

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

FINANCIAL REPORT
for the financial year ended 31 December 2022

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

TABLE OF CONTENTS

	Page
Directors' Report	1
Independent Auditors' Report	3
Statement of Financial Position	9
Statement of Profit or Loss and Other Comprehensive Income	10
Statement of Changes in Equity	11
Statement of Cash Flows.....	12
Notes to the Financial Statements.....	13

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

DIRECTORS' REPORT

The directors hereby submit the report and the audited financial statements of the Company for the financial year ended 31 December 2022.

DIRECTORS

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

Name	Position
Mr. Yang Po Yu	Chairman (Appointed on 15 August 2022)
Mrs. Lee, Chwen	Independent Director (Appointed on 30 June 2022)
Mr. Chen Tsung-Chi	Executive Director/ Chief Executive Officer
Ms. Wang Yi Ting	Executive Director
Mr. Huang Tung-Fu	Non-Executive Director
Mr. Yang Shaw Shin	Chairman (Resigned on 30 June 2022)
Oknha Ly Kunthai	Independent Director (Resigned on 30 June 2022)

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for the financial statements of the Company to be properly drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2022 and of its financial performance and cash flows for the financial year then ended. In the preparation of these financial statements, the directors are required to:

- (i) adopt appropriate accounting policies in compliance with Cambodian International Financial Reporting Standards ("CIFRSs") which are supported by reasonable and appropriate judgments and estimates and then apply them consistently;
- (ii) comply with the disclosure requirements CIFRSs, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- (iii) maintain adequate accounting records and an effective system of internal controls;
- (iv) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue its operations in the foreseeable future; and
- (v) control and direct effectively the Company in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

STATEMENT BY DIRECTORS

The directors state that, in their opinion, the financial statements set out on pages 9 to 44 are drawn up in accordance with CIFRSs so as to give a true and fair view of the financial position of the Company as of 31 December 2022 and of its financial performance and cash flows for the financial year ended on that date.

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

DIRECTORS' REPORT

PREPARATION OF THE FINANCIAL STATEMENTS

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

- (i) all material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements;
- (ii) adequate allowance for impairment losses on receivables and other current and non-current assets, if required, has been made;
- (iii) known bad debts had been written off, if any;
- (iv) existing methods of valuation of assets or liabilities is not misleading or inappropriate;
- (v) there are no known circumstances that would render any amount stated in the financial statements to be misleading;
- (vi) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Company for the financial year in which this report is made;
- (vii) the results of the operations of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature;
- (viii) no contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations when they fall due.

APPROVAL OF THE FINANCIAL STATEMENTS

The directors hereby approve the accompanying financial statements which give a true and fair view of the financial position of the Company as at 31 December 2022, its financial performance and cash flows for the financial year then ended in accordance with CIFRSs.



Mr. Chen Tsung-Chi
Chief Executive Officer

Phnom Penh, Cambodia
31 March 2023



Ms. Wang Yi Ting
Executive Director

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

(Incorporated in Cambodia)
Registration No: 00012347

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Grand Twins International Cambodia Plc (“the Company”), which comprise the statement of financial position of the Company as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 9 to 44.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the financial year then ended in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”).

Basis of opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISA”). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code.

Key audit matters

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

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

(Incorporated in Cambodia)

Registration No: 00012347

Key audit matters (Cont'd)

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

Recoverability of trade receivables	
Refer to Note 9 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>As at 31 December 2022, the carrying amount of trade receivables amounted to approximately USD37,680,747.</p> <p>Management recognised the allowance of impairment losses on trade receivables based on specific known facts or customers' ability to pay.</p> <p>We focused on this area as determination of whether trade receivables are recoverable involves significant management judgement</p>	<p>Our procedures included, amongst others:-</p> <p>(a) Obtained an understanding of:-</p> <ul style="list-style-type: none"> • the control over the trade receivables collection process; • how the management identifies and assesses the impairment of trade receivables; and • how the management makes the accounting estimates for impairment. <p>(b) Reviewed the ageing analysis of trade receivables and tested its reliability;</p> <p>(c) Reviewed subsequent cash collections for major trade receivables and overdue amounts;</p> <p>(d) Made inquiries of management regarding the action plans to recover overdue amounts;</p> <p>(e) Compared and challenged management's view on the recoverability of overdue amounts to historical patterns of collection;</p> <p>(f) Examined other evidence including customers' correspondences, proposed or existing settlement plans and repayment schedules; and</p> <p>(g) Evaluated the reasonableness and tested the adequacy of the impairment losses recognised for identified exposures on trade receivables by assessing the relevant assumptions and historical data from the Company's previous collection experience.</p>

