

**GRAND TWINS  
INTERNATIONAL (CAMBODIA) PLC**

(Incorporated in Cambodia)  
Registration No: 00012347

**CONDENSED INTERIM FINANCIAL STATEMENTS  
For The Financial Period From  
1 January 2022 To 30 September 2022**

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

(Incorporated in Cambodia)

Registration No: 00012347

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

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

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



21 NOV 2022

**GRAND TWINS INTERNATIONAL (CAMBODIA) PLC**

(Incorporated in Cambodia)

Registration No: 00012347

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30  
SEPTEMBER 2022**

	Note	Unaudited 30 September 2022		Audited 31 December 2021	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	8	11,592,806	47,750,768	11,943,103	48,656,202
Intangible assets	9	2,431	10,013	3,150	12,833
Deferred tax asset		46,731	192,485	-	-
		<u>11,641,968</u>	<u>47,953,266</u>	<u>11,946,253</u>	<u>48,669,035</u>
<b>CURRENT ASSETS</b>					
Inventories	10	30,575,926	125,942,239	26,907,390	109,620,707
Trade and other receivables	11	39,316,235	161,943,572	46,457,239	189,266,792
Cash and cash equivalents	12	316,520	1,303,746	1,950,806	7,947,584
		<u>70,208,681</u>	<u>289,189,557</u>	<u>75,315,435</u>	<u>306,835,083</u>
<b>TOTAL ASSETS</b>		<u>81,850,649</u>	<u>337,142,823</u>	<u>87,261,688</u>	<u>355,504,118</u>
<b>EQUITY AND LIABILITY</b>					
<b>EQUITY</b>					
Share capital	13	10,000,000	40,450,000	10,000,000	40,450,000
Share premium	14	17,280,000	69,897,600	17,280,000	69,897,600
Retained earnings		42,036,161	172,158,963	41,319,740	169,236,094
Currency translation difference		-	3,006,704	-	(108,353)
<b>TOTAL EQUITY</b>		<u>69,316,161</u>	<u>285,513,267</u>	<u>68,599,740</u>	<u>279,475,341</u>
<b>LIABILITIES</b>					
<b>NON-CURRENT LIABILITIES</b>					
Deferred tax liabilities		-	-	96,147	391,703
Trade and other payables	15	360,000	1,482,840	450,000	1,833,300
		<u>360,000</u>	<u>1,482,840</u>	<u>546,147</u>	<u>2,225,003</u>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	15	4,571,392	18,829,564	10,278,243	41,873,563
Borrowings	16	7,439,438	30,643,045	7,774,957	31,675,175
Income tax liabilities		163,658	674,107	62,601	255,036
Current liabilities		<u>12,174,488</u>	<u>50,146,716</u>	<u>18,115,801</u>	<u>73,803,774</u>
<b>TOTAL LIABILITIES</b>		<u>12,534,488</u>	<u>51,629,556</u>	<u>18,661,948</u>	<u>76,028,777</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>81,850,649</u>	<u>337,142,823</u>	<u>87,261,688</u>	<u>355,504,118</u>

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## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	Note	Unaudited 3 months to 30 September 2022		Unaudited 3 months to 30 September 2021	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Revenue	17	24,712,512	100,481,074	35,438,457	144,553,466
Cost of sales	18	(23,348,575)	(94,935,306)	(33,353,158)	(136,047,531)
<b>Gross profit</b>		1,363,937	5,545,768	2,085,299	8,505,935
Other income	19	364,569	1,482,338	613,946	2,504,286
Administrative expenses		(814,026)	(3,309,830)	(977,392)	(3,986,782)
Distribution costs		(545,988)	(2,219,987)	(1,376,552)	(5,614,956)
Other expenses		(1,108)	(4,505)	(21,404)	(87,307)
<b>Operating profit</b>		367,384	1,493,784	323,897	1,321,176
Finance income	19	368	1,496	529	2,158
Finance costs	20	(99,199)	(403,343)	(25,530)	(104,137)
<b>Profit before income tax</b>		268,553	1,091,937	298,896	1,219,197
Income tax expense	21	-	-	-	-
<b>Profit for the period</b>		268,553	1,091,937	298,896	1,219,197
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the period</b>		268,553	1,091,937	298,896	1,219,197

