(805,866)	(147,629)	(601,588)
Financing activities					
Interest paid	20	(175,396)	(711,932)	(153,978)	(627,460)
Repayment of bank borrowings	16	(6,586,776)	(26,808,178)	(13,526,469)	(55,120,361)
Drawdown of borrowings	16	6,400,000	26,048,000	7,390,000	30,114,250
Dividend paid	22	-	-	(500,000)	(2,000,000)
Net cash used in financing activities		(362,172)	(1,472,110)	(6,790,447)	(27,633,571)
Net change in cash and cash equivalents		(770,150)	(3,146,502)	(167,470)	(644,939)
Cash and cash equivalents, at the beginning of period		1,950,806	7,947,584	974,600	3,942,257
Currency translation difference		-	4,188	-	(8,263)
Cash and cash equivalents, at the end of period		1,180,656	4,805,270	807,130	3,289,055

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021**

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 Trapaingpoe, Sangkat Chom Chao, Khan Posenchey, Phnom Penh, Kingdom of Cambodia.

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

2. PRINCIPAL ACTIVITY

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

3. BASIS OF PREPARATION

The condensed interim financial statements are as at and for the period ended 30 June 2022. They have been prepared in accordance with Cambodian International Accounting Standard 34 ‘Interim Financial Reporting’ (“CIAS 34”). They do not include all of the information required in the annual financial statements in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”), and should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and notes to the condensed interim financial statements.

4. FUNCTIONAL AND PRESENTATION CURRENCY

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

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

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 KHR4,059 for the quarter ended 30 June 2022 (30 June 2021: KHR4,075) and closing rate USD1 to KHR4,070 as at 30 June 2022 (30 June 2021: 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 2021.

6. SEASONALITY OR CYCLICALITY OF OPERATION

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

7. USE OF ESTIMATES AND JUDGEMENTS

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

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land USD	Building and structures USD	Plant and machineries USD	Motor vehicles USD	Equipment and computers USD	Total USD
Unaudited						
Cost						
Balance at 1 January 2022	3,880,000	8,971,311	18,370,664	86,400	1,993,698	33,302,073
Addition	-	-	215,101	-	22,975	238,076
Disposal	-	-	(1,853,151)	-	-	(1,853,151)
Balance at 30 June 2022	3,880,000	8,971,311	16,732,614	86,400	2,016,673	31,686,998
Accumulated depreciation						
Balance at 1 January 2022	(388,000)	(5,881,983)	(13,158,164)	(84,298)	(1,846,525)	(21,358,970)
Depreciation	(19,200)	(116,277)	(376,430)	(263)	(21,551)	(533,721)
Disposal	-	-	1,853,151	-	-	1,853,151
Balance at 30 June 2022	(407,200)	(5,998,260)	(11,681,443)	(84,561)	(1,868,076)	(20,039,540)
Carrying amount at 30 June 2022 (USD)	3,472,800	2,973,051	5,051,171	1,839	148,597	11,647,458
KHR'000 (Note 4)	14,134,296	12,100,318	20,558,265	7,485	604,790	47,405,154
Audited						
Cost						
Balance at 1 January 2021	3,880,000	8,971,311	18,118,369	109,550	1,970,925	33,050,155
Additions	-	-	252,295	-	34,736	287,031
Disposal	-	-	-	(23,150)	(11,963)	(35,113)
Balance at 31 December 2021	3,880,000	8,971,311	18,370,664	86,400	1,993,698	33,302,073
Accumulated depreciation						
Balance at 1 January 2021	(349,200)	(5,649,429)	(12,197,894)	(105,525)	(1,801,638)	(20,103,686)
Depreciation	(38,800)	(232,554)	(960,270)	(1,660)	(56,232)	(1,289,516)
Disposal	-	-	-	22,887	11,345	34,232
Balance at 31 December 2021	(388,000)	(5,881,983)	(13,158,164)	(84,298)	(1,846,525)	(21,358,970)
Carrying amount at 31 December 2021 (USD)	3,492,000	3,089,328	5,212,500	2,102	147,173	11,943,103
KHR'000 (Note 4)	14,226,408	12,585,922	21,235,725	8,564	599,583	48,656,202

9. INTANGIBLE ASSETS

	Computer software	
	Unaudited	Audited
	2022	2021
	USD	USD
Cost		
Balance at 30 June/31 December	224,957	224,957
Accumulated amortisation		
Balance at 1 January	(221,807)	(220,195)
Amortisation	(479)	(1,612)
Balance at 30 June/31 December	(222,286)	(221,807)
Carrying amount at 30 June/31 December	2,671	3,150
KHR'000 (Note 4)	10,871	12,833

10. INVENTORIES

	USD	Unaudited 30 June 2022 KHR'000 (Note 4)	USD	Audited 31 December 2021 KHR'000 (Note 4)
Raw materials	17,643,719	71,809,937	13,385,572	54,532,820
Work-in-progress	8,331,438	33,908,953	8,274,748	33,711,323
Finished goods	2,749,257	11,189,475	5,247,070	21,376,564
	28,724,414	116,908,365	26,907,390	109,620,707
Recognised in profit or loss:-				
Impairment loss on inventories	-	-	379,106	1,544,478