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

(Incorporated in Cambodia)

Registration No: 00012347

Key audit matters (Cont'd)

<p>Valuation of inventories</p> <p>Refer to Note 8 to the financial statements</p>	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>As at 31 December 2022, the carrying amount of inventories amounted to approximately USD22,155,334 which exposed to a risk that the inventories may become slow moving or obsolete and eventually non-saleable or selling below their carrying values.</p> <p>Management's judgement and estimation were involved in identifying inventories with net realisable values that are lower than their costs, and obsolescence, with reference to the condition of the inventories, historical and current sales information, as well as the ageing of inventories to identify slow-moving items to ascertain the amount of allowance for inventories.</p>	<p>Our procedures included, amongst others:-</p> <p>(a) Obtained an understanding of:-</p> <ul style="list-style-type: none"> • the inventory management process; • how the management identifies and assesses inventory write-downs; and • how the management makes the accounting estimates for inventory write-downs. <p>(b) Attended inventory counts and reconciled the count results to the inventory listings for completeness;</p> <p>(c) Reviewed and tested the accuracy of the cost absorption against the underlying documents;</p> <p>(d) Reviewed and tested the net realisable value of inventories on a sampling basis; and</p> <p>(e) Evaluated the consistency of the application of management's methodology for calculating the allowance for inventory write-downs from year to year and assessing the adequacy of the allowance estimated and provided in the financial statements.</p>



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

(Incorporated in Cambodia)

Registration No: 00012347

Other information

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

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

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

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

Responsibilities of the Board of Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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



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

(Incorporated in Cambodia)

Registration No: 00012347

Auditors' responsibilities for the audit of the financial statements (Cont'd)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



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

(Incorporated in Cambodia)

Registration No: 00012347

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

Crowe (KH) Co., Ltd.

Onn Kien Hoe



Director

31 MAR 2023

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	2022 USD	2022 KHR'000	2021 USD	2021 KHR'000
Assets					
Non-current					
Property, plant and equipment	6	19,298,592	79,452,303	11,943,103	48,656,202
Intangible assets	7	2,060	8,481	3,150	12,833
Non-current assets		19,300,652	79,460,784	11,946,253	48,669,035
Current					
Inventories	8	22,155,334	91,213,510	26,907,390	109,620,707
Trade and other receivables	9	43,118,723	177,519,783	46,457,239	189,266,792
Cash and cash equivalents	10	363,061	1,494,722	1,950,806	7,947,584
Current assets		65,637,118	270,228,015	75,315,435	306,835,083
Total assets		84,937,770	349,688,799	87,261,688	355,504,118
Equity and liabilities					
Equity					
Share capital	11	10,000,000	40,450,000	10,000,000	40,450,000
Share premium	12	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 reserve		-	2,849,474	-	(108,353)
Total equity		69,302,768	285,319,496	68,599,740	279,475,341
Liabilities					
Non-current					
Deferred tax liabilities	20.3	189,091	778,488	96,147	391,703
Trade and other payables	13	360,000	1,482,120	450,000	1,833,300
Non-current liabilities		549,091	2,260,608	546,147	2,225,003
Current					
Trade and other payables	13	2,295,186	9,449,280	10,278,243	41,873,563
Borrowings	14	12,627,067	51,985,635	7,774,957	31,675,175
Income tax payables	20.2	163,658	673,780	62,601	255,036
Current liabilities		15,085,911	62,108,695	18,115,801	73,803,774
Total liabilities		15,635,002	64,369,303	18,661,948	76,028,777
Total equity and liabilities		84,937,770	349,688,799	87,261,688	355,504,118

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Note	2022 USD	2022 KHR'000	2021 USD	2021 KHR'000
Revenue	15	102,528,149	419,032,545	125,793,911	512,484,393
Cost of revenue	16	(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		1,640,041	6,702,848	838,139	3,414,578
Administrative expenses	17	(3,231,646)	(13,207,737)	(3,765,209)	(15,339,461)
Distribution costs	18	(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		2,089	8,538	2,323	9,464
Finance costs	19	(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	20.1	(323,061)	(1,320,350)	439,635	1,791,073
Profit for the year		853,028	3,486,328	286,905	1,168,851
Other comprehensive income		-	-	-	-
Currency translation difference		-	-	-	-
Total comprehensive income for the year		853,028	3,486,328	286,905	1,168,851