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

	Notes	Unaudited 3 months to 30 September 2022		Unaudited 3 months to 30 September 2021	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Basic earnings per share	23	0.007	0.027	0.007	0.030
Diluted earnings per share	23	0.007	0.027	0.007	0.030

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## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	Note	Unaudited 9 months to 30 September 2022		Unaudited 9 months to 30 September 2021	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Revenue	17	77,146,028	313,675,750	90,523,962	369,247,241
Cost of sales	18	<u>(72,229,732)</u>	<u>(293,686,090)</u>	<u>(86,607,921)</u>	<u>(353,273,710)</u>
<b>Gross profit</b>		4,916,296	19,989,660	3,916,041	15,973,531
Other income	19	587,951	2,390,609	760,824	3,103,401
Administrative expenses		(2,648,741)	(10,769,781)	(2,786,600)	(11,366,541)
Distribution costs		(1,625,871)	(6,610,791)	(2,250,043)	(9,177,925)
Other expenses		<u>(2,676)</u>	<u>(10,881)</u>	<u>(55,868)</u>	<u>(227,886)</u>
<b>Operating profit/(loss)</b>		1,226,959	4,988,816	(415,646)	(1,695,420)
Finance income	19	1,296	5,270	1,631	6,653
Finance costs	20	<u>(274,595)</u>	<u>(1,116,503)</u>	<u>(179,507)</u>	<u>(732,209)</u>
<b>Profit/(Loss) before income tax</b>		953,660	3,877,583	(593,522)	(2,420,976)
Income tax expense	21	<u>(87,239)</u>	<u>(354,714)</u>	<u>(19,529)</u>	<u>(79,659)</u>
<b>Profit/(Loss) for the period</b>		866,421	3,522,869	(613,051)	(2,500,635)
Other comprehensive income		-	-	-	-
Total comprehensive income/(expense) for the period		<u>866,421</u>	<u>3,522,869</u>	<u>(613,051)</u>	<u>(2,500,635)</u>

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

	Notes	Unaudited 9 months to 30 September 2022		Unaudited 9 months to 30 September 2021	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Basic earnings per share	23	0.022	0.088	(0.015)	(0.063)
Diluted earnings per share	23	0.022	0.088	(0.015)	(0.063)

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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 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 nine-month period		-	-	866,421	866,421	3,522,869
Dividend paid	22	-	-	(150,000)	(150,000)	(600,000)
Currency translation difference		-	-	-	-	3,115,057
Balance as at 30 September 2022 (USD) (Unaudited)		<u>10,000,000</u>	<u>17,280,000</u>	<u>42,036,161</u>	<u>69,316,161</u>	<u>285,513,267</u>
Balance as at 1 January 2021 (Audited)		10,000,000	17,280,000	41,682,835	68,962,835	278,954,667
Loss for nine-month period		-	-	(613,051)	(613,051)	(2,500,635)
Dividend paid	22	-	-	(500,000)	(500,000)	(2,000,000)
Dividend declared	22	-	-	(150,000)	(150,000)	(600,000)
Currency translation difference		-	-	-	-	2,305,237
Balance as at 30 September 2021 (USD) (Unaudited)		<u>10,000,000</u>	<u>17,280,000</u>	<u>40,419,784</u>	<u>67,699,784</u>	<u>276,159,269</u>