11. TRADE AND OTHER RECEIVABLES

	USD	Unaudited 30 June 2022 KHR'000 (Note 4)	USD	Audited 31 December 2021 KHR'000 (Note 4)
Trade receivables				
Amount due from related party QMI Industrial Co., Ltd.	40,148,543	163,404,570	43,340,486	176,569,140
Other receivables				
Amount due from related parties				
Quint Major Industrial Co., Ltd.	26,647	108,453	26,648	108,564
QMI Industrial Co., Ltd.	62,644	254,961	11,049	45,014
Value-added tax receivables	1,394,833	5,676,970	1,291,151	5,260,149
Prepayments				
QMI Industrial Co., Ltd.	-	-	5,000	20,370
Quint Major Industrial Co., Ltd.	-	-	2,760	11,244
Other third parties	2,051,025	8,347,672	1,780,145	7,252,311
	3,535,149	14,388,056	3,116,753	12,697,652
	43,683,692	177,792,626	46,457,239	189,266,792

12. CASH AND CASH EQUIVALENTS

	USD	Unaudited 30 June 2022 KHR'000 (Note 4)	USD	Audited 31 December 2021 KHR'000 (Note 4)
Cash on hand	77,025	313,492	38,926	158,585
Cash in banks	1,103,631	4,491,778	1,911,880	7,788,999
	1,180,656	4,805,270	1,950,806	7,947,584

13. SHARE CAPITAL

	Shares	Unaudited 30 June 2022 USD	Shares	Audited 31 December 2021 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

	USD	Unaudited 30 June 2022 KHR'000 (Note 4)	USD	Audited 31 December 2021 KHR'000 (Note 4)
Non-current				
Other payables	360,000	1,465,200	450,000	1,833,300
Current				
Trade payables	966,829	3,934,994	1,822,936	7,426,641
Amounts due to related parties				
Quint Major Industrial Co., Ltd	5,257,180	21,396,723	6,398,414	26,067,139
QMI Industrial Co., Ltd	8,630	35,124	9,023	36,760
Accruals	1,391,872	5,664,919	1,695,702	6,908,290
Dividend payable	150,000	610,500	-	-
Withholding tax payables	330,845	1,346,539	330,845	1,347,863
Other payables	20,820	84,736	21,323	86,870
	8,126,176	33,073,535	10,278,243	41,873,563
	8,486,176	34,538,735	10,728,243	43,706,863

16. BORROWINGS

	USD	Unaudited 30 June 2022 KHR'000 (Note 4)	USD	Audited 31 December 2021 KHR'000 (Note 4)
Short-term loans				
First Commercial Bank (Note 16.1)	6,400,000	26,048,000	6,400,000	26,073,600
Taiwan Cooperative Bank (Note 16.2)	1,188,181	4,835,897	1,374,957	5,601,575
	7,588,181	30,883,897	7,774,957	31,675,175

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 subsequently renewed on 6 July 2018, 4 September 2019 and 6 November 2020, with variations to the interest rate imposed on the loan.

The Company has renewed the loan on 30 March 2022 for another 5 years. During the period of availability, the Company is able to drawdown the loan multiple times but limited to the maximum amount of USD6,400,000. The tenure of the loan is 1 year, and maturity is specified in each promissory note. Interest is fixed at the rate of 4.85% per annum. Interest is to be serviced on monthly basis.

The loan is secured by the following:

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

For the six-month period to 30 June 2022 the Company paid the principal amounting to USD6,400,000 (2021: USD13,310,000) and drawn down an aggregate amount of USD6,400,000 (2021: USD7,390,000).

16.2. Term loan with the Taiwan Cooperative Bank

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

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

The term loan is secured by the following:

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

For the six-month period to 30 June 2022, the Company paid the principal amounting to USD186,776 (2021: USD216,469).

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

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

The Company has not met the return on equity ratio covenant for the financial year ended 31 December 2021. As at 30 June 2022, the Company's return on equity is 0.87% for the 6 months period ended on that date. The Company has not applied nor obtained any dispensation from the lender for the breach of the loan covenant. In view of this, the loan has been classified as current liabilities as the lender has the right to recall the loan due to the breach.

17. REVENUE

	USD	Unaudited 3 months to 30 June 2022 KHR'000 (Note 4)	USD	Unaudited 3 months to 30 June 2021 KHR'000 (Note 4)
Sale of goods	24,665,403	100,116,871	22,306,774	90,900,104
Subcontract revenue	187,273	760,141	47,555	193,787
	<u>24,852,676</u>	<u>100,877,012</u>	<u>22,354,329</u>	<u>91,093,891</u>

	USD	Unaudited 6 months to 30 June 2022 KHR'000 (Note 4)	USD	Unaudited 6 months to 30 June 2021 KHR'000 (Note 4)
Sale of goods	52,246,243	212,067,500	54,731,937	223,032,643
Subcontract revenue	187,274	760,146	353,567	1,440,786
	<u>52,433,517</u>	<u>212,827,646</u>	<u>55,085,504</u>	<u>224,473,429</u>

18. COST OF SALES

	USD	Unaudited 3 months to 30 June 2022 KHR'000 (Note 4)	USD	Unaudited 3 months to 30 June 2021 KHR'000 (Note 4)
Direct materials	9,090,452	36,898,145	13,193,896	53,765,126
Direct labour	2,244,071	9,108,684	1,950,918	7,949,992
Overhead	12,061,136	48,956,151	6,959,046	28,358,112
	<u>23,395,659</u>	<u>94,962,980</u>	<u>22,103,860</u>	<u>90,073,230</u>

