

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

CONDENSED INTERIM FINANCIAL STATEMENTS
For The Financial Period From
1 January 2022 To 31 December 2022

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

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STATEMENT BY DIRECTORS

In the opinion of directors, the accompanying condensed interim statement of financial position of Grand Twins International (Cambodia) Plc (“GTI”) as at 31 December 2022, and the related condensed interim statement of profit or loss and other comprehensive income, changes in equity and cash flows for the twelve-month period then ended, and condensed notes to the interim financial information (collectively known as “Condensed Interim Financial Statements”) are presented fairly, in all material respects, in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*.

Signed on behalf of board of directors :-

  

CHEN TSUNG CHI
Director

WANG YI TING
Director



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

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

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

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

13 MAR 2023

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

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**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31
DECEMBER 2022**

	Note	Unaudited 31 December 2022		Audited 31 December 2021	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	8	19,298,592	79,452,303	11,943,103	48,656,202
Intangible assets	9	2,060	8,481	3,150	12,833
		<u>19,300,652</u>	<u>79,460,784</u>	<u>11,946,253</u>	<u>48,669,035</u>
CURRENT ASSETS					
Inventories	10	22,155,334	91,213,510	26,907,390	109,620,707
Trade and other receivables	11	43,118,723	177,519,783	46,457,239	189,266,792
Cash and cash equivalents	12	363,061	1,494,722	1,950,806	7,947,584
		<u>65,637,118</u>	<u>270,228,015</u>	<u>75,315,435</u>	<u>306,835,083</u>
TOTAL ASSETS		<u>84,937,770</u>	<u>349,688,799</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		42,022,768	172,122,422	41,319,740	169,236,094
Currency translation difference		-	2,849,474	-	(108,353)
TOTAL EQUITY		<u>69,302,768</u>	<u>285,319,496</u>	<u>68,599,740</u>	<u>279,475,341</u>
LIABILITIES					
NON-CURRENT LIABILITIES					
Deferred tax liabilities		189,091	778,488	96,147	391,703
Trade and other payables	15	360,000	1,482,120	450,000	1,833,300
		<u>549,091</u>	<u>2,260,608</u>	<u>546,147</u>	<u>2,225,003</u>
CURRENT LIABILITIES					
Trade and other payables	15	2,295,186	9,449,280	10,278,243	41,873,563
Borrowings	16	12,627,067	51,985,635	7,774,957	31,675,175
Income tax liabilities		163,658	673,780	62,601	255,036
Current liabilities		<u>15,085,911</u>	<u>62,108,695</u>	<u>18,115,801</u>	<u>73,803,774</u>
TOTAL LIABILITIES		<u>15,635,002</u>	<u>64,369,303</u>	<u>18,661,948</u>	<u>76,028,777</u>
TOTAL EQUITY AND LIABILITIES		<u>84,937,770</u>	<u>349,688,799</u>	<u>87,261,688</u>	<u>355,504,118</u>

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CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2022

	Note	Unaudited 3 months to 31 December 2022		Unaudited 3 months to 31 December 2021	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Revenue	17	25,382,121	103,736,729	35,269,949	143,689,772
Cost of sales	18	(25,141,617)	(102,753,789)	(30,992,035)	(126,261,551)
Gross profit		240,504	982,940	4,277,914	17,428,221
Other income	19	1,052,090	4,299,892	77,315	314,981
Administrative expenses		(582,905)	(2,382,333)	(978,610)	(3,986,857)
Distribution costs		(295,683)	(1,208,456)	(2,239,575)	(9,124,029)
Other expenses		(63,615)	(259,995)	(610,759)	(2,488,232)
Operating profit		350,391	1,432,048	526,285	2,144,084
Finance income	19	793	3,241	691	2,815
Finance costs	20	(128,754)	(526,218)	(86,185)	(351,118)
Profit before income tax		222,430	909,071	440,791	1,795,781
Income tax expense	21	217,982	890,892	439,635	1,791,073
Profit for the period		440,412	1,799,963	880,426	3,586,854
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		440,412	1,799,963	880,426	3,586,854

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

	Notes	Unaudited 3 months to 31 December 2022		Unaudited 3 months to 31 December 2021	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Basic earnings per share	23	0.011	0.045	0.022	0.090
Diluted earnings per share	23	0.011	0.045	0.022	0.090

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CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2022