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

	Note	Unaudited 9 months to 30 September 2022		Unaudited 9 months to 30 September 2021	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
<b>Operating activities</b>					
Profit/(Loss) before income tax		953,660	3,877,583	(593,522)	(2,420,976)
Adjustments for:					
Depreciation of property, plant and equipment	8	814,723	3,312,664	960,489	3,917,835
Amortisation of intangible assets	9	719	2,923	1,209	4,932
Gain on disposal of property, plant and equipment		(39,255)	(159,611)	-	-
Interest expense	20	274,595	1,116,503	179,507	732,209
Interest income		(1,296)	(5,270)	(1,631)	(6,653)
Operating profit before working capital		2,003,146	8,144,792	546,052	2,227,347
Changes in working capital:					
- inventories		(3,668,536)	(15,110,700)	(5,938,089)	(24,221,465)
- trade and other receivables		7,141,004	29,413,795	8,433,500	34,400,247
- trade and other payables		(5,796,851)	(23,877,229)	(1,114,544)	(4,546,225)
Cash (for)/ from operating activities		(321,237)	(1,429,342)	1,926,919	7,859,904
Income tax paid		(129,060)	(524,758)	(68,686)	(280,170)
Net cash (for)/from operating activities		(450,297)	(1,954,100)	1,858,233	7,579,734
<b>Investing activities</b>					
Purchases of property, plant and equipment	8	(464,426)	(1,912,971)	(248,051)	(1,011,800)
Proceeds from disposal of property, plant and equipment		39,255	159,611	-	-
Interest received		1,296	5,270	1,631	6,653
Net cash used in investing activities		(423,875)	(1,748,090)	(246,420)	(1,005,147)
<b>Financing activities</b>					
Interest paid	20	(274,595)	(1,116,503)	(179,507)	(732,209)
Repayment of bank borrowings	16	(8,655,519)	(35,652,083)	(13,786,234)	(56,234,048)
Drawdown of borrowings	16	8,320,000	34,270,080	13,440,000	54,821,760
Dividend paid	22	(150,000)	(600,000)	(500,000)	(2,000,000)
Net cash used in financing activities		(760,114)	(3,098,506)	(1,025,741)	(4,144,497)
Net change in cash and cash equivalents		(1,634,286)	(6,800,696)	586,072	2,430,090
Cash and cash equivalents, at the beginning of period		1,950,806	7,947,584	974,600	3,942,257
Currency translation difference		-	156,858	-	(6,366)
Cash and cash equivalents, at the end of period		316,520	1,303,746	1,560,672	6,365,981

# GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

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## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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### 1. GENERAL INFORMATION

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

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

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

### 2. PRINCIPAL ACTIVITY

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

### 3. BASIS OF PREPARATION

The condensed interim financial statements are as at and for the period ended 30 September 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.

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### **NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

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

The translations of USD amounts into KHR presented in the financial statements are included solely to comply with the Law on Accounting and Auditing (April 2016) and have been made using the prescribed official annual average exchange rate of USD1 to KHR4,066 for the quarter ended 30 September 2022 (30 September 2021: KHR4,079) and closing rate USD1 to KHR4,119 as at 30 September 2022 (30 September 2021: KHR4,079) 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.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2022****8. PROPERTY, PLANT AND EQUIPMENT**

	Leasehold land USD	Building and structures USD	Plant and machineries USD	Motor vehicles USD	Equipment and computers USD	Total USD
<b>Unaudited</b>						
Cost						
Balance at 1 January 2022	3,880,000	8,971,311	18,370,664	86,400	1,993,698	33,302,073
Addition	-	-	437,335	-	27,091	464,426
Disposal	-	-	(1,853,151)	-	-	(1,853,151)
Balance at 30 September 2022	3,880,000	8,971,311	16,954,848	86,400	2,020,789	31,913,348
Accumulated depreciation						
Balance at 1 January 2022	(388,000)	(5,881,983)	(13,158,164)	(84,298)	(1,846,525)	(21,358,970)
Depreciation	(28,800)	(174,416)	(577,709)	(394)	(33,404)	(814,723)
Disposal	-	-	1,853,151	-	-	1,853,151
Balance at 30 September 2022	(416,800)	(6,056,399)	(11,882,722)	(84,692)	(1,879,929)	(20,320,542)
Carrying amount at 30 September 2022 (USD)	3,463,200	2,914,912	5,072,126	1,708	140,860	11,592,806
KHR'000 (Note 4)	14,264,921	12,006,523	20,892,087	7,035	580,202	47,750,768
<b>Audited</b>						
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