	USD	Unaudited 6 months to 30 June 2022 KHR'000 (Note 4)	USD	Unaudited 6 months to 30 June 2021 KHR'000 (Note 4)
Direct materials	29,756,151	120,780,217	36,467,467	148,604,928
Direct labour	4,433,399	17,995,166	4,055,074	16,524,427
Overhead	14,691,607	59,633,233	12,732,222	51,883,804
	<u>48,881,157</u>	<u>198,408,616</u>	<u>53,254,763</u>	<u>217,013,159</u>

19. OTHER INCOME

	USD	Unaudited 3 months to 30 June 2022 KHR'000 (Note 4)	USD	Unaudited 3 months to 30 June 2021 KHR'000 (Note 4)
Interest income	350	1,421	675	2,751
Rental income	72,676	294,992	66,647	271,587
Realised foreign exchange gain	1,031	4,185	2,765	11,267
Gain on disposal of assets	39,255	159,336	-	-
Sale of waste	28,669	116,367	-	-
Others	991	4,023	-	-
	<u>142,972</u>	<u>580,324</u>	<u>70,087</u>	<u>285,605</u>

	USD	Unaudited 6 months to 30 June 2022 KHR'000 (Note 4)	USD	Unaudited 6 months to 30 June 2021 KHR'000 (Note 4)
Interest income	928	3,767	1,102	4,491
Rental income	145,351	589,980	134,384	547,615

Realised foreign exchange gain	2,043	8,293	11,831	48,211
Gain on disposal of assets	39,255	159,336	-	-
Sale of waste	35,296	143,266	-	-
Others	1,437	5,833	663	2,702
	<u>224,310</u>	<u>910,475</u>	<u>147,980</u>	<u>603,019</u>

20. FINANCE COSTS

This amount represents interest expense on borrowings.

21. INCOME TAX EXPENSE

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

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

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

22. DIVIDENDS

	Dividend Per share KHR	Unaudited 3 months to 30 June 2022 Amount of Dividend KHR'000	Dividend Per share KHR	Unaudited 3 months to 30 June 2021 Amount of Dividend KHR'000
Dividend declared	15	600,000	-	-
	Dividend Per share KHR	Unaudited 6 months to 30 June 2022 Amount of Dividend KHR'000	Dividend Per share KHR	Unaudited 6 months to 30 June 2021 Amount of Dividend KHR'000
Dividend paid	-	-	50	2,000,000

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

On 30 June 2022, the directors announced the declaration of the payment of KHR 15 per share, amounting to a total dividend payment of KHR600million (equivalent to USD150,000) in respect of the financial year ended 31 December 2021. The dividend is payable to shareholders on 18 July 2022.

23. EARNINGS PER SHARE

	USD	Unaudited 3 months to 30 June 2022 KHR'000 (Note 4)	USD	Unaudited 3 months to 30 June 2021 KHR'000 (Note 4)
Profit attributable to ordinary equity holders	322,701	1,309,845	(990,064)	(4,034,511)
Weighted average number of shares in issue	40,000,000	40,000,000	40,000,000	40,000,000
Basic earnings per share	0.008	0.033	-0.025	-0.101
Diluted earnings per share	0.008	0.033	-0.025	-0.101

	USD	Unaudited 6 months to 30 June 2022 KHR'000 (Note 4)	USD	Unaudited 6 months to 30 June 2021 KHR'000 (Note 4)
Profit attributable to ordinary equity holders	597,867	2,426,744	(911,947)	(3,716,183)
Weighted average number of shares in issue	40,000,000	40,000,000	40,000,000	40,000,000
Basic earnings per share	0.015	0.061	-0.023	-0.093
Diluted earnings per share	0.015	0.061	-0.023	-0.093

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.

24. RELATED PARTY BALANCES AND TRANSACTIONS

The following balances are outstanding with related parties:

Relationship			USD	30 June 2022 KHR'000	USD	31 December 2021 KHR'000
Amounts due from						
QMI Industrial Co., Ltd	Common control	Trade receivables	40,148,543	163,404,570	43,340,486	176,569,140
		Non-trade receivables	62,644	254,961	16,049	65,384
Quint Major Industrial Co., Ltd.	Common control	Trade receivables	26,647	108,453	26,648	108,564
		Non-trade receivables	-	-	2,760	11,244
			<u>40,237,834</u>	<u>163,767,984</u>	<u>43,385,943</u>	<u>176,754,332</u>
Amounts due to						
Quint Major Industrial Co., Ltd	Common control	Trade payables	5,257,180	21,396,723	6,398,414	26,067,139
QMI Industrial Co., Ltd	Common control	Trade payables	8,630	35,124	9,023	36,760
			<u>5,265,810</u>	<u>21,431,847</u>	<u>6,407,437</u>	<u>26,103,899</u>

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

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

	USD	Unaudited 3 months to 30 June 2022 KHR'000 (Note 4)	USD	Unaudited 3 months to 30 June 2021 KHR'000 (Note 4)
<u>Under common control</u>				
QMI Industrial Co., Ltd				
Sales of goods	24,665,403	100,116,871	22,306,774	90,900,104
Sale of waste	4,918	19,962	-	-
Purchases of raw materials	14,719,952	59,748,285	24,910,432	101,510,012
Purchases of machinery and equipment	234,121	950,297	85,500	348,413
Cash collection	14,299,532	58,041,800	17,307,307	70,527,275
Offset with trade receivables	14,717,261	59,737,362	24,910,432	101,510,012
Offset with trade payables	14,719,952	59,748,285	24,910,432	101,510,012
Payments on behalf for the Company	51,788	210,207	13,881	56,564
Payments on behalf by the Company	7,566	30,710	134,289	547,227
Advances to the Company	90,000	365,310	1,016,000	4,140,200
Repayment of advances by the Company	90,000	365,310	595,000	2,424,625

