

GRAND TWINS INTERNATIONAL
(CAMBODIA) PLC.



**REPORT OF
THE FIRST QUATER
OF 2023**

AS AT ENDED 31ST MARCH 2023

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



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

Grand Twins Internation (Cambodia)Plc.

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

Our Slogan

“You Wear, We Care”

Our Vision

- Performance Upgrading
- Quality Improving
- Technology Placing

Our Mission

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

Grand Twins Internation (Cambodia)Plc.

“A Leading Garment Manufacturerer

In the Kingdom of Cambodia”

Company's Strengths

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

Business Strategies and Future Plan

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

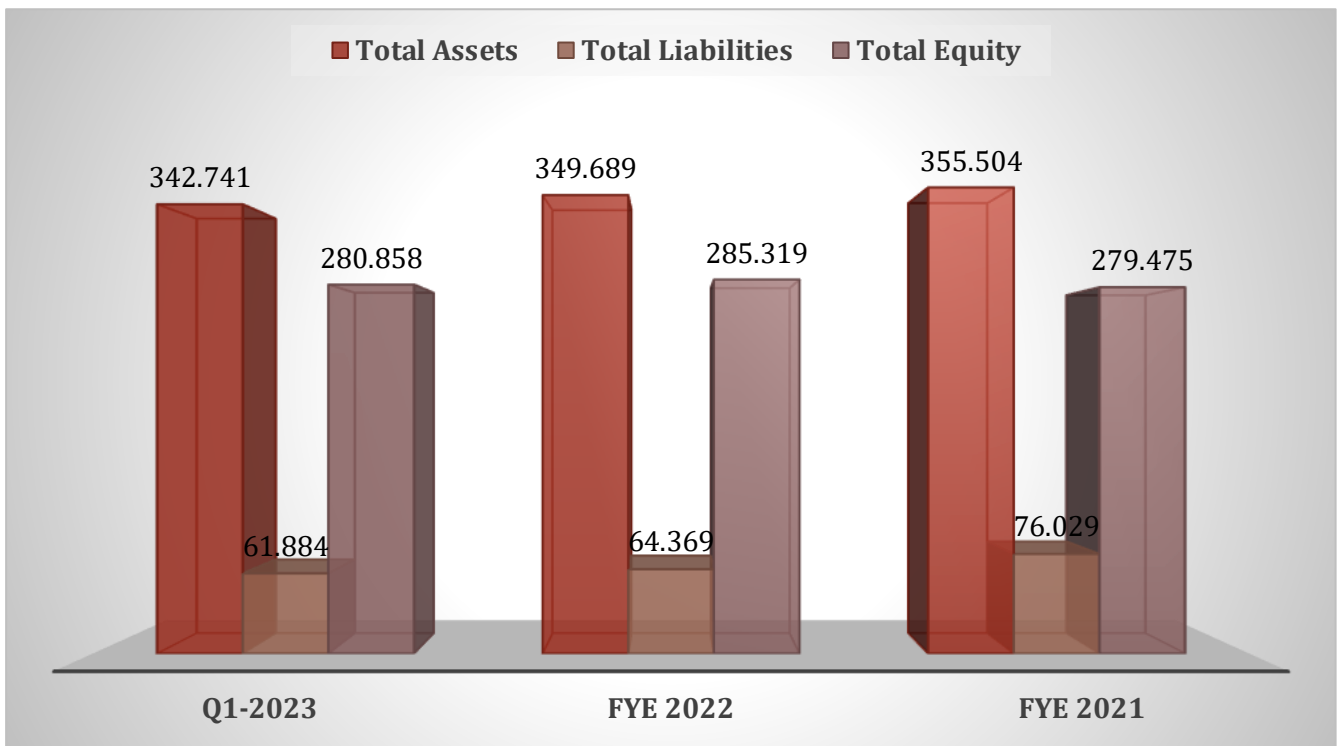
**KEY DATA AND INDICATOR
FOR
THE FIRST QUARTER OF 2023**