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

#### 9. INTANGIBLE ASSETS

	Computer software	
	Unaudited 2022 USD	Audited 2021 USD
Cost		
Balance at 30 September/31 December	<u>224,957</u>	<u>224,957</u>
Accumulated amortisation		
Balance at 1 January	(221,807)	(220,195)
Amortisation	<u>(719)</u>	<u>(1,612)</u>
Balance at 30 September/31 December	<u>(222,526)</u>	<u>(221,807)</u>
Carrying amount at 30 September/31 December	<u>2,431</u>	<u>3,150</u>
KHR'000 (Note 4)	<u>10,013</u>	<u>12,833</u>

#### 10. INVENTORIES

	Unaudited 30 September 2022		Audited 31 December 2021	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Raw materials	21,348,880	87,936,036	13,385,572	54,532,820
Work-in-progress	7,005,513	28,855,708	8,274,748	33,711,323
Finished goods	<u>2,221,533</u>	<u>9,150,495</u>	<u>5,247,070</u>	<u>21,376,564</u>
	<u>30,575,926</u>	<u>125,942,239</u>	<u>26,907,390</u>	<u>109,620,707</u>
Recognised in profit or loss:-				
Impairment loss on inventories	-	-	379,106	1,544,478

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## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

### 11. TRADE AND OTHER RECEIVABLES

	Unaudited		Audited	
	30 September 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
		(Note 4)		(Note 4)
Trade receivables				
Amount due from related party				
QMI Industrial Co., Ltd.	35,860,384	147,708,922	43,340,486	176,569,140
Other receivables				
Amount due from related parties				
Quint Major Industrial Co., Ltd.	27,845	114,694	26,648	108,564
QMI Industrial Co., Ltd.	121,911	502,151	11,049	45,014
Value-added tax receivables	1,442,569	5,941,942	1,291,151	5,260,149
Prepayments				
QMI Industrial Co., Ltd.	-	-	5,000	20,370
Quint Major Industrial Co., Ltd.	51,752	213,166	2,760	11,244
Other third parties	1,811,774	7,462,697	1,780,145	7,252,311
	<u>3,455,851</u>	<u>14,234,650</u>	<u>3,116,753</u>	<u>12,697,652</u>
	<u>39,316,235</u>	<u>161,943,572</u>	<u>46,457,239</u>	<u>189,266,792</u>

### 12. CASH AND CASH EQUIVALENTS

	Unaudited		Audited	
	30 September 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
		(Note 4)		(Note 4)
Cash on hand	62,866	258,945	38,926	158,585
Cash in banks	253,654	1,044,801	1,911,880	7,788,999
	<u>316,520</u>	<u>1,303,746</u>	<u>1,950,806</u>	<u>7,947,584</u>

### 13. SHARE CAPITAL

	Unaudited		Audited	
	30 September 2022		31 December 2021	
	Shares	USD	Shares	USD
Ordinary shares of USD 0.25 each				
Authorised	200,000,000	50,000,000	200,000,000	50,000,000
Issued and fully paid:	40,000,000	10,000,000	40,000,000	10,000,000
KHR'000 (Note 4)	-	40,450,000	-	40,450,000

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#### 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 investors, respectively, at an issue price of USD2.41 per share on 16 June 2014.