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

	Note	31 December 2022		31 December 2021	
		USD	KHR'000	USD	KHR'000
Basic earnings per share	22	0.021	0.087	0.007	0.029
Diluted earnings per share	22	0.021	0.087	0.007	0.029

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Note	Share capital USD	Share premium USD	Retained earnings USD	Total USD	KHR'000
Balance as at 1 January 2022		10,000,000	17,280,000	41,319,740	68,599,740	279,475,341
Profit for the year		-	-	853,028	853,028	3,486,328
Dividend paid	21	-	-	(150,000)	(150,000)	(600,000)
Currency translation difference		-	-	-	-	2,957,827
Balance as at 31 December 2022		10,000,000	17,280,000	42,022,768	69,302,768	285,319,496
Balance as at 1 January 2021		10,000,000	17,280,000	41,682,835	68,962,835	278,954,667
Profit for the year		-	-	286,905	286,905	1,168,851
Dividend paid	21	-	-	(650,000)	(650,000)	(2,600,000)
Currency translation difference		-	-	-	-	1,951,823
Balance as at 31 December 2021		10,000,000	17,280,000	41,319,740	68,599,740	279,475,341

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Note	2022 USD	2022 KHR'000	2021 USD	2021 KHR'000
Operating activities					
Profit/(Loss) before income tax		1,176,089	4,806,678	(152,730)	(622,222)
Adjustments for:					
Amortisation of intangible assets	7	938	3,834	1,612	6,567
Impairment loss on inventories	8	39,349	160,819	379,106	1,544,478
Depreciation of property, plant and equipment	6	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		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 changes		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		1,617,780	6,660,400	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		928,511	3,742,549	2,871,240	11,697,431
Income tax paid	20.2	(129,060)	(527,468)	(261,648)	(1,065,954)
Net cash from operating activities		799,451	3,215,081	2,609,592	10,631,477
Investing activities					
Proceeds from disposal of property, plant and equipment		55,372	226,305	4,118	16,777
Purchases of property, plant and equipment	6	(6,743,418)	(27,762,652)	(287,031)	(1,169,364)
Interest received		2,089	8,538	2,323	9,464
Net cash used in investing activities		(6,685,957)	(27,527,809)	(280,590)	(1,143,123)
Financing activities					
Interest paid		(403,349)	(1,648,487)	(265,692)	(1,082,429)
Repayment of bank borrowings	24	(13,247,890)	(54,541,563)	(20,277,104)	(82,608,922)
Drawdown of borrowings	24	18,100,000	74,517,700	19,840,000	80,828,160
Dividends paid	21	(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 year		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 year		363,061	1,494,722	1,950,806	7,947,584

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 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 its legal form to a public limited company. Thereafter, the Company was listed on the Cambodia Securities Exchange on 16 June 2014.

Registered office: Phum Trapeangpoe, Sangkat Chom Chao, Khan Posenchey, Phnom Penh, Cambodia.

Principal place of business: Phum Trapeangpoe, Sangkat Chom Chao, Khan Posenchey, Phnom Penh, Cambodia.

The financial statements were authorised for issue by the Board of Directors on 31 March 2023.

2. HOLDING COMPANY

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

3. 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 year.

4. BASIS OF PREPARATION

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

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

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

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

Amendments to CIFRS 3: Reference to the Conceptual Framework

Amendments to CIAS 16: Property, Plant and Equipment – Proceeds before Intended Use

Amendments to CIAS 37: Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to CIFRS Standards 2018 – 2020

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. BASIS OF PREPARATION (CONT'D)

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

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

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

CIFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
CIFRS 17 Insurance Contracts	1 January 2023
Amendments to CIFRS 10 and CIAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to CIFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to CIFRS 17 Insurance Contracts	1 January 2023
Amendment to CIFRS 17: Initial Application of CIFRS 17 and CIFRS 9 – Comparative Information	1 January 2023
Amendments to CIAS 1: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to CIAS 1: Disclosure of Accounting Policies	1 January 2023
Amendments to CIAS 1: Non-current Liabilities with Covenants	1 January 2024
Amendments to CIAS 8: Definition of Accounting Estimates	1 January 2023
Amendments to CIAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

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

(a) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Company anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 6 to the financial statements.