Quint Major Industrial Co., Ltd.				
Subcontract cost	6,516,267	26,449,528	4,143,460	16,884,600
Rental of machinery	72,676	294,992	66,647	271,587
Repayment	6,905,000	28,027,395	4,150,000	16,911,250
Repayment of advances by the Company	-	-	1,957	7,975

	USD	Unaudited 6 months to 30 June 2022 KHR'000 (Note 4)	USD	Unaudited 6 months to 30 June 2021 KHR'000 (Note 4)
<u>Under common control</u>				
QMI Industrial Co., Ltd				
Sales of goods	52,246,243	212,067,500	54,731,937	223,032,643
Sale of waste	11,545	46,861	-	-
Purchases of raw materials	29,006,877	117,738,914	45,055,311	183,600,392
Purchases of machinery and equipment	237,596	964,402	101,725	414,529
Cash collection	26,444,532	107,338,355	30,983,729	126,258,694
Offset with trade receivables	29,004,186	117,727,991	45,055,311	183,600,392
Offset with trade payables	29,006,877	117,738,914	45,055,311	183,600,392
Payments on behalf for the Company	55,831	226,618	24,731	100,777
Payments on behalf by the Company	29,032	117,841	185,445	755,687
Advances to the Company	210,000	852,390	1,648,000	6,715,600
Repayment of advances by the Company	217,760	883,888	897,500	3,657,313
Quint Major Industrial Co., Ltd.				
Subcontract cost	9,813,766	39,834,076	7,768,180	31,655,335
Rental machinery	145,351	589,980	134,384	547,614
Repayment	10,955,000	44,466,345	8,720,000	35,534,000
Payments on behalf for the Company	-	-	13,862	56,489
Repayment of advances by the Company	-	-	68,525	279,241

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

	USD	Unaudited 30 June 2022 KHR'000	USD	Audited 31 December 2021 KHR'000
Financial assets				
Amortised cost				
Trade and other receivables*	40,468,288	164,705,932	43,378,183	176,722,718
Cash and cash equivalents	1,180,656	4,805,270	1,950,806	7,947,584
	41,648,944	169,511,202	45,328,989	184,670,302

* Excludes prepayments and VAT receivables.

	USD	Unaudited 30 June 2022 KHR'000	USD	Audited 31 December 2021 KHR'000
Financial liabilities				
Amortised cost				
Trade and other payables**	8,155,330	33,192,193	10,397,398	42,358,999
Borrowings	7,588,181	30,883,897	7,774,957	31,675,175
	15,743,511	64,076,090	18,172,355	74,034,174

** Excludes withholding tax payables.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

26.1 Credit risk

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

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

26.2 Liquidity and cash flow risk

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

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

26.3 Interest rate risk

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

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

27. TAXATION CONTINGENCIES

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

28. COMMITMENT

At the end of the current financial period, the Company has a commitment for capital expenditure in respect of the purchase of new research office units from TACC (C.R) Ltd amounting to USD5,913,044 (31 December 2021: USD5,913,044). As of 30 June 2022, the construction of the building where the research office will be located is still in progress.

29. SIGNIFICANT EVENT DURING THE REPORTING PERIOD

There is no significant event during the reporting period.

30. EVENT AFTER THE REPORTING PERIOD

There is no significant adjusting or non-adjusting event that has occurred between 30 June 2022 and the date of authorisation of the Condensed Interim Financial Statements.

31. AUTHORISATION OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The Condensed Interim Financial Statements as at and for the period ended 30 June 2022 were approved for issue by the Board of Directors on 15 August 2022.

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

MANAGEMENT DISCUSSION AND ANALYSIS ON FINANCIAL CONDITION

a. Overview of the Company's operations

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

i. Revenue analysis

Grand Twins revenue in Q2 of 2022 as at 30th June 2022, amounted to KHR100,877 Millions (USD24,853 Millions). This revenue has increased KHR9,783 Millions (USD2.498 Millions) presented 10.74% declined by compared to total revenue KHR91,094 Millions (USD22.354 Millions) in Q2 of 2021 as at 30th June 2021. Therefore the revenue in Q2 of 2021 as at 30th June 2021, amounted to KHR91,094 Millions (USD22.354 Millions). This revenue has decreased KHR35,324 Millions (USD8.532 Millions) presented 27.94% declined by compared to total revenue KHR126,418 millions (USD30.886 millions) in Q2 of 2020 as at 30th June 2020.

According to the World Bank, global GDP will grow by 3.9% in 2019 and expected by 4.5% by 2020. Therefore, Europe GDP was 11.9% and US GDP was 2.5% in 2019, which is a slight increase compared to previous years. These two main areas are Grand Twins' main sales areas, especially the impact of low GDP growth in Europe will also affect Grand Twins in 2021.

In January 2022, a new policy on average salary for garment workers was USD194 had taken to effective from 1st January 2022 for all garment factories in Cambodia. Grand Twins' expenditures will be also increased. The increasing of worker average wage has been steadily rising in recent years.

The total revenue of Q2 of 2022 as at 30th June 2022, Grand Twins had generated total revenue of KHR100,877 Millions (USD24,853 Millions) in which the Company had generated the revenue derived from sale of product of KHR100,117 Millions (USD24,665 Millions) and the revenue derived from CMP of KHR760 Millions (USD187,273). Grand Twins had not generated the revenue from subcontract in Q2 of 2022 as at 30th June 2022.