#### 15. TRADE AND OTHER PAYABLES

	Unaudited		Audited	
	30 September 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
		(Note 4)		(Note 4)
<b>Non-current</b>				
Other payables	360,000	1,482,840	450,000	1,833,300
<b>Current</b>				
Trade payables	1,129,336	4,651,735	1,822,936	7,426,641
Amounts due to related parties				
Quint Major Industrial Co., Ltd	1,749,613	7,206,656	6,398,414	26,067,139
QMI Industrial Co., Ltd	435,795	1,795,040	9,023	36,760
Accruals	909,673	3,746,943	1,695,702	6,908,290
Withholding tax payables	330,845	1,362,751	330,845	1,347,863
Other payables	16,130	66,439	21,323	86,870
	<u>4,571,392</u>	<u>18,829,564</u>	<u>10,278,243</u>	<u>41,873,563</u>
	<u>4,931,392</u>	<u>20,312,404</u>	<u>10,728,243</u>	<u>43,706,863</u>

#### 16. BORROWINGS

	Unaudited		Audited	
	30 September 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
		(Note 4)		(Note 4)
Term loans				
First Commercial Bank (Note 16.1)	6,400,000	26,361,600	6,400,000	26,073,600
Taiwan Cooperative Bank (Note 16.2)	1,039,438	4,281,445	1,374,957	5,601,575
	<u>7,439,438</u>	<u>30,643,045</u>	<u>7,774,957</u>	<u>31,675,175</u>

##### 16.1. Short-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.

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

##### 16.1. Term loan with the First Commercial Bank (Cont'd)

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

For the nine-month period to 30 September 2022 the Company paid the principal amounting to USD 8,320,000 (2021: USD13,460,000) and drawn down an aggregate amount of USD 8,320,000 (2021: USD13,440,000).

##### 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:

- (a) Letter of guarantee by Mr. Yang Shaw Shin, Director of the Company;
- (b) First-rank hypothec over the real properties owned by Mr. Yang Shaw Shin (including land(s) and all constructions) as follows:
  - (i) Certificate of land title 005315 (Ixii 0019/21090908-0001) issued on 27 February 2014 of 226,697m<sup>2</sup>, locate at Phum Chorm Pol, Khum Porpel, Srok Tram Kak, Takeo province, Cambodia
  - (ii) Certificate of land title 005366 (Ixii 0020/21090908-0002) issued on 23 July 2014 of 14,871 m<sup>2</sup>, locate at Phum Chorm Pol, Khum Porpel, Srok Tram Kak, Takeo province, Cambodia.



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

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

For the nine-month period to 30 September 2022, the Company paid the principal amounting to USD335,519 (2021: USD326,234).

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 September 2022, the Company's return on equity is 1.25% for the 9 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

	Unaudited 3 months to 30 September 2022		Unaudited 3 months to 30 September 2021	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Sale of goods	24,523,420	99,712,226	35,412,457	144,447,412
Subcontract revenue	189,092	768,848	26,000	106,054
	<u>24,712,512</u>	<u>100,481,074</u>	<u>35,438,457</u>	<u>144,553,466</u>

	Unaudited 9 months to 30 September 2022		Unaudited 9 months to 30 September 2021	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Sale of goods	76,769,663	312,145,450	90,144,395	367,698,987
Subcontract revenue	376,365	1,530,300	379,567	1,548,254
	<u>77,146,028</u>	<u>313,675,750</u>	<u>90,523,962</u>	<u>369,247,241</u>

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#### 18. COST OF SALES

	Unaudited 3 months to 30 September 2022		Unaudited 3 months to 30 September 2021	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Direct materials	14,548,281	59,153,311	21,281,890	86,808,829
Direct labour	1,896,621	7,711,661	2,451,906	10,001,325
Overhead	6,903,673	28,070,334	9,619,362	39,237,377
	<u>23,348,575</u>	<u>94,935,306</u>	<u>33,353,158</u>	<u>136,047,531</u>

	Unaudited 9 months to 30 September 2022		Unaudited 9 months to 30 September 2021	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Direct materials	44,304,432	180,141,821	57,749,357	235,559,627
Direct labour	6,330,020	25,737,861	6,506,979	26,541,967
Overhead	21,595,280	87,806,408	22,351,585	91,172,116
	<u>72,229,732</u>	<u>293,686,090</u>	<u>86,607,921</u>	<u>353,273,710</u>