	Note	Unaudited 12 months to 31 December 2022		Unaudited 12 months to 31 December 2021	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Revenue	17	102,528,149	419,032,545	125,793,911	512,484,393
Cost of sales	18	(97,371,349)	(397,956,703)	(117,599,956)	(479,102,221)
Gross profit		5,156,800	21,075,842	8,193,955	33,382,172
Other income	19	1,640,041	6,702,848	838,139	3,414,578
Administrative expenses		(3,231,646)	(13,207,737)	(3,765,209)	(15,339,461)
Distribution costs		(1,921,554)	(7,853,391)	(4,489,618)	(18,290,704)
Other expenses		(66,292)	(270,935)	(666,628)	(2,715,842)
Operating profit		1,577,349	6,446,627	110,639	450,743
Finance income	19	2,089	8,538	2,323	9,464
Finance costs	20	(403,349)	(1,648,487)	(265,692)	(1,082,429)
Profit/(Loss) before income tax		1,176,089	4,806,678	(152,730)	(622,222)
Income tax expense	21	(323,061)	(1,320,350)	439,635	1,791,073
Profit for the period		853,028	3,486,328	286,905	1,168,851
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		853,028	3,486,328	286,905	1,168,851

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

	Notes	Unaudited 12 months to 31 December 2022		Unaudited 12 months to 31 December 2021	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Basic earnings per share	23	0.021	0.087	0.007	0.029
Diluted earnings per share	23	0.021	0.087	0.007	0.029

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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 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 twelve-month period		-	-	853,028	853,028	3,486,328
Dividend paid	22	-	-	(150,000)	(150,000)	(600,000)
Currency translation difference		-	-	-	-	2,957,827
Balance as at 31 December 2022 (USD) (Unaudited)		<u>10,000,000</u>	<u>17,280,000</u>	<u>42,022,768</u>	<u>69,302,768</u>	<u>285,319,496</u>
Balance as at 1 January 2021 (Audited)		10,000,000	17,280,000	41,682,835	68,962,835	278,954,667
Profit for twelve-month period		-	-	286,905	286,905	1,168,851
Dividend paid	22	-	-	(650,000)	(650,000)	(2,600,000)
Currency translation difference		-	-	-	-	1,951,823
Balance as at 31 December 2021 (USD) (Unaudited)		<u>10,000,000</u>	<u>17,280,000</u>	<u>41,319,740</u>	<u>68,599,740</u>	<u>279,475,341</u>

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**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

	Note	Unaudited 12 months to 31 December 2022		Unaudited 12 months to 31 December 2021	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Operating activities					
Profit/(Loss) before income tax		1,176,089	4,806,678	(152,730)	(622,222)
Adjustments for:					
Amortisation of intangible assets	9	938	3,834	1,612	6,567
Impairment loss on inventories	10	39,349	160,819	379,106	1,544,478
Depreciation of property, plant and equipment	8	1,092,548	4,465,244	1,289,516	5,253,488
Written off of intangible asset		152	621	-	-
Gain on disposal of property, plant and equipment		(39,255)	(160,435)	(3,237)	(13,188)
Interest expense	20	403,349	1,648,487	265,692	1,082,429
Interest income		(2,089)	(8,538)	(2,323)	(9,464)
Operating profit before working capital		2,671,081	10,916,710	1,777,636	7,242,088
Changes in working capital:					
- inventories		4,712,707	19,402,215	(4,001,103)	(16,300,494)
- trade and other receivables		3,338,516	13,744,670	4,234,847	17,252,767
- trade and other payables		(8,073,057)	(33,236,776)	859,860	3,503,070
Cash generated from operating activities		2,649,247	10,826,819	2,871,240	11,697,431
Income tax paid		(129,060)	(527,468)	(261,648)	(1,065,954)
Net cash from operating activities		2,520,187	10,299,351	2,609,592	10,631,477
Investing activities					
Proceed from disposal of property, plant and equipment		55,372	226,305	4,118	16,777
Purchases of property, plant and equipment	8	(8,464,154)	(34,846,922)	(287,031)	(1,169,364)
Interest received		2,089	8,538	2,323	9,464
Net cash used in investing activities		(8,406,693)	(34,612,079)	(280,590)	(1,143,123)
Financing activities					
Interest paid	20	(403,349)	(1,648,487)	(265,692)	(1,082,429)
Repayment of bank borrowings	16	(13,247,890)	(54,541,563)	(20,277,104)	(82,608,922)
Drawdown of borrowings	16	18,100,000	74,517,700	19,840,000	80,828,160
Dividend paid	22	(150,000)	(600,000)	(650,000)	(2,600,000)
Net cash from/(used) in financing activities		4,298,761	17,727,650	(1,352,796)	(5,463,191)
Net change in cash and cash equivalents		(1,587,745)	(6,585,078)	976,206	4,025,163
Cash and cash equivalents, at the beginning of period		1,950,806	7,947,584	974,600	3,942,257
Currency translation difference		-	132,216	-	(19,836)
Cash and cash equivalents, at the end of period		363,061	1,494,722	1,950,806	7,947,584