Revenue from sale of products in Q2 of 2022 as at 30th June 2022, amounted KHR100,117 Millions (USD24,665 Millions), that has increased in KHR9,217 Millions (USD2.359 Millions) presented 10.14% increased by compared to total revenue KHR90,900 Millions (USD22.307 Millions) in Q2 of 2021 as at 30th June 2021. Therefore the revenue from sale of products in Q2 of 2021 as at 30th June 2021, amounted KHR90,900 Millions (USD22.307 Millions), that has increased in KHR33,302 Millions (USD8.038 Millions) presented 26,81% declined by compared to total revenue KHR124,202 millions (USD30.345 millions) in Q2 of 2020 as at 30th June 2020.

Revenue from subcontract in Q2 of 2022 as at 30th June 2022 amounted KHR760 Millions (USD187,273), that has increased in KHR566 Millions (USD139,718) presented 292.26% declined by compared to total revenue KHR194 Millions (USD47,555) in Q2 of 2021 as at 30th June 2021. Therefore, Revenue from subcontract in Q2 of 2021 as at 30th June 2021 amounted KHR194 Millions (USD47,555), that has decreased in KHR2,022 Millions (USD493,775) presented 91.25% declined by compared to total revenue KHR2,216 Millions (USD541.330) in Q2 of 2020 as at 30th June 2020.

Grand Twins had not generated the revenue derived from CMP in Q2 of 2022 as at 30th June 2022, neither in Q2 of 2021 as at 30th June 2021, nor in Q2 of 2020 as at 30th June 2020.

Our revenue is mainly derived from the production and sales of clothing. products sold are not returnable unless there is quality issues.If our products do not meet the stipulated quality standard, customers may returnthe products to us for rectification and/or replacement Orders may not be cancelled except with all

parties' agreement. They are however subject to deferral or rescheduling by customers. We have not experienced any material product quality issues or cancellation of orders from customers.

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

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

Sale of goods

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

Services

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

ii. Revenue Analysis by segment

Revenue by segment for Q2 of 2022 as at 30th June 2022, Q2 of 2021 as at 30th June 2021 and Q2 of 2020 as at 30th June 2020 is as set forth in the table below:

Description	30 th June 2022		30 th June 2021		30 th June 2020	
	KHR'000	USD	KHR'000	USD	KHR'000	USD
Sale of products	100,116,871	24,665,403	90,900,104	22,306,774	124,202,240	30,344,038
Subcontract	760,141	187,273	193,787	47,555	2,215,664	541,330
CMP	-	-	-	-	-	-
Total revenue	100,877,012	24,852,676	91,093,891	22,354,329	126,417,904	30,886,368

Our revenue consists of revenue from the sale of products, subcontract and CMP. In Q2 of 2022, the revenue from sale of products accounted for almost 99.25% total revenue. Subcontract and CMP revenue contribute only immaterial amounts to our total revenue. Consequently, any material changes in sales and revenue are due to changes in revenue from the sale of products. Revenue from the sale of goods depends on the volume of clothing items that we produce and sell, and is discussed in greater detail in below.

a. Revenue from the sale of products

The revenue from sale of products in Q2 of 2022 as at 30th June 2022 amounted KHR100,117 Millions (USD24,665 Millions), that has increased in KHR9,217 Millions (USD82.359 Millions) presented 10.14% increased by compared to total revenue of KHR90,900 Millions (USD22.307 Millions), in Q2 of 2021 as at 30th June 2021. Therefore, the revenue from sale of products in Q2 of 2021 as at 30th June 2021 amounted KHR90,900 Millions (USD22.307 Millions), that has increased in KHR33,302 Millions (USD8.038 Millions) presented 26,81% declined by compared to total revenue KHR124,202 millions (USD30.345 millions) in Q2 of 2020 as at 30th June 2020.

b. Subcontract Revenue

Subcontract revenue consists of revenue that earn by providing cutting and sewing services to other factories once there is an excess of factory's capacity. We had generated the revenue from subcontract in Q2 of 2022 as at 30th June 2022 amounted KHR760 Millions (USD187,273), that has increased in KHR566 Millions (USD139,718) presented 292.26 increased by compared to total revenue of KHR194 Millions (USD47,555), in Q2 of 2021 as at 30th June 2021. Therefore, we had generated the revenue from subcontract in Q2 of 2021 as at 30th June 2021 amounted KHR194 Millions (USD47,555), that has decreased in KHR2,022 Millions (USD493,775) presented 91.25% declined by compared to total revenue KHR2,216 Millions (USD541.330) in Q2 of 2020 as at 30th June 2020.