#### 19. OTHER INCOME

	Unaudited 3 months to 30 September 2022		Unaudited 3 months to 30 September 2021	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Interest income	368	1,496	529	2,158
Rental income	73,765	299,928	70,087	285,885
Realised foreign exchange gain	3,693	15,015	4,725	19,273
Gain on disposal of assets	-	-	3,500	14,277
Sale of waste	227,622	925,513	531,537	2,168,139
Others	59,489	241,882	4,097	16,712
	<u>364,937</u>	<u>1,483,834</u>	<u>614,475</u>	<u>2,506,444</u>

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#### 19. OTHER INCOME (CONT'D)

	Unaudited 9 months to 30 September 2022		Unaudited 9 months to 30 September 2021	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Interest income	1,296	5,270	1,631	6,653
Rental income	219,115	890,922	204,471	834,037
Realised foreign exchange gain	5,736	23,323	16,556	67,532
Gain on disposal of assets	39,255	159,611	3,500	14,277
Sale of waste	262,919	1,069,028	531,537	2,168,139
Others	60,926	247,725	4,760	19,416
	<u>589,247</u>	<u>2,395,879</u>	<u>762,455</u>	<u>3,110,054</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.

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### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

#### 22. DIVIDENDS

	Unaudited 3 months to 30 September 2022		Unaudited 3 months to 30 September 2021	
	Dividend Per share KHR	Amount of Dividend KHR'000	Dividend Per share KHR	Amount of Dividend KHR'000
Dividend declared	-	-	15	600,000

  

	Unaudited 9 months to 30 September 2022		Unaudited 9 months to 30 September 2021	
	Dividend Per share KHR	Amount of Dividend KHR'000	Dividend Per share KHR	Amount of Dividend KHR'000
Dividend declared	-	-	15	600,000
Dividend paid	15	600,000	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 September 2021, the dividend 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 2020 has been approved by the shareholders. The dividend was paid on 14 October 2021.

On 30 June 2022, the dividend 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 has been approved by the shareholders. The dividend was paid on 18 July 2022.

#### 23. EARNINGS PER SHARE

	Unaudited 3 months to 30 September 2022		Unaudited 3 months to 30 September 2021	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Profit attributable to ordinary equity holders	268,553	1,091,937	298,896	1,219,197
Weighted average number of shares in issue	40,000,000	40,000,000	40,000,000	40,000,000
Basic earnings per share	0.007	0.027	0.007	0.030
Diluted earnings per share	0.007	0.027	0.007	0.030

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#### 23. EARNINGS PER SHARE (CONT'D)

		Unaudited 9 months to 30 June 2022		Unaudited 9 months to 30 June 2021	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)	
Profit attributable to ordinary equity holders	866,421	3,522,869	(613,051)	(2,500,635)	
Weighted average number of shares in issue	40,000,000	40,000,000	40,000,000	40,000,000	
Basic earnings per share	0.022	0.088	(0.015)	(0.063)	
Diluted earnings per share	0.022	0.088	(0.015)	(0.063)	

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			30 September 2022		31 December 2021	
			USD	KHR'000	USD	KHR'000
Amounts due from						
QMI Industrial Co., Ltd	Common control	Trade receivables	35,860,384	147,708,922	43,340,486	176,569,140
		Non-trade receivables	121,911	502,151	16,049	65,384
Quint Major Industrial Co., Ltd.	Common control	Trade receivables	27,845	114,694	26,648	108,564
		Non-trade receivables	51,752	213,166	2,760	11,244
			<u>36,061,892</u>	<u>148,538,933</u>	<u>43,385,943</u>	<u>176,754,332</u>
Amounts due to						
Quint Major Industrial Co., Ltd	Common control	Trade payables	1,749,613	7,206,656	6,398,414	26,067,139
QMI Industrial Co., Ltd	Common control	Trade payables	293,155	1,207,505	9,023	36,760
		Non-trade receivables	142,640	587,535	-	-
			<u>2,185,408</u>	<u>9,001,696</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.