(b) Write-down of inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 8 to the financial statements.

(c) Impairment of trade receivables

The Company uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Company develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 9 to the financial statements.

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key sources of estimation uncertainty (Cont'd)

(d) Impairment of non- trade receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. It also requires the Company to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Company uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information. The carrying amount of other receivables as at the reporting date is disclosed in Note 9 to the financial statements.

(e) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amount of current tax liabilities as at the reporting date is USD163,658 (2021 – USD62,601).

Critical judgements made in applying accounting policies

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

5.2 FUNCTIONAL AND PRESENTATION CURRENCIES

(a) Functional and Presentation Currency

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates, which is the functional currency.

The financial statements are presented in US Dollar ("USD"), which is the Company's functional and presentation currency.

The translation of the USD amounts into Khmer Riel ("KHR") is presented in the financial statements to comply with the Law on Accounting and Auditing dated 11 April 2016 using the closing and average rates for the year then ended, as announced by Accounting and Auditing Regulator ("ACAR").

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 FUNCTIONAL AND PRESENTATION CURRENCIES (CONT'D)

(a) Functional and Presentation Currency (Cont'd)

The financial statements are presented in KHR based on the following applicable exchange rates per USD1:

	2022	2021
Closing rate	4,117	4,074
Average rate for the year	4,087	4,074

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition using exchange rates at the transaction dates. At the end of the reporting period, foreign currency monetary assets and liabilities are retranslated at the exchange rates of that date. Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting.

All foreign currency exchange differences arising from the settlement of monetary items or on the retranslation of monetary items are recognised in profit or loss in the period in which they arise.

5.3 FINANCIAL INSTRUMENTS

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

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

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

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

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 FINANCIAL INSTRUMENTS (CONT'D)

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

(a) Financial assets

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

Debt instruments

(i) Amortised cost

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

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

(ii) Fair value through other comprehensive income

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

(iii) Fair value through profit or loss

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

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial assets (Cont'd)

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

Equity instruments

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

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

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

(b) Financial liabilities

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

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

(ii) Other financial liabilities

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

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

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity instruments

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

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

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

(d) Derecognition

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

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

5.4 PROPERTY, PLANT AND EQUIPMENT

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

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

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

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

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

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

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

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

5.5 INVENTORIES

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

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

5.6 CASH AND CASH EQUIVALENTS

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

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 IMPAIRMENT

(a) Impairment of financial assets

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

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

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

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

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

(b) Impairment of non-financial assets

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

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 IMPAIRMENT (CONT'D)

(b) Impairment of non-financial assets (Cont'd)

Where it is not possible to estimate the recoverable amount of an individual asset, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

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

5.8 EMPLOYEE BENEFITS

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

5.9 INCOME TAXES

(a) Current tax

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

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

(b) Deferred tax

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

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

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.9 INCOME TAXES (CONT'D)

(b) Deferred tax (Cont'd)

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

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

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

5.10 EARNINGS PER ORDINARY SHARE

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

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

5.11 FAIR VALUE MEASUREMENTS

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

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

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.11 FAIR VALUE MEASUREMENTS (CONT'D)

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

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

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

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

5.12 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

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

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

Sale of Products

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

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.13 LEASES

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

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

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022****6. PROPERTY, PLANT AND EQUIPMENT**

	Leasehold land USD	Building and structure USD	Plant and machineries USD	Motor vehicles USD	Equipment and computer USD	Total USD
Gross carrying amount						
Balance at 1 January 2022	3,880,000	8,971,311	18,370,664	86,400	1,993,698	33,302,073
Additions*	-	7,991,570	443,027	-	29,557	8,464,154
Disposal	-	-	(1,881,793)	-	(95,838)	(1,977,631)
Balance at 31 December 2022	3,880,000	16,962,881	16,931,898	86,400	1,927,417	39,788,596
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	(426,800)	(6,114,537)	(12,063,731)	(84,824)	(1,800,112)	(20,490,004)
Carrying amount at 31 December 2022	3,453,200	10,848,344	4,868,167	1,576	127,305	19,298,592
KHR'000	14,216,824	44,662,632	20,042,244	6,488	524,115	79,452,303
	Leasehold land USD	Building and structure USD	Plant and machineries USD	Motor vehicles USD	Equipment and computer USD	Total USD
Gross carrying amount						
Balance at 1 January 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	3,492,000	3,089,328	5,212,500	2,102	147,173	11,943,103
KHR'000	14,226,408	12,585,922	21,235,725	8,564	599,583	48,656,202