CONDENSED INTERIM FINANCIAL STATEMENTS FOR Q1 OF 2023 & Q1 OF THE PREVIOUS YEARS

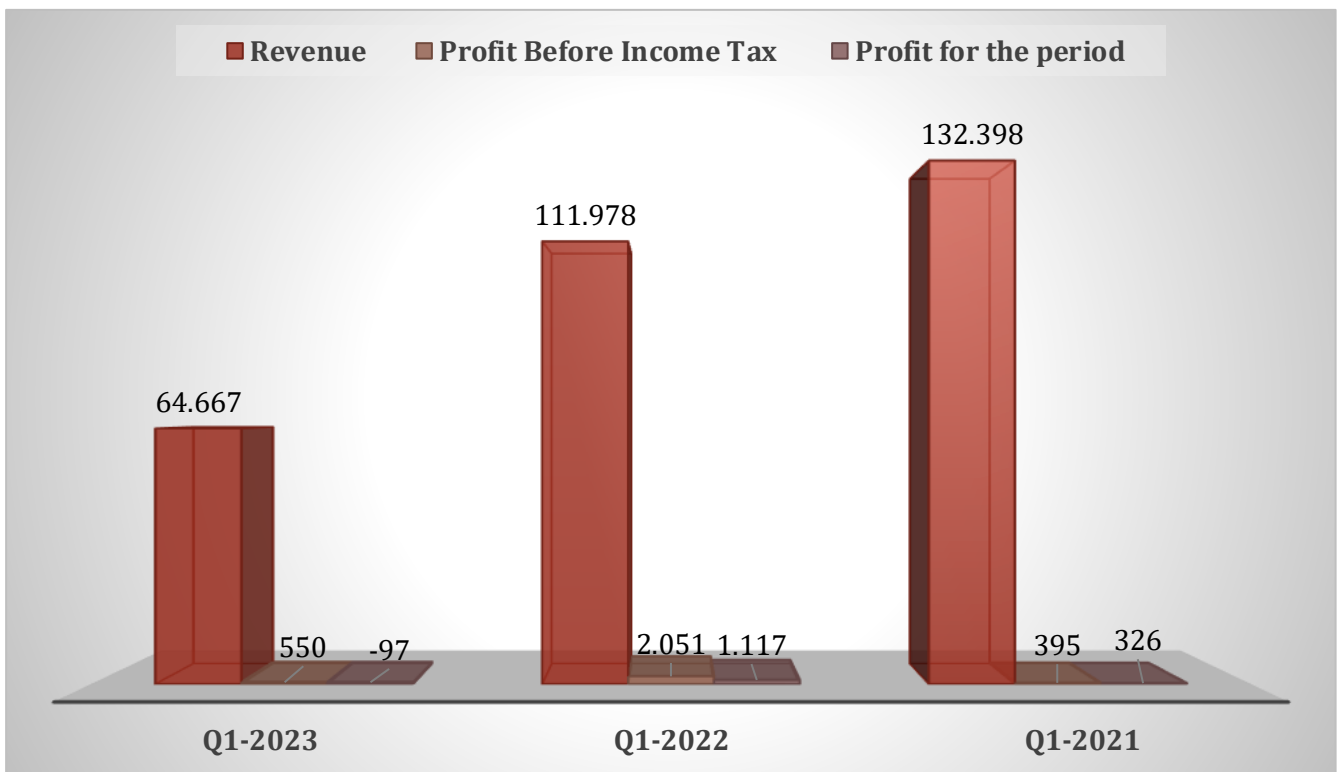
Description		31 March 2023	FYE 2022	FYE 2022
		KHR'000	KHR'000	KHR'000
Financial Position				
Total Assets		342,741,237	349,688,799	355,504,118
Total Liabilities		61,883,689	64,369,303	76,028,777
Total Equity		280,857,548	285,319,496	279,475,341
Comprehensive Income		31 March 2023	31 March 2022	31 March 2021
Revenue		64,667,449	111,978,214	132,397,607
Profit Before Income Tax		550,090	2,051,453	394,977
(Loss)/Profit for the period		(96,583)	1,117,178	315,982
Comprehensive Income for the period		(96,583)	1,117,178	315,982
Fianancial Ratio		31 March 2023	FYE 2022	FYE 2021
Solvency Ratio		82.94%	81.59%	78.61%
Liquidity Ratio	Current Ratio	4.45%	4.35%	4.16%
	Quick Ratio	2.59%	2.88%	2.67%
		31 March 2023	31 March 2022	31 March 2021
Profitability Ratio	Return on Assets	-0.03%	0.32%	0.09%
	Return on Equity	-0.03%	0.40%	0.11%
	Gross Profit Margin	7.86%	7.60%	4.83%
	Profit Margin	-0.15%	1.00%	0.24%
	Earnings Per Share	(2.41)	27.93	7.90
Interest Coverage Ratio		1.64	6.59	2.07
Dividend Yield (if any)		-	40	15
Others Financial Ratio (if any)		-	-	-

COMPREHENSIVE INCOME FOR Q1 OF 2023 AND Q1 OF THE PREVIOUS YEARS

(In KHR'000.000)



(In KHR'000.000)



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

COMPOSITION OF BOARD OF DIRECTORS



Mr. YANG, PO YU

Chairman of the board of directors



Mr. CHEN, TSUNG-CHI
Executive Director and
Chief Executive Officer



Mrs. LEE, CHWEN
Independent Director



Mr. HUANG, TUNG-FU
Non-Executive Director



MS. WANG, YI-TING
Executive Director

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

THE STATEMENT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS



Mr. Yang Shaw Shin
Chairman

We, the board of directors of Grand Twins International (Cambodia) Plc. (“GTI” or “Grand Twins” or the “Company”), are pleasure to present the interim condensed financial report for Q1 of 2023 as at 31st March 2023 of the Company.