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

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

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

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

2. PRINCIPAL ACTIVITY

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

3. BASIS OF PREPARATION

The condensed interim financial statements are as at and for the period ended 31 December 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 31 DECEMBER 2022

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 KHR4,087 for the quarter ended 31 December 2022 (31 December 2021: KHR4,074) and closing rate USD1 to KHR4,117 as at 31 December 2022 (31 December 2021: KHR4,074) as announced by Accounting and Auditing Regulator ("ACAR"). 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 2022.

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 31 DECEMBER 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
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	-	7,991,570	443,027	-	29,557	8,464,154
Disposal	-	-	(1,881,793)	-	(95,838)	(1,977,631)
Balance at 31 December 2022	<u>3,880,000</u>	<u>16,962,881</u>	<u>16,931,898</u>	<u>86,400</u>	<u>1,927,417</u>	<u>39,788,596</u>
Accumulated depreciation						
Balance at 1 January 2022	(388,000)	(5,881,983)	(13,158,164)	(84,298)	(1,846,525)	(21,358,970)
Depreciation	(38,800)	(232,554)	(776,262)	(526)	(44,406)	(1,092,548)
Disposal	-	-	1,870,695	-	90,819	1,961,514
Balance at 31 December 2022	<u>(426,800)</u>	<u>(6,114,537)</u>	<u>(12,063,731)</u>	<u>(84,824)</u>	<u>(1,800,112)</u>	<u>(20,490,004)</u>
Carrying amount at 31 December 2022 (USD)	<u>3,453,200</u>	<u>10,848,344</u>	<u>4,868,167</u>	<u>1,576</u>	<u>127,305</u>	<u>19,298,592</u>
KHR'000 (Note 4)	<u>14,216,824</u>	<u>44,662,632</u>	<u>20,042,244</u>	<u>6,488</u>	<u>524,115</u>	<u>79,452,303</u>
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	<u>3,880,000</u>	<u>8,971,311</u>	<u>18,370,664</u>	<u>86,400</u>	<u>1,993,698</u>	<u>33,302,073</u>
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	<u>(388,000)</u>	<u>(5,881,983)</u>	<u>(13,158,164)</u>	<u>(84,298)</u>	<u>(1,846,525)</u>	<u>(21,358,970)</u>
Carrying amount at 31 December 2021 (USD)	<u>3,492,000</u>	<u>3,089,328</u>	<u>5,212,500</u>	<u>2,102</u>	<u>147,173</u>	<u>11,943,103</u>
KHR'000 (Note 4)	<u>14,226,408</u>	<u>12,585,922</u>	<u>21,235,725</u>	<u>8,564</u>	<u>599,583</u>	<u>48,656,202</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

9. INTANGIBLE ASSETS

	Computer software	
	Unaudited 2022 USD	Audited 2021 USD
Cost		
Balance at 1 January	224,957	224,957
Written off	(7,336)	-
Balance at 31 December	<u>217,621</u>	<u>224,957</u>
Accumulated amortisation		
Balance at 1 January	(221,807)	(220,195)
Amortisation	(938)	(1,612)
Written off	7,184	-
Balance at 31 December	<u>(215,561)</u>	<u>(221,807)</u>
Carrying amount at 31 December	<u>2,060</u>	<u>3,150</u>
KHR'000 (Note 4)	<u>8,481</u>	<u>12,833</u>

10. INVENTORIES

	Unaudited		Audited	
	31 December 2022		31 December 2021	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Raw materials	13,618,459	56,067,195	13,385,572	54,532,820
Work-in-progress	2,107,168	8,675,211	8,274,748	33,711,323
Finished goods	6,429,707	26,471,104	5,247,070	21,376,564
	<u>22,155,334</u>	<u>91,213,510</u>	<u>26,907,390</u>	<u>109,620,707</u>
Recognised in profit or loss:-				
Impairment loss on inventories	39,349	160,819	379,106	1,544,478