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

	31 December 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
Leasehold land	3,453,200	14,216,824	3,492,000	14,226,408

The depreciation charges are allocated as follows:

	31 December 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
Cost of sales	1,039,376	4,247,930	1,234,570	5,029,638
Administrative expenses	53,172	217,314	54,946	223,850
	1,092,548	4,465,244	1,289,516	5,253,488

* - Included in additions of building and structure during the year is a transfer of USD1,720,736 (2021 – Nil) from Trade and Other Receivables. This is in respect of deposits paid for the acquisition of the building and structure in prior years. This is a non-cash movement for additions during the year for cash flows purposes.

7. INTANGIBLE ASSETS

	2022 USD	2021 USD
Gross carrying amount		
Balance at 1 January	224,957	224,957
Written off	(7,336)	-
Balance at 31 December	217,621	224,957
Accumulated amortisation		
Balance at 1 January	(221,807)	(220,195)
Amortisation	(938)	(1,612)
Written off	7,184	-
Balance at 31 December	(215,561)	(221,807)
Carrying amount at 31 December	2,060	3,150
Carrying amount at 31 December (KHR'000)	8,481	12,833

Computer software comprises accounting software and is amortised using the declining balance method. Amortisation of intangible assets is classified under cost of sales as the computer software is mainly used in production.

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8. INVENTORIES

	2022 USD	2022 KHR'000	2021 USD	2021 KHR'000
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>
	2022 USD	2022 KHR'000	2021 USD	2021 KHR'000
Recognised in profit or loss:-				
Impairment loss on inventories	39,349	160,819	379,106	1,544,478
Cost of sales (note 16)	<u>63,958,443</u>	<u>261,398,157</u>	<u>77,723,449</u>	<u>316,645,331</u>

9. TRADE AND OTHER RECEIVABLES

	2022 USD	2022 KHR'000	2021 USD	2021 KHR'000
Trade receivables				
Amount due from related parties				
QMI Industrial Co., Ltd. (a)	<u>37,680,747</u>	<u>155,131,635</u>	<u>43,340,486</u>	<u>176,569,140</u>
Other receivables				
Amount due from related parties				
Quint Major Industrial Co., Ltd. (b)	29,227	120,328	26,648	108,564
QMI Industrial Co., Ltd. (c)	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	<u>74,036</u>	<u>304,806</u>	<u>1,780,145</u>	<u>7,252,311</u>
	<u>5,437,976</u>	<u>22,388,148</u>	<u>3,116,753</u>	<u>12,697,652</u>
	<u>43,118,723</u>	<u>177,519,783</u>	<u>46,457,239</u>	<u>189,266,792</u>

- (a) Amount due from QMI Industrial Co., Ltd. is non-interest bearing and the normal trade credit terms granted by the Company is three months (2021: three months). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (b) Amount due from Quint Major Industrial Co., Ltd. is in respect of lease of sewing machines, which is unsecured, interest-free and repayable on demand.

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. TRADE AND OTHER RECEIVABLES (CONT'D)

- (c) Amount due from QMI Industrial Co., Ltd. is in respect of processing document fee, air freight charge for export goods and testing service fee, which is unsecured, interest-free and repayable on demand.
- (d) Prepayment to Quint Major Industrial Co., Ltd. is in respect of subcontract fee (cut, make and pack service).

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

	31 December 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
Neither past due nor impaired	25,971,661	106,925,328	34,081,490	138,847,990
Past due, not impaired				
91 to 120 days	11,709,086	48,206,307	9,258,996	37,721,150
	<u>37,680,747</u>	<u>155,131,635</u>	<u>43,340,486</u>	<u>176,569,140</u>

Receivables that are neither past due nor impaired

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

Receivables that are past due but not impaired

Owing to the nature of the balance that as due solely from its related party which is the subcontractor of creditworthy companies, such as Reebok, Taylor Made, Salomon, New Balance, among others, those customers have been assessed as having no significant financial difficulties. Hence, no impairment was made in respect of these past due trade receivables. These receivables are unsecured in nature.