Efficiency on customer services

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

We continuously to maintain good relationship with our main customers, in order to received more purchase order in 2023, meanwhile, we continuously collaborate with other customers to increase our other revenues such as from subcontract and CMP to stablized and gain higher revenue than previous year.

Financial performance highlighted for Q1 of 2023

In Q1 of 2023 as at 31 March 2023, Grand Twins has generated KHR64,667 Millions (USD15.834 Millions), and interpreted to profit before tax of KHR550 Millions (USD134,694) and the (loss)/profit after of KHR-97 Millions (USD23,649) respectively. It has figured in slightly decrease comparing to Q1 of the previous years.

Expectation for further quarter s of 2023

For further quarters of 2023, we will commit to keep more effort to enhance our corporate governance and accomplish our vision and mission. Our target is to archieve higher profit more than previous years.

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

Phnom Penh, Dated: 02nd June 2023
Signature and stamp

Chairman



Mr. YANG, PO YU

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

The board of the directors of the Company is gladly present the interim condensed financial report of Q1 of 2023 of the Company and the reviewed financial information as at 31st March 2023.

Principal activities

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

Financial Performance

The financial performance for the quarter end 31st March 2023, is disclosed in the interim report in section 6 "Interim Condensed Financial Report" of independent auditor

	In KHR '000'	US Dollar
Total Revenue	64,667,449	15,834,341
Profit before income tax	550,090	134,694
(Loss)/Profit for the period	(96,583)	(23,649)

Assets

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

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

Valuation methods

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

Contingent and other liabilities

At the date of this report there does not exist:

- Any charge on the assets of the Company that has arisen since the end of the year which secures the liabilities of any other person as quarter ended 31st March 2023; or
- Any contingent liability in respect of the Company that has arisen.

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

Change of circumstances

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

Items of an unusual nature

In the opinion of the management, the results of the operations of the Company presented in the Company's financial statements for the quarter ended 31st March 2023, have not been substantially affected by any item, transaction or event of a material and unusual nature. In the opinion of the Director, there have not been any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company.

Event after the balance sheet date

Other than those events disclosed in the Note to the financial statements, there has not arisen any item transaction or event of a material and unusual nature likely to affect substantially the interim financial performance of our Company for the quarter ended 31st March 2023.

The Director's Responsibility for the Financial Statements

The Director is responsible for ensuring that the financial statement are properly drawn up so as to present fairly. In all materials aspects, the financial position of the company as at for the quarter ended 31st March 2023 of it interim financial performance and cash flow for the years and period then ended.

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

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

The directors of the Company do hereby confirm that the interim condensed financial statements, together with the notes thereto, present fairly, in all material respects the financial position of the Company for the quarter of 2023 as at 31st March 2023 and its financial performance and cash flows for the years and period then ended in accordance with Cambodian Accounting Standards.