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

11. TRADE AND OTHER RECEIVABLES

	Unaudited		Audited	
	31 December 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.	37,680,747	155,131,635	43,340,486	176,569,140
Other receivables				
Amount due from related parties				
Quint Major Industrial Co., Ltd.	29,227	120,328	26,648	108,564
QMI Industrial Co., Ltd.	176,206	725,440	11,049	45,014
Other third parties	45,061	185,516	-	-
Value-added tax receivables	1,460,560	6,013,126	1,291,151	5,260,149
Prepayments				
QMI Industrial Co., Ltd.	-	-	5,000	20,370
Quint Major Industrial Co., Ltd.	3,652,886	15,038,932	2,760	11,244
Other third parties	74,036	304,806	1,780,145	7,252,311
	5,437,976	22,388,148	3,116,753	12,697,652
	43,118,723	177,519,783	46,457,239	189,266,792

12. CASH AND CASH EQUIVALENTS

	Unaudited		Audited	
	31 December 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
		(Note 4)		(Note 4)
Cash on hand	51,659	212,680	38,926	158,585
Cash in banks	311,402	1,282,042	1,911,880	7,788,999
	363,061	1,494,722	1,950,806	7,947,584

13. SHARE CAPITAL

	Unaudited		Audited	
	31 December 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:				
KHR'000 (Note 4)	40,000,000	10,000,000	40,000,000	10,000,000
	-	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	
	31 December 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
		(Note 4)		(Note 4)
Non-current				
Other payables	360,000	1,482,120	450,000	1,833,300
Current				
Trade payables	1,066,012	4,388,771	1,822,936	7,426,641
Amounts due to related parties				
Quint Major Industrial Co., Ltd	9,359	38,531	6,398,414	26,067,139
QMI Industrial Co., Ltd	11,278	46,432	9,023	36,760
Accruals	1,065,889	4,388,265	1,695,702	6,908,290
Withholding tax payables	113,841	468,683	330,845	1,347,863
Other payables	28,807	118,598	21,323	86,870
	<u>2,295,186</u>	<u>9,449,280</u>	<u>10,278,243</u>	<u>41,873,563</u>
	<u>2,655,186</u>	<u>10,931,400</u>	<u>10,728,243</u>	<u>43,706,863</u>

16. BORROWINGS

	Unaudited		Audited	
	31 December 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	26,348,800	6,400,000	26,073,600
Taiwan Cooperative Bank (Note 16.2)	927,067	3,816,735	1,374,957	5,601,575
Mega International Commercial bank (Note 16.3)	5,300,000	21,820,100	-	-
	<u>12,627,067</u>	<u>51,985,635</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. Short-term 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, a shareholder 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 twelve-month period to 31 December 2022 the Company paid the principal amounting to USD12,800,000 (2021: USD19,840,000) and drawn down an aggregate amount of USD12,800,000 (2021: USD19,840,000).

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;
- (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 226,697m², 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 m², 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 twelve-month period to 31 December 2022, the Company paid the principal amounting to USD447,888 (2021: USD437,104).

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 31 December 2022, the Company's return on equity is 1.23% for the 12 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.

16.3. Short-term loan with the Mega International Commercial Bank Co., Ltd

The Company entered into a short-term loan agreement with the Mega International Commercial Bank Co., Ltd, Phnom Penh Branch on 16 December 2021 for USD8,000,000 payable over 12 months starting from the date of first drawdown. On 05 December 2022 the Company drawn down USD5,300,000.

The annual interest rate of the loan is six months LIBOR rate plus 2.75% \geq 3.5%. Interest is payable on quarterly basis, starting from the date of loan disbursement.

The loan is secured by the following:

- (a) Hypothec over the real properties owned by Grand Twin International (Cambodia) Co., Ltd (including buildings, structures, fixtures and other improvements) on 26 certificates of office title deed located at Street 110, Phum 10, Sangkat Phsar Depo Ti3, Khan Toul Kork, Phnom Penh, Cambodia issued on 13 September 2021;
- (b) Letters of guarantees from Mr. Yang Shaw Shin a shareholder of the Company and Mdm. Yang Huang, Mei Chin, spouse of Mr. Yang Shaw Shin.