10. CASH AND CASH EQUIVALENTS

	2022	2022	2021	2021
	USD	KHR'000	USD	KHR'000
Cash on hand	51,659	212,680	38,926	158,585
Cash at banks	311,402	1,282,042	1,911,880	7,788,999
	<u>363,061</u>	<u>1,494,722</u>	<u>1,950,806</u>	<u>7,947,584</u>

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

	2022	2022	2021	2021
	USD	KHR'000	USD	KHR'000
Khmer Riel	104,673	430,939	23,465	95,597
US Dollar	258,388	1,063,783	1,927,341	7,851,987
	<u>363,061</u>	<u>1,494,722</u>	<u>1,950,806</u>	<u>7,947,584</u>

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11. SHARE CAPITAL

	2022 Number	2022 USD	2021 Number	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	40,000,000	10,000,000	40,000,000	10,000,000
KHR'000	-	40,450,000	-	40,450,000

12. SHARE PREMIUM

The share premium mainly represents the excess amount received by the Company over the par value of its shares pursuant to the issuance of 1,123,810 and 6,876,190 new ordinary shares of USD 0.25 each to the Cambodian public and selected investors, respectively, at an issue price of USD 2.41 per share on 16 June 2014.

13. TRADE AND OTHER PAYABLES

	2022 USD	2022 KHR'000	2021 USD	2021 KHR'000
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
Amount 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
	2,295,186	9,449,280	10,278,243	41,873,563
	2,655,186	10,931,400	10,728,243	43,706,863

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

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14. BORROWINGS

	2022 USD	2022 KHR'000	2021 USD	2021 KHR'000
Current liabilities				
First Commercial Bank	6,400,000	26,348,800	6,400,000	26,073,600
Taiwan Cooperative Bank	927,067	3,816,735	1,374,957	5,601,575
Mega International Commercial Bank	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>

The effective interest rates of the borrowings are as follows:

	31 December 2022 %	31 December 2021 %
Current liabilities	<u>3.50 – 8.00</u>	<u>4.85 – 5.00</u>

14.1 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 USD6,400,000 (revolving loan) by First Commercial Bank, Phnom Penh Branch. The term of the loan is for one year and the maturity date is specified in each promissory note. The annual interest on the loan is the floating rate of nine months LIBOR rate plus 4.2%≥5%. Interest is calculated on the basis of 360 days per year and payable on a monthly basis.

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% (2021 - 4.85%) per annum. Interest is to be serviced on monthly basis.

The short-term loan is secured by the following:

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

As at 31 December 2022, the outstanding borrowing with First Commercial Bank is USD6,400,000.

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14. BORROWINGS (CONT'D)

14.2 Term loan with the Taiwan Cooperative Bank

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

The annual interest rate of the loan is six months LIBOR rate plus 3.5795% (2021 - 5%). Interest is payable on a monthly basis, starting from the date of loan disbursement.

The term loan is secured by the following:

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

The term loan is subject to covenant clauses, whereby the Company is required to meet certain key financial ratios. The Company has not met all the key financial ratios as at 31 December 2022, hence the bank is contractually entitled to request immediate repayment of the outstanding loan amount of USD927,067 (2021- USD1,374,957). Accordingly, outstanding balance is presented as current liabilities as at 31 December 2022.

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

14.3 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. Foreign Department, 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% ≥ 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 Twins International (Cambodia) Plc (including buildings , structures , fixtures and other improvements) on 26 certificates of office title deeds located at Street 110, Phum 10, Sangkat Phsar Depo Ti3, Khan Toul Kork, Phnom Penh, Cambodia issued on 13 September 2021; and
- (b) Letters of guarantees from Mr. Yang Shaw Shin and Mdm. Yang Huang, Mei Chin, who is the spouse of Mr. Yang Shaw Shin.

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. REVENUE

	2022 USD	2022 KHR'000	2021 USD	2021 KHR'000
<u>Recognised at a point in time</u>				
Sales 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>

16. COST OF REVENUE

	2022 USD	2022 KHR'000	2021 USD	2021 KHR'000
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>

17. ADMINISTRATIVE EXPENSES

	2022 USD	2022 KHR'000	2021 USD	2021 KHR'000
Research and development costs	1,476,300	6,033,638	1,444,247	5,883,862
Personnel costs	1,292,187	5,281,168	1,494,009	6,086,593
Stationeries	84,159	343,958	69,053	281,322
Depreciation	53,172	217,314	54,946	223,850
Professional service fees	124,621	509,326	146,108	595,244
Tax and other expenses	(171,695)	(701,717)	116,445	474,397
Traveling	32,425	132,521	31,208	127,141
Repairs and maintenance	57,281	234,107	42,594	173,528
Postage and stamp	16,320	66,700	22,507	91,694
Property insurance	75,651	309,186	68,933	280,833
Equipment rental*	14,250	58,240	15,900	64,777
Donation	4,656	19,029	13,634	55,545
Entertainment	5,203	21,265	2,444	9,957
Fuel and oil	4,000	16,348	4,200	17,111
Others	163,116	666,654	238,981	973,607
	<u>3,231,646</u>	<u>13,207,737</u>	<u>3,765,209</u>	<u>15,339,461</u>

*Represents low value assets charged to profit and loss.