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

STATEMENT OF THE CHIEF EXECUTIVE OFFICER

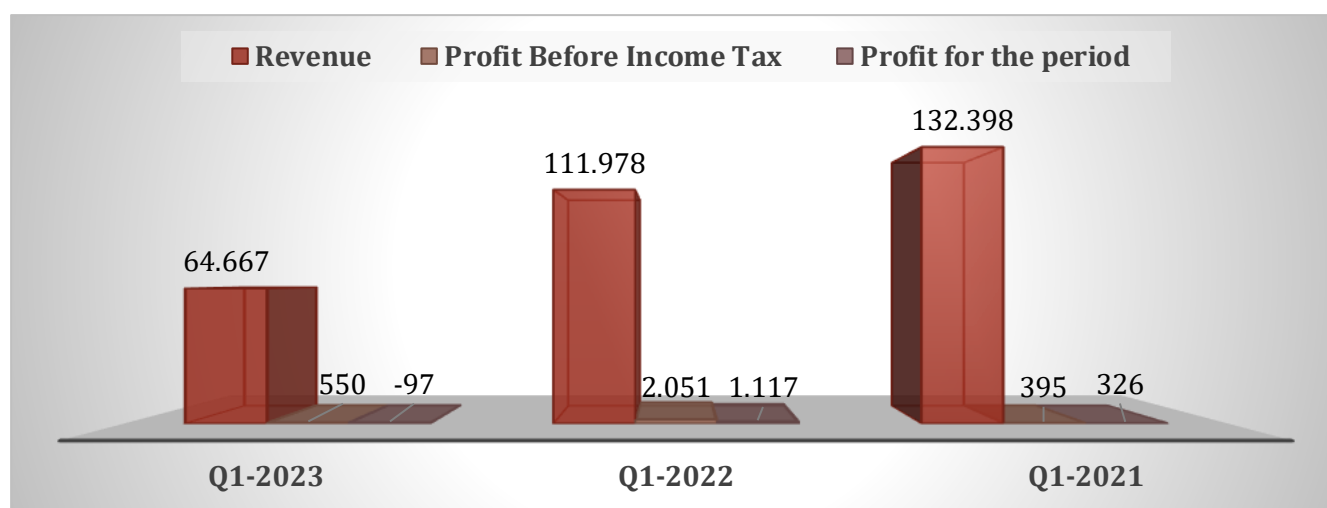


Mr. Chen Tsung-Chi
Chief Executive Officer

I, the undersigned, the authorized representative of Grand Twins, have a great honored and pleasure to present our interim condensed financial report for Q1 of 2023 as at 31st March 2023. In this Q1 of 2023, the Company has generated total revenue of KHR64,667 Millions (USD15.834 Millions), and interpreted to profit before tax of KHR550 Millions (USD134,694) and the (loss)/profit after of KHR-97 Millions (USD23,649) respectively.

Financial performance for Q1 of 2023 and Q1 of the previous years

(In KHR'000,000)



Highlighted financial performance for Q1 of 2023

For Q1 of 2023, we have generated in total revenue of KHR64,667 Millions (USD15.834 Millions) in which the sale of products have accounted of KHR63,940 Millions (USD15.656 Millions) and the revenue from the subcontract of KHR727 Millions (USD178,100). We had not generated the revenue from CPM for Q1 of 2023.

Expectation for further quarters of 2023

For further quarters of 2023, we will commit to keep more effort to enhance our corporate governance and accomplish our vision and mission. Our target is to achieve higher profit more than the previous years.

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

Phnom Penh, Dated: 02nd June 2023
Signature and stamp
Chief Executive Officer

Mr. Chen Tsung-Chi

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1. GENERAL INFORMATION OF GRAND TWINS