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17. REVENUE

	Unaudited 3 months to 31 December 2022		Unaudited 3 months to 31 December 2021	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Sale of goods	25,146,777	102,774,878	35,269,949	143,689,772
Subcontract revenue	235,344	961,851	-	-
	<u>25,382,121</u>	<u>103,736,729</u>	<u>35,269,949</u>	<u>143,689,772</u>

	Unaudited 12 months to 31 December 2022		Unaudited 12 months to 31 December 2021	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Sale of goods	101,916,440	416,532,490	125,414,344	510,938,037
Subcontract revenue	611,709	2,500,055	379,567	1,546,356
	<u>102,528,149</u>	<u>419,032,545</u>	<u>125,793,911</u>	<u>512,484,393</u>

18. COST OF SALES

	Unaudited 3 months to 31 December 2022		Unaudited 3 months to 31 December 2021	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Direct materials	19,654,011	80,325,943	19,974,092	81,374,451
Direct labour	1,830,917	7,482,958	2,800,913	11,410,920
Overhead	3,656,689	14,944,888	8,217,030	33,476,180
	<u>25,141,617</u>	<u>102,753,789</u>	<u>30,992,035</u>	<u>126,261,551</u>

	Unaudited 12 months to 31 December 2022		Unaudited 12 months to 31 December 2021	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Direct materials	63,958,443	261,398,157	77,723,449	316,645,331
Direct labour	8,160,938	33,353,753	9,307,892	37,920,352
Overhead	25,251,968	103,204,793	30,568,615	124,536,538
	<u>97,371,349</u>	<u>397,956,703</u>	<u>117,599,956</u>	<u>479,102,221</u>

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19. OTHER INCOME

	Unaudited 3 months to 31 December 2022		Unaudited 3 months to 31 December 2021	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Interest income	793	3,241	691	2,815
Rental income	79,710	325,775	72,676	296,082
Realised foreign exchange gain	811	3,315	5,216	21,250
Loss on disposal of assets	-	-	(264)	(1,076)
Sale of waste	969,498	3,962,338	-	-
Others	2,071	8,464	(313)	(1,275)
	<u>1,052,883</u>	<u>4,303,133</u>	<u>78,006</u>	<u>317,796</u>

	Unaudited 12 months to 31 December 2022		Unaudited 12 months to 31 December 2021	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Interest income	2,089	8,538	2,323	9,464
Rental income	298,825	1,221,298	277,146	1,129,093
Realised foreign exchange gain	6,548	26,762	21,773	88,703
Gain on disposal of assets	39,255	160,435	3,237	13,188
Sale of waste	1,232,417	5,036,888	531,537	2,165,482
Others	62,996	257,465	4,446	18,112
	<u>1,642,130</u>	<u>6,711,386</u>	<u>840,462</u>	<u>3,424,042</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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22. DIVIDENDS

	Unaudited 3 months to 31 December 2022		Unaudited 3 months to 31 December 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 12 months to 31 December 2022		Unaudited 12 months to 31 December 2021	
	Dividend Per share KHR	Amount of Dividend KHR'000	Dividend Per share KHR	Amount of Dividend KHR'000
Dividend paid	15	600,000	65	2,600,000

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 31 December 2022		Unaudited 3 months to 31 December 2021	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Profit attributable to ordinary equity holders	440,412	1,799,963	880,426	3,586,854
Weighted average number of shares in issue	40,000,000	40,000,000	40,000,000	40,000,000
Basic earnings per share	0.011	0.045	0.022	0.090
Diluted earnings per share	0.011	0.045	0.022	0.090

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23. EARNINGS PER SHARE (CONT'D)

	Unaudited 12 months to 31 December 2022		Unaudited 12 months to 31 December 2021	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Profit attributable to ordinary equity holders	853,028	3,486,328	286,905	1,168,851
Weighted average number of shares in issue	40,000,000	40,000,000	40,000,000	40,000,000
Basic earnings per share	0.021	0.087	0.007	0.029
Diluted earnings per share	0.021	0.087	0.007	0.029