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

18. DISTRIBUTION COSTS

	2022 USD	2022 KHR'000	2021 USD	2021 KHR'000
Custom and document fees	1,439,972	5,885,166	1,945,720	7,926,863
Freight charges	481,582	1,968,225	2,543,898	10,363,841
	<u>1,921,554</u>	<u>7,853,391</u>	<u>4,489,618</u>	<u>18,290,704</u>

19. FINANCE COSTS

This amount represents the interest expense on the outstanding borrowings.

20. TAXATION

20.1 Income tax expense

Under the Cambodian Law on Taxation, the Company has an obligation to pay tax on income at the rate of 20% of the taxable income or a minimum tax of 1%, whichever is higher.

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.

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

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

20. TAXATION (CONT'D)

20.1 Income tax expense (Cont'd)

A reconciliation between accounting profit before tax and estimated taxable income for the years ended 31 December 2022 and 2021 follows:

	2022 USD	2022 KHR'000	2021 USD	2021 KHR'000
Profit/(Loss) before income tax	1,176,089	4,806,678	(152,730)	(622,222)
Income tax expense at applicable tax rate of 20% (2021: 20%)	235,218	961,336	(30,546)	(124,444)
Tax effects in respect of:				
Non-allowable expenses	78,200	319,602	155,435	633,242
Under provision of income tax in respect of prior years	129,060	527,468	36,325	147,988
Under/(Over provision) of deferred tax in respect of prior years	92,944	379,864	(475,960)	(1,939,061)
Other movements	(212,361)	(867,920)	(124,889)	(508,798)
Income tax expense	<u>323,061</u>	<u>1,320,350</u>	<u>(439,635)</u>	<u>(1,791,073)</u>
Tax expense comprise:				
Estimated current income tax expense	230,117	940,488	36,325	147,988
Deferred tax expense	92,944	379,862	(475,960)	(1,939,061)
	<u>323,061</u>	<u>1,320,350</u>	<u>(439,635)</u>	<u>(1,791,073)</u>

20.2 Income tax payables

	2022 USD	2022 KHR'000	2021 USD	2021 KHR'000
Balance at 1 January	62,601	255,036	287,924	1,164,653
Income tax expense	230,117	940,488	36,325	147,988
Income tax paid	(129,060)	(527,468)	(261,648)	(1,065,954)
Currency translation differences	-	5,724	-	8,349
Balance at 31 December	<u>163,658</u>	<u>673,780</u>	<u>62,601</u>	<u>255,036</u>

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

20. TAXATION (CONT'D)

20.3 Deferred tax liabilities

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

	2022 USD	2022 KHR'000	2021 USD	2021 KHR'000
Balance at 1 January	96,147	391,703	572,107	2,314,173
Recognised in profit or loss (Note 20.1)	92,944	379,862	(475,960)	(1,939,061)
Currency translation differences		6,923	-	16,591
Balance at 31 December	189,091	778,488	96,147	391,703

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

21. DIVIDENDS

	Dividend per share KHR	31 December 2022		Dividend per share KHR	31 December 2021	
		Amount of dividend KHR'000	USD		Amount of dividend KHR'000	USD
Dividend paid I	15	600,000	150,000	50	2,000,000	500,000
Dividend paid II	-	-	-	15	600,000	150,000
	15	600,000	150,000	65	2,600,000	650,000

On 22 January 2021, the dividend payment of KHR50 per share, amounting to a total dividend payment of KHR2,000 million (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 KHR15 per share, amounting to a total dividend payment of KHR600 million (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.

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

22. EARNINGS PER SHARE

	31 December 2022		31 December 2021	
	USD	KHR'000	USD	KHR'000
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 year end. As such, the diluted earnings per share is equivalent to the basic earnings per share.