COMPANY OVERVIEW



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

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

Standard Code : KH1000020003

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

Telephone Numeber : (855) 23 890 325

Fax : (855) 23 890 326

Website : www.Grandtwins.com.kh

Email : vuthy.phuong@qmico.com

Business Registration No : 00012347

Date : 15 Nov 2007

Business License No. : N/A

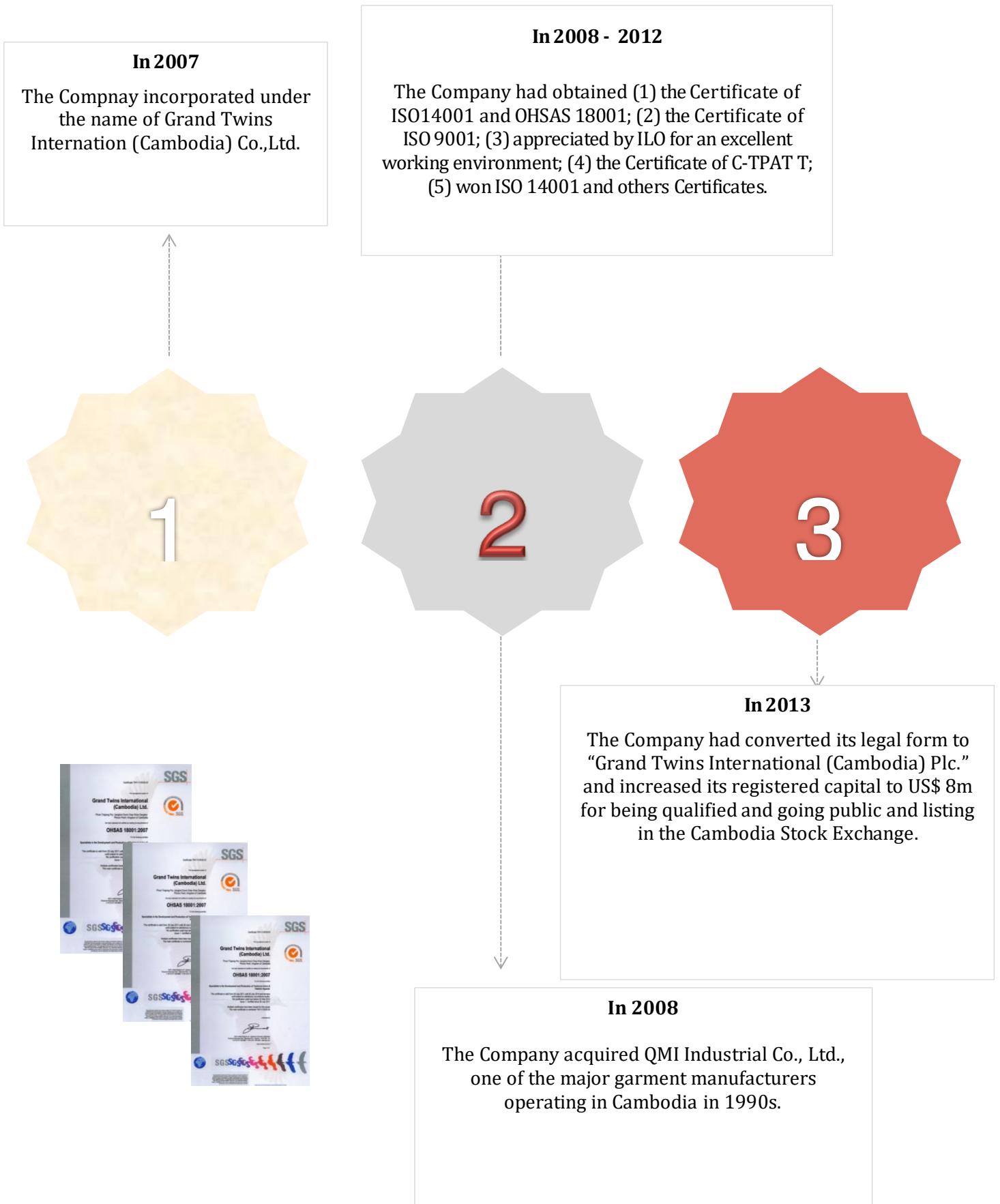
Date : N/A

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

Authorized Representative : **Mr. CHEN TSUNG-CHI**

Position : Chief Executive Officer

COMPANY OVERVIEW





វិទ្យាស្ថានសេដ្ឋកិច្ចជាតិ



Cambodia Securities Exchange

In 2014

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

In 2015 - 2021