C. CMP Revenue

CMP revenue consists of revenue that we earn by cutting, sewing and trimming service in Cambodia. Grand Twins had not generated the revenue derived from CMP in Q2 of 2022 as at 30th June 2022, neither in Q2 of 2021 as at 30th June 2021, nor in Q2 of 2020 as at 30th June 2020.

iii. Gross Profit Margin Analysis

Our gross profit is our revenue minus cost of sales. Gross profit margin is our gross profit divided by revenue. Profit margin was KHR5,914 Millions (USD1,457 Millions) in Q2 of 2022 as at 30th June 2022, which is increased in KHR4,893 Millions (USD1.207 Million) or 479.43% compared to gross profit margin of KHR1,021 Millions (USD250,469) in Q2 of 2021 as at 30th June 2021. In contrast, the gross Profit margin was KHR1,021 Millions (USD250,469) in Q2 of 2021 as at 30th June 2021, which is decreased in KHR6,116 Millions (USD1.493 Million) or 85.70% compared to gross profit margin of KHR7,137 Millions (USD1.744 Millions) in Q2 of 2020 as at 30th June 2020. As described above, since there was a decline in revenue from sale of products and subcontract and revenue from CMP which had caused to decline in gross profit margin.

a. Revenue

The revenue in Q2 of 2022 as at 30th June 2022, amounted to KHR100,877 Millions (USD24,853 Millions). This revenue has increased KHR9,783 Millions (USD2.498 Millions) presented 10.74% increased by compared to total revenue KHR91,094 Millions (USD22.354 Millions) in Q2 of 2021 as at 30th June 2021. Therefore the revenue in Q2 of 2021 as at 30th June 2021, amounted to KHR91,094 Millions (USD22.354 Millions). This revenue has increased KHR35,324 Millions (USD8.532 Millions) presented 27.94% declined by compared to total revenue KHR126,418 millions (USD30.886 millions) in Q2 of 2020 as at 30th June 2020.

b. Cost of products

The cost of products in Q2 of 2022 as at 30th June 2022, Q2 of 2021 as at 30th June 2021 and Q2 of 2020 as at 30th June 2020 as set forth in the table below:

Description	As at 30 th June 2022		As at 30 th June 2021		As at 30 th June 2020	
	KHR'000	USD	KHR'000	USD	KHR'000	USD
Direct	36,898,145	9,090,452	53,765,126	13,193,896	74,332,495	18,160,883
Direct Labor	9,108,684	2,244,071	7,949,992	1,950,918	18,435,515	4,504,157
Overhead	48,956,151	12,061,136	28,358,112	6,959,046	26,513,053	6,477,658
Total	94,962,980	23,395,659	90,073,230	22,103,860	119,281,063	29,142,698

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

Our cost of sales was KHR94,963 Millions (USD23.396 Millions) in Q2 of 2022 as at 30th June 2022, the cost of sale increased in KHR4,890 Millions (USD1.292 Millions) or 5.43% compared to total cost of products of KHR90,073 Millions (USD22.104 Millions) as in Q2 of 2021 as at 30th June 2021. In contrast, the cost of sales was KHR90,073 Millions (USD22.104 Millions) in Q2 of 2021 as at 30th June 2021, the cost of sale decreased in KHR29,208 Millions (USD7.039 Millions) or 24.49% compared to total cost of products of KHR119,281 Millions (USD29.143 million) as in Q2 of 2020 as at 30th June 2020.

Cost of raw material was KHR36,898 Millions (USD9.090 Millions) in Q2 of 2022, which decreased in KHR16,867 Millions (USD4.103 Millions) or 31.37% from KHR53,765 Millions (USD13.194 Millions) as in

Q2 of 2021 to KHR36,898 Millions (USD9.090 Millions) in Q2 of 2022. In contrast, the cost of raw material was KHR53,765 Millions (USD13.194 Millions) in Q2 of 2021, which decreased in KHR20,567 Millions (USD4.967 Millions) or 27.67% from KHR74,332 Millions (USD18.161 Millions) as in Q2 of 2020 to KHR53,765 Millions (USD13.194 Millions) in Q2 of 2021.

Direct labor cost was KHR9,109 Millions (USD2.244 Million) in Q2 of 2022 as at 30th June 2022, which increased KHR1,159 Millions (USD293,153) or 14.57%, from KHR7,950 Millions (USD1.951 Million) in Q2 of 2021 to KHR9,109 Millions (USD2.244 Million) in Q2 of 2022. Therefore, the direct labor cost was KHR7,950 Millions (USD1.951 Million) in Q2 of 2021 as at 30th June 2021, which decreased KHR10,486 Millions (USD2.553 Millions) or 56.88%, from KHR18,436 Millions (USD4.504 Millions) in Q2 of 2020 which decreased to KHR7,950 Millions (USD1.951 Million) in Q2 of 2021.

Overhead was KHR48,956 Millions (USD12.061 Million) in Q2 of 2022 as at 30th June 2022, which slightly increased in KHR20,598 Millions (USD5.102) or 72.64% which is from KHR28,358 Millions (USD6.959 Million) in the Q2 of 2021 to KHR48,956 Millions (USD12.061 Million) as in Q2 of 2022. Moreover, the overhead was KHR28,358 Millions (USD6.959 Million) in Q2 of 2021 as at 30th June 2021, which slightly increased in KHR1,845 Millions (USD481,388) or 6.96% which is from KHR26,513 Millions (USD 6.478 Millions) in the Q2 of 2020 to KHR28,358 Millions (USD6.959 Millions) as in Q2 of 2021.

iv. Profit before tax Analysis

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

In Q2 of 2022 as at 30th June 2022, the profit before tax was KHR 730 Millions (USD 179,823) was increased in KHR4,764 Millions (USD1.170 Millions), approximately 118.09% compared to (loss)/profit before tax of KHR -4,035 Millions (USD -990,064) in Q2 of 2021 as at 30th June 2021. In Q2 of 2021 as at 30th June 2021, the (loss)/profit before tax was KHR -4,035 Millions (USD -990,064) was decreased in KHR4,771 Millions (USD1.170 Millions), approximately 647.97% compared to profit before tax of KHR1,716 Million (USD419,307) in Q2 of 2020 as at 30th June 2020.