23. RELATED PARTY BALANCE AND TRANSACTIONS

The following balances are outstanding with the related parties:

Relationship			2022	2022	2021	2021
			USD	KHR'000	USD	KHR'000
Amount 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>

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

23. RELATED PARTY BALANCE AND TRANSACTIONS (CONT'D)

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

	2022 USD	2022 KHR'000	2021 USD	2021 KHR'000
Common control				
<u>QMI Industrial Co.,Ltd</u>				
Sales of goods	101,916,439	416,532,486	125,414,344	510,938,038
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	-	-
Off-set with trade receivables	56,777,934	232,051,416	74,984,308	305,486,069
Off-set 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
	<u>2022 USD</u>	<u>2022 KHR'000</u>	<u>2021 USD</u>	<u>2021 KHR'000</u>
<u>Quint Major Industrial Co., Ltd</u>				
Subcontract cost	15,937,840	65,137,952	19,153,985	78,033,334
Rental income	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

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

24. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 January 2022 USD	2022 Cash flows		31 December 2022	
		Drawdown USD	Repayment USD	USD	KHR'000
Borrowings					
First Commercial Bank	6,400,000	12,800,000	(12,800,000)	6,400,000	26,348,800
Taiwan Cooperative Bank	1,374,957	-	(447,890)	927,067	3,816,735
Mega International Commercial Bank	-	5,300,000	-	5,300,000	21,820,100
	<u>7,774,957</u>	<u>18,100,000</u>	<u>(13,247,890)</u>	<u>12,627,067</u>	<u>51,985,635</u>

	1 January 2021 USD	2021 Cash flows		31 December 2021	
		Drawdown USD	Repayment USD	USD	KHR'000
Borrowings					
First Commercial Bank	6,400,000	19,840,000	(19,840,000)	6,400,000	26,073,600
Taiwan Cooperative Bank	1,812,061	-	(437,104)	1,374,957	5,601,575
	<u>8,212,061</u>	<u>19,840,000</u>	<u>(20,277,104)</u>	<u>7,774,957</u>	<u>31,675,175</u>

25. CATEGORIES OF FINANCIAL INSTRUMENTS

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

	2022 USD	2022 KHR'000	2021 USD	2021 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 VAT receivables and prepayments

	2022 USD	2022 KHR'000	2021 USD	2021 KHR'000
Financial assets				
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

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

26. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

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

27. COMMITMENTS

At the end of the previous financial year, 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.

28. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

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

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

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

28.1 Credit risk

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

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

Receivables

The net carrying amount of receivables is considered a reasonable approximation of fair value.

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

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

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

28. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

28.1 Credit risk (Cont'd)

Receivables (cont'd)

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

Cash and cash equivalents

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

28.2 Liquidity and cash flow risk

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

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

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

	On demand or within one year USD	One to five years USD	Over five years USD	Total USD	Total KHR'000
31 December 2022					
Borrowings	13,163,233	-	-	13,163,233	54,193,030
Trade and other payables	2,181,345	360,000	-	2,541,345	10,462,717
	15,344,578	360,000	-	15,704,578	64,655,747
31 December 2021					
Borrowings	8,013,778	-	-	8,013,778	32,648,132
Trade and other payables	9,947,398	450,000	-	10,397,398	42,358,999
	17,961,176	450,000	-	18,411,176	75,007,131

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

28. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONT'D)

28.3 Interest rate risk

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

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

Sensitivity analysis for interest rate risk

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

	2022 USD	2022 KHR'000	2021 USD	2021 KHR'000
Profit net of tax				
- Increased by 1% (2021: 1%)	(101,017)	(412,856)	(62,200)	(253,403)
- Decreased by 1% (2021: 1%)	101,017	412,856	62,200	253,403

28.4 Foreign currency risk

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

During the year ended 31 December 2022, the Company's exposure to risk normally from changes in foreign currency exchange rates is minimal as most of its transactions are conducted in USD.

29. CAPITAL MANAGEMENT

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

The Company manages its capital structure and makes adjustments to it, in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the dividend payments to shareholders, return of capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2022.

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

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

30. FAIR VALUE MEASUREMENT

30.1 Methods and assumptions used to estimate fair value

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

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

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

- (ii) Non-current payable

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

31. EVENTS AFTER THE REPORTING DATE

No adjusting or significant non-adjusting events have occurred between the 31 December 2022 reporting date and the date of authorisation of these financial statements.