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	31 December 2022		31 December 2021		
		USD	KHR'000	USD	KHR'000	
Amounts due from						
QMI Industrial Co., Ltd	Common control	Trade receivables	37,680,747	155,131,635	43,340,486	176,569,140
		Non-trade receivables	176,206	725,440	16,049	65,384
Quint Major Industrial Co., Ltd.	Common control	Trade receivables	29,227	120,328	26,648	108,564
		Non-trade receivables	3,652,886	15,038,932	2,760	11,244
			<u>41,539,066</u>	<u>171,016,335</u>	<u>43,385,943</u>	<u>176,754,332</u>
Amounts due to						
Quint Major Industrial Co., Ltd	Common control	Trade payables	9,359	38,531	6,398,414	26,067,139
QMI Industrial Co., Ltd	Common control	Trade payables	11,278	46,432	9,023	36,760
			<u>20,637</u>	<u>84,963</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 31 December 2022		Unaudited 3 months to 31 December 2021	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
<u>Under common control</u>				
QMI Industrial Co., Ltd				
Sales of goods	25,146,776	102,774,874	35,233,482	143,541,208
Sale of waste	975,069	3,985,107	-	-
Purchases of raw materials	10,093,395	41,251,705	15,434,918	62,881,858
Purchases of machinery and equipment	5,692	23,263	38,000	154,812
Cash collection	13,824,783	56,501,888	15,689,807	63,920,273
Cash Payment	500,000	2,043,500	-	-
Offset with trade receivables	12,355,058	50,495,122	15,434,918	62,881,858
Offset with trade payables	9,593,395	39,208,205	15,434,918	62,881,858
Payments on behalf for the Company	64,490	263,571	10,241	41,722
Payments on behalf by the Company	11,223	45,868	196,496	800,526
Advances to the Company	30,000	122,610	181,000	737,394
Repayment of advances by the Company	83,318	340,521	176,000	717,024
Quint Major Industrial Co., Ltd.				
Subcontract cost	1,471,641	6,014,597	5,608,381	22,848,544
Rental of machinery	79,710	325,775	72,676	296,080
Repayment	1,749,613	7,150,668	4,040,000	16,458,960
Payments on behalf for the Company	-	-	41,311	168,302
Advances to the company	5,124,527	20,943,942	-	-
Repayment of advances by the Company	1,471,641	6,014,597	38,551	157,058

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

	Unaudited 12 months to 31 December 2022		Unaudited 12 months to 31 December 2021	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
<u>Under common control</u>				
QMI Industrial Co., Ltd				
Sales of goods	101,916,439	416,532,486	125,909,414	512,954,953
Sale of waste	1,273,726	5,205,718	531,537	2,165,482
Purchases of raw materials	54,518,962	222,818,998	74,984,308	305,486,069
Purchases of machinery and equipment	466,094	1,904,926	208,905	851,079
Cash collection	53,949,315	220,490,850	54,667,536	222,715,540
Cash Payment	500,000	2,043,500	-	-
Offset with trade receivables	56,777,934	232,051,416	74,984,308	305,486,069
Offset with trade payables	54,018,962	220,775,498	74,984,308	305,486,069
Payments on behalf for the Company	179,587	733,972	44,257	180,301
Payments on behalf by the Company	324,781	1,327,380	476,619	1,941,745
Advances to the Company	381,752	1,560,220	1,829,000	7,451,346
Repayment of advances by the Company	391,078	1,598,336	1,874,500	7,636,713
Quint Major Industrial Co., Ltd.				
Subcontract cost	15,937,840	65,137,952	19,153,985	78,033,334
Rental machinery	298,825	1,221,298	277,146	1,129,095
Repayment	20,864,613	85,273,673	17,712,482	72,160,653
Payments on behalf for the Company	-	-	55,174	224,777
Advances to the company	5,124,527	20,943,942	-	-
Repayment of advances by the Company	1,471,641	6,014,597	107,077	436,231

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

	Unaudited 31 December 2022		Audited 31 December 2021	
	USD	KHR'000	USD	KHR'000
Financial assets				
Amortised cost				
Trade and other receivables*	37,931,241	156,162,919	43,378,183	176,722,718
Cash and cash equivalents	363,061	1,494,722	1,950,806	7,947,584
	<u>38,294,302</u>	<u>157,657,641</u>	<u>45,328,989</u>	<u>184,670,302</u>

* Excludes prepayments and VAT receivables.

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25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

	Unaudited		Audited	
	31 December 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
Financial liabilities				
Amortised cost				
Trade and other payables**	2,541,345	10,462,717	10,397,398	42,358,999
Borrowings	12,627,067	51,985,635	7,774,957	31,675,175
	<u>15,168,412</u>	<u>62,448,352</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.

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.

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

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 previous financial period, the Company has a commitment for capital expenditure in respect of the purchased of new research office units from TACC (C.R) Ltd amounting to USD5,913,044.

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 31 December 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 31 December 2022 were approved for issue by the Board of Directors on 13 March 2023.