a. Elements of profit before tax

The gross profit margin in Q2 of 2022 as at 30th June 2022, in Q2 of 2021 as at 30th June 2021 and in Q2 of 2020 as at 30th June 2020 was discussed in above section.

b. Other income

Other income consist of various sources such as interest income from saving and access control ease accounts, sales of wastes, proceeds from disposal of fixed assets and other non-operating incomes. The Company has other income in KHR579 Millions (USD142,622) in Q2 of 2022, KHR313 Millions (USD77,466) in Q2 of 2021 and KHR532 Millions (USD130,946) in Q2 of 2020.

c. Distribution costs

Distribution costs consist of the cost of shipping finished products to customers. Distribution costs in Q2 of 2022 as at 30th June 2022, was KHR1,633 Millions (USD402,428), was increased in KHR41 Millions (USD11,625) or 2.57% compared to distribution cost of KHR1,593 Millions (USD390,803) in Q2 of 2021 as at 30th June 2021. Moreover, the distribution costs in Q2 of 2021 as at 30th June 2021 was KHR1,593 Millions (USD390,803), was decreased in KHR303 Millions (USD72,395) or 16% compared to distribution cost of KHR1,896 Millions (USD463,198) in Q2 of 2020 as at 30th June 2020.

d. Administrative Expenses

Administrative expenses are as set forth in the table below, and consist primarily of personnel costs, research and development costs, other expenses and depreciation. Research and development costs

include the costs of personnel and machinery dedicated to working with our partner and its customers to introduce new products to our production lines.

In Q2 of 2022 as at 30th June 2022, administrative cost was KHR3,783 Millions (USD932,086), the expenses has increased in KHR366 Millions (USD93,572) or 10.72% compared to administrative expenses KHR3,417 Millions (USD838,514) in Q2 of 2021 as at 30th June 2021. In contrast, in Q2 of 2021 as at 30th June 2021, administrative cost was KHR3,417 Millions (USD838,514), the expenses has decreased in KHR725 Millions (USD173,337) or 17.50% compared to administrative expenses KHR4,142 Millions (USD1.012 Millions) in Q2 of 2020 as at 30th June 2020.

e. Other expenses

Other expenses represent loss arising from reduction in selling prices of wrong products either in size or colors. Other expense was KHR3 Millions (USD667) in Q2 of 2022 as at 30th June 2022. This expense has decreased in KHR72 Millions (USD17,743) or 2671% compared to other expenses of KHR75 Millions (USD18,410) in Q2 of 2021 at 30th June 2021. Therefore, Other expense was KHR75 Millions (USD18,410) in Q2 of 2021 as at 30th June 2021. This expense has decreased in KHR83 Millions (USD20,076) or 52.37% compared to other expenses of KHR158 Millions (USD38,486) in Q2 of 2020 at 30th June 2020. Thus, other expenses represent an immaterial portion of our operating expenses.

f. Finance Cost

Finance cost consists of interest paid on our outstanding indebtedness. Financial cost was approximately KHR345 Millions (USD84,985) in Q2 of 2022 as at 30th June 2022, KHR256 Millions (USD62,893) in Q2 of 2021 as at 30th June 2021 and KHR403 Millions (USD98,513) in the Q2 of 2020 as at 30th June 2020.

v. Profit after tax

Profit after tax is derived from profit before tax minus income tax expense. In Q2 of 2022 as at 30th June 2022, the Company's profit before tax was KHR730 Millions (USD179,823) and income tax expense was KHR580 Millions (USD142,878), so the profit after tax in Q2 of 2022 as at 30th June 2022, was KHR1,310 Millions (USD322,701). The profit after tax was increased KHR5,344 Millions (USD1.313 Millions) presenting to 132.47% with comparing to the (loss)/profit after tax in Q2 of 2021 as at 30th June 2021, which was KHR -4,035 Millions (USD -990,064).

Moreover, In Q2 of 2021 as at 30th June 2021, the Company's (loss)/profit before tax was KHR -4,035 Millions (USD -990,064) and income tax expense was not paid, so the (loss)/profit after tax in Q2 of 2021 as at 30th June 2021, was KHR -4,035 Millions (USD -990,064). The (loss)/profit after tax was decreased KHR4,771 Millions (USD1.170 Millions) presenting to 647.97% with comparing to the profit after tax in Q2 of 2020 as at 30th June 2020, which was KHR736 Millions (USD179,884).

vi. Factors and Trends Analysis Affecting Financial Condition and Results

Revenue

Grand Twins generates revenue from export products to over the world. Revenue from export product to USA 17% of total revenue in Q2 of 2021, exported to EU 52% and to asia countries 28% and 3% to other countries.

Revenue in Q2 of 2022, has increased 10.74% which from KHR91,094 Million (USD22.354 Millions), as the total revenue in Q2 of 2021 to KHR100,877 Million (USD24,853 Millions) in Q2 of 2022. In contrast, the revenue in Q2 of 2021, has decreased 27.94% which from KHR126,418 Million (USD30.886 Millions), as the total revenue in Q2 of 2020 to KHR91,094 Million (USD22.354 Millions) in Q2 of 2021.

Selling Price

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

Grand Twins has manufactured over 3,000 designs in 2021. For Jacket, we sold a significant amount at approximately USD 50 each in 2021. For sport suits, we sold a significant amount at approximately USD20-30 each in 2021. For shorts, we sold a significant amount at approximately USD 5-10 each in 2020. The selling price is stable in Q2 of 2022.