The board of directors had resolved and approved to distribute the 7th dividend in cash to the shareholders after the official listing on the CSX.

4

5

6



In 2020 - 2022

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

COMPANY OVERVIEW

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

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

The Company is a manufacturing subcontractor and also a manufacturer of apparel for export, and as well as a sport Original Design Manufacturer (“**ODM**”). Today, our main products are world renowned sport apparel brand namely “Puma, Polo, Napapiri (VF Corporation), Mark Jacob, Aigle, Tory Burch, JWS, Callaway, Sundek” and others.

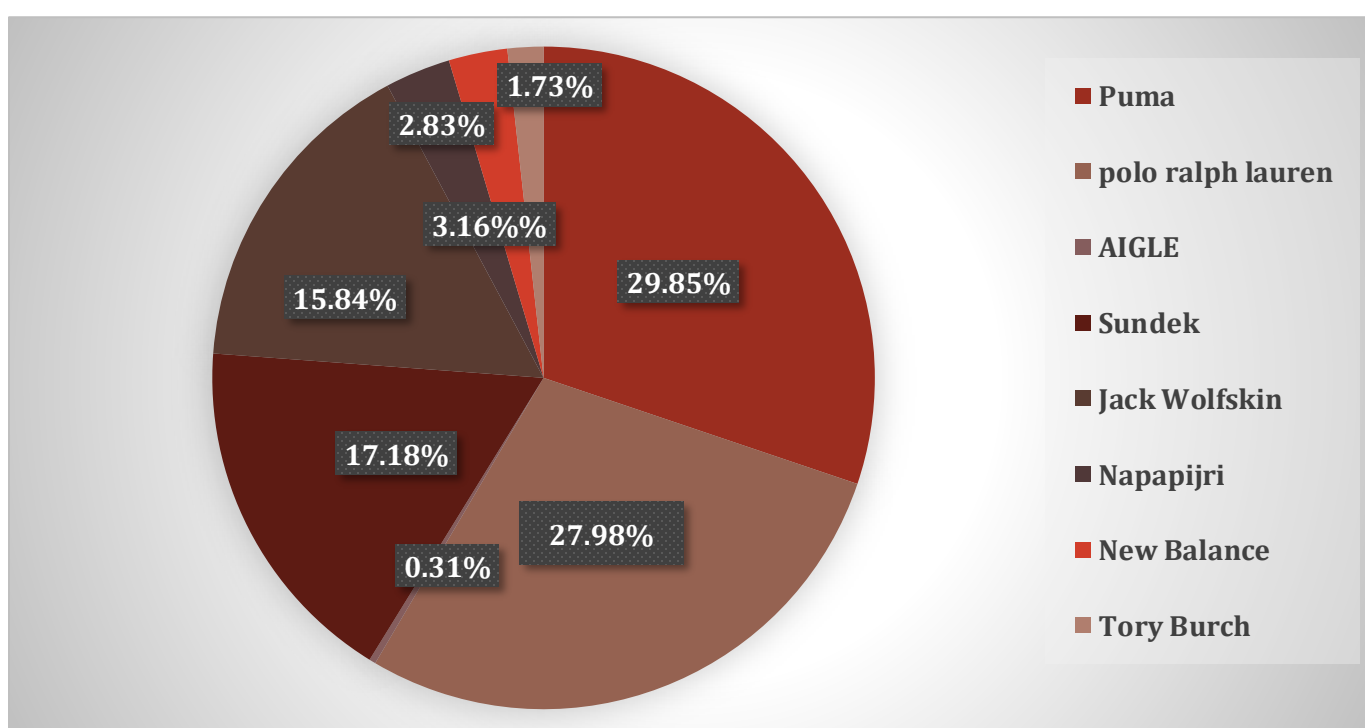
We have produced numberious sportwear for our main branding customers.