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

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

	Unaudited 3 months to 30 September 2022		Unaudited 3 months to 30 September 2021	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
<u>Under common control</u>				
QMI Industrial Co., Ltd				
Sales of goods	24,523,420	99,712,226	35,412,457	144,447,412
Sale of waste	287,112	1,167,397	531,537	2,168,139
Purchases of raw materials	15,418,690	62,692,394	14,494,078	59,121,345
Purchases of machinery and equipment	222,806	905,929	69,180	282,185
Cash collection	13,680,000	55,622,880	7,994,000	32,607,526
Offset with trade receivables	15,418,690	62,692,394	14,494,078	59,121,345
Offset with trade payables	15,418,690	62,692,394	9,285	37,873
Payments on behalf for the Company	59,267	240,980	94,678	386,191
Payments on behalf by the Company	284,525	1,156,879	-	-
Advances to the Company	141,752	576,364	801,000	3,267,279
Repayment of advances by the Company	90,000	365,940	-	-
Quint Major Industrial Co., Ltd.				
Subcontract cost	4,652,433	18,916,793	5,777,423	23,566,110
Rental of machinery	73,764	299,924	70,087	285,886
Repayment	8,160,000	33,178,560	4,952,482	20,201,175
	Unaudited 9 months to 30 September 2022		Unaudited 9 months to 30 September 2021	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
<u>Under common control</u>				
QMI Industrial Co., Ltd				
Sales of goods	76,769,663	312,145,450	90,144,395	367,698,987
Sale of waste	298,657	1,214,339	531,537	2,168,139
Purchases of raw materials	44,425,568	180,634,359	59,549,389	242,901,958
Purchases of machinery and equipment	460,402	1,871,995	170,905	697,121
Cash collection	40,124,532	163,146,347	38,977,729	158,990,155
Offset with trade receivables	44,422,876	180,623,414	-	-
Offset with trade payables	44,425,568	180,634,359	59,549,389	242,901,958
Payments on behalf for the Company	115,097	467,984	34,015	138,749
Payments on behalf by the Company	313,557	1,274,923	280,123	1,142,620
Advances to the Company	351,752	1,430,224	1,648,000	6,722,192
Repayment of advances by the Company	307,760	1,251,352	1,698,500	6,928,182

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

Quint Major Industrial Co., Ltd.				
Subcontract cost	14,466,199	58,819,565	13,545,604	55,252,518
Rental machinery	219,115	890,922	13,672,482	55,770,055
Repayment	19,115,000	77,721,590	204,471	834,037
Payments on behalf for the Company	-	-	13,862	56,544
Repayment of advances by the Company	-	-	68,525	279,515

#### 25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

	Unaudited		Audited	
	30 September 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
Financial assets				
Amortised cost				
Trade and other receivables*	36,010,140	148,325,767	43,378,183	176,722,718
Cash and cash equivalents	316,520	1,303,746	1,950,806	7,947,584
	<u>36,326,660</u>	<u>149,629,513</u>	<u>45,328,989</u>	<u>184,670,302</u>

\* Excludes prepayments and VAT receivables.

	Unaudited		Audited	
	30 September 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
Financial liabilities				
Amortised cost				
Trade and other payables**	4,600,547	18,949,653	10,397,398	42,358,999
Borrowings	7,439,438	30,643,045	7,774,957	31,675,175
	<u>12,039,985</u>	<u>49,592,698</u>	<u>18,172,355</u>	<u>74,034,174</u>

\*\* 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.

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

##### **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.



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#### **28. COMMITMENT**

At the end of the current financial period, the Company has a commitment for capital expenditure in respect of the purchase of office units from TACC (C.R) Ltd amounting to USD5,913,044 (31 December 2021: USD5,913,044). As of 30 September 2022, the construction of the office building 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 September 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 September 2022 were approved for issue by the Board of Directors on 21 November 2022.