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

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

g. Significant factors affecting the Company's profit

1. Demand and supply conditions analysis

The Company's revenue was declined 10.74% in Q2 of 2022 comparing to the total revenue in the Q2 of 2021. In contrast, the Company's revenue was declined 27.94% in Q2 of 2021 comparing to the total revenue in the Q2 of 2020, it primary dued to the decrease in client purchase order and production suspension.

In Q2 of 2022 as at 30th June 2022, the revenue was higher than previous quarters, the purchase order volumn was increase and had caused to gross profit amounted in KHR5,914 Millions (USD1.457 Millions) in Q2 of 2022, which had increased in KHR4,893 Millions (USD1.207 Million) or 479.43% compareing to profit margin of KHR1,021 Millions (USD250,469) in Q2 of 2021 as at 30th June 2021. Therefore, in Q2 of 2021 as at 30th June 2021, the revenue was lower than previous quarters, the purchase order volumn was reduce and had caused to gross profit amounted in KHR1,021 Millions (USD250,469) in Q2 of 2021, which had declined in KHR6,116 Millions (USD1.493 Millions) or 85.70% compareing to profit margin of KHR7,137 Millions (USD1.744 Millions) in Q2 of 2020 as at 30th June 2020. We have no significant issues with securing an adequate supply of raw materials at reasonable prices, and thus we expect to be able to continue to meet growing customer demand for our products.

2. Fluctucations in Prices of Raw Material Analysis

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

3. Tax Analysis

Income tax is included all taxes on taxable profit.

Current Tax

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

Deffered Tax

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes related to the same taxation authority on either (i) The same taxable entity; or (ii) Different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to relies the assets and settle the liabilities simultaneously, in each future period in which significant amount of deferred liabilities or assets are expected to be settled or recovered.

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

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

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

Fortunately, as the Company is going to list in the second half of 2013, a tax deduction of 10% will be provided from 2014 to 2016 where the ToP sets to be 20%. From 2017, the normal rate of ToP will be applied.

4. Exceptional and extraordinary items and analysis

There were no exceptional or extraordinary items that affected any of our assets, liabilities, equity, net income or cash flows in Q2 of 2020 as at 30th June 2021.

h. Material Changes in Sale and Revenue

Our revenue in Q2 of 2022 as at 30th June 2022, amounted to KHR100,877 Millions (USD24.853 Millions). This revenue has increased KHR9,783 Millions (USD2.498 Millions) presented 10.74% increased by compared to total revenue KHR91,094 Millions (USD22.354 Millions) in Q2 of 2021 as at 30th June 2021.

Therefore the revenue in Q2 of 2021 as at 30th June 2021, amounted to KHR91,094 Millions (USD22.354 Millions). This revenue has increased KHR35,324 Millions (USD8.532 Millions) presented 27.94% declined by compared to total revenue KHR126,418 millions (USD30.886 millions) in Q2 of 2020 as at 30th June 2020.

Our revenue consists of revenue from the sale of products, subcontract and CMP revenue. In Q2 of 2022, we has generated in revenue KHR100,877 Millions (USD24.853 Millions), that sale of products accounted for KHR100,117 Millions (USD24.665 Millions) and the revenue from subcontract was KHR760 Millions (USD187,273). The CMP had not been generated in Q2 of 2022.

Revenue from sale of products presented to 99.25% of total revenue, amounted in KHR100,117 Millions (USD24.665 Millions) in Q2 of 2022 as at 30th June 2022. Subcontract revenue and CMP revenue contribute only immaterial amounts to our total revenue. Consequently, any material changes in sales and revenue are due to changes in revenue from the sale of goods. Revenue from the sale of goods depends on the volume of clothing items that we produce and sell, and is discussed in “ Selling Price”.

i. Impact of foreign exchange/interest rates/commodity prices

Impact of foreign exchange

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

Impact of interest rates

As we have no significant interest-bearing financial assets, our revenue, income and cash flow are substantially independent of changes in market interest rates. As at 30th June 2022, We have no debt with floating interest rate could impact on our financial condition and results of operations

Impact of commodity price

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

j. Impact of inflation

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

k. Government/ Economics/ Fiscal/ Monetary Policy

Government

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

Economic

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

Fiscal

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

Monetary Policy

Cambodia is a dollarized economy making the country's currency, the Cambodian Riel very susceptible to depreciation of US Dollar. For the Cambodian securities market, there is a requirement to denote the price of listed securities in Cambodian Riel, reflecting a long-term goal of the Government to strengthen the use of the Cambodian Riel There has been no material impact of the government, economic, fiscal or monetary policies our historical profits for Q2 of 2022 as at 30th June 2022.

5. SIGNIFICANT INFORMATION TO PROTECT PUBLIC INVESTORS

SIGNIFICANT INFORMATION TO PROTECT PUBLIC INVESTORS

In Q2 of 2022 as at 30th June 2022, there is no any significant information other than disclosed in this Q2 report of 2022.

DIRECTORS' SIGNATURE

Dated: 15th August 2022

Having read and approved

Signature



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



Signature



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



ក្រុមហ៊ុន ហ្គ្រង់ ធួន អ៊ិនធើណេសិនណល ភីអិលស៊ី

Grand Twins International (Cambodia) Plc.

អាសយដ្ឋាន: ភូមិត្រពាំងពោធិ៍ សង្កាត់ចោមចៅ ខណ្ឌពោធិ៍សែនជ័យ រាជធានីភ្នំពេញ ព្រះរាជាណាចក្រកម្ពុជា។

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