We purchases raw materials from Taiwan, China, Thailand and Vietnam. In Q1 of 2023, our export destinations include include countries in Europe 58%, United State 26%, Asia and other countries 16% of total revenue in Q1 of 2023. In Q1 of 2023, Europe becomes our export major market.

We have a specialized management team who has many years of experience in the apparel industry, as well as advanced manufacturing technology to ensure production efficiency. Up quarter ended 31 March 2022, GTI has 2,865 employees. Our factory land is 32,341 square meters (there are 2 buildings with two floors in total of 21,620 square meters). A new build three-floor building, has completed the construction in 2015 that use for raw material warehouse. In end of 2017, we had invested almost USD 5 Millions on our Research and Development Center to be improve and gain more convenience for immediately respond our clients required.

Major customers

Grand Twins’s customers as in Q1 of 2023 as the following:



Main products

Sportswear

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

adidas



Water-Resistant Clothing

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

Outdoor Clothing

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



adidas



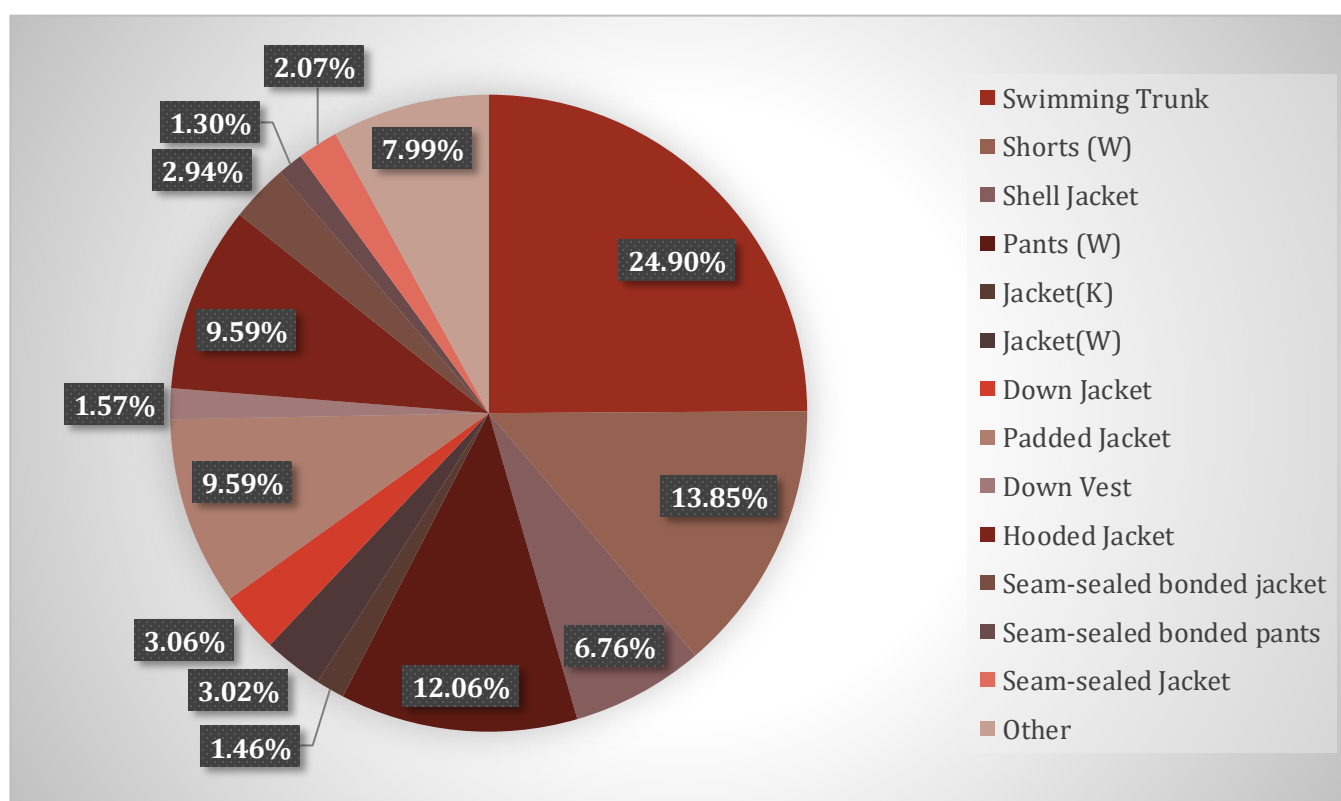
Functional Clothing

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

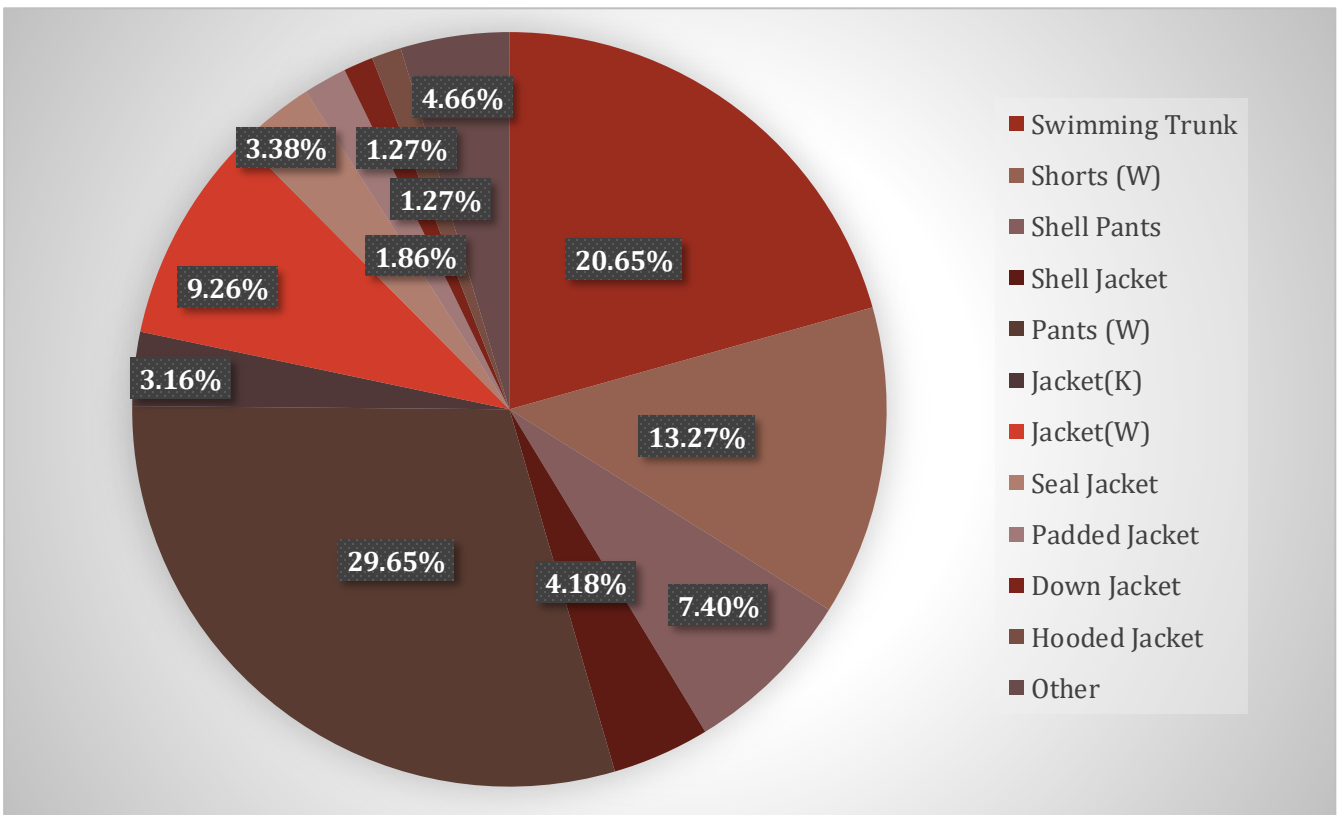
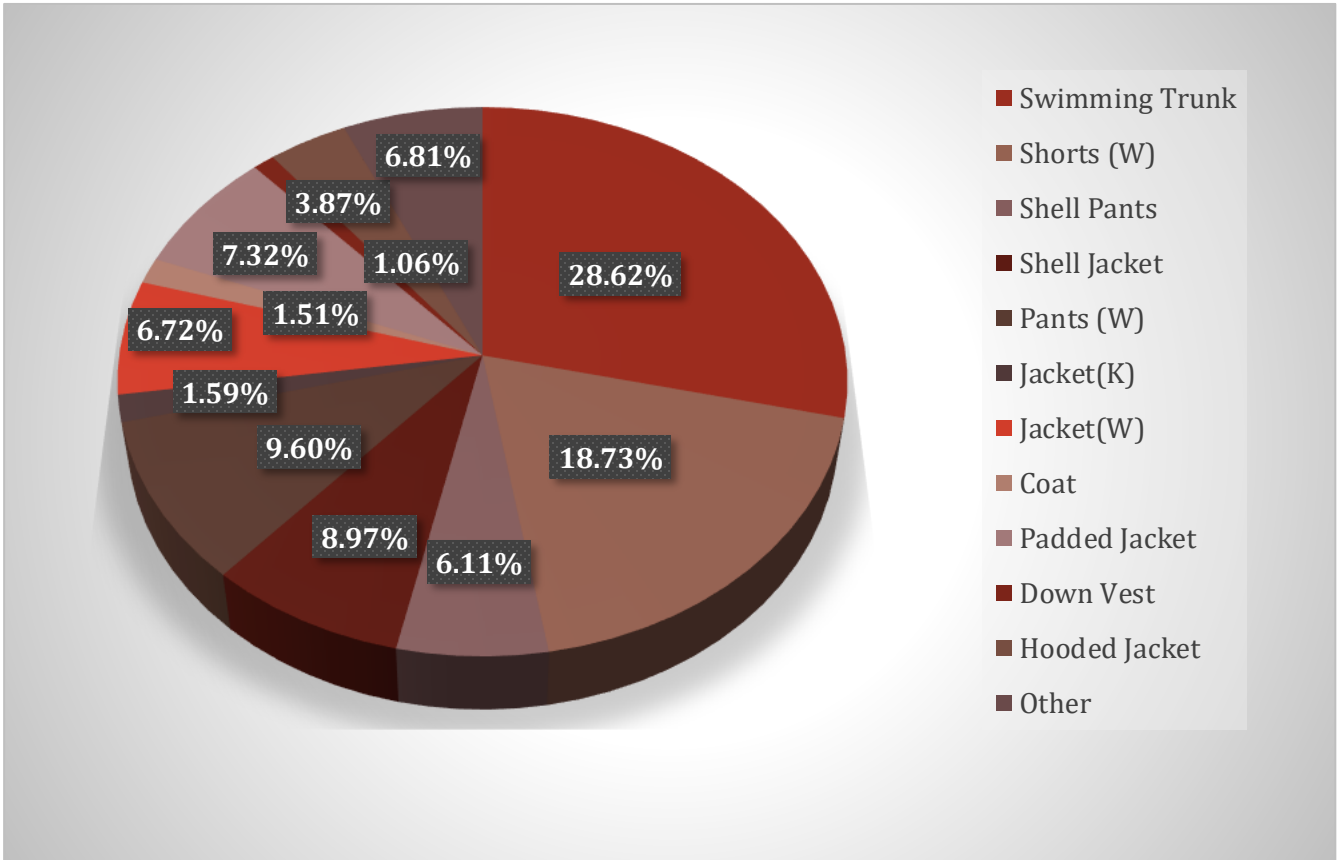
Sale volumn of mix products

Sale volume of mix products in the Q1 of 2023

Description	Q1 of 2023 As at 31 st March 2023	
	Amount	%
Swimming Trunk	3,942,910	24.90%
Shorts (W)	2,193,314	13.85%
Shell Jacket	1,070,188	6.76%
Pants (W)	1,908,914	12.06%
Jacket(K)	230,720	1.46%
Jacket(W)	477,525	3.02%
Down Jacket	484,705	3.06%
Padded Jacket	1,518,268	9.59%
Down Vest	247,903	1.57%
Hooded Jacket	1,496,840	9.45%
Seam-sealed bonded jacket	465,504	2.94%
Seam-sealed bonded pants	205,612	1.30%
Seam-sealed Jacket	327,201	2.07%
Other	1,264,738	7.99%
Total Sale	15,834,341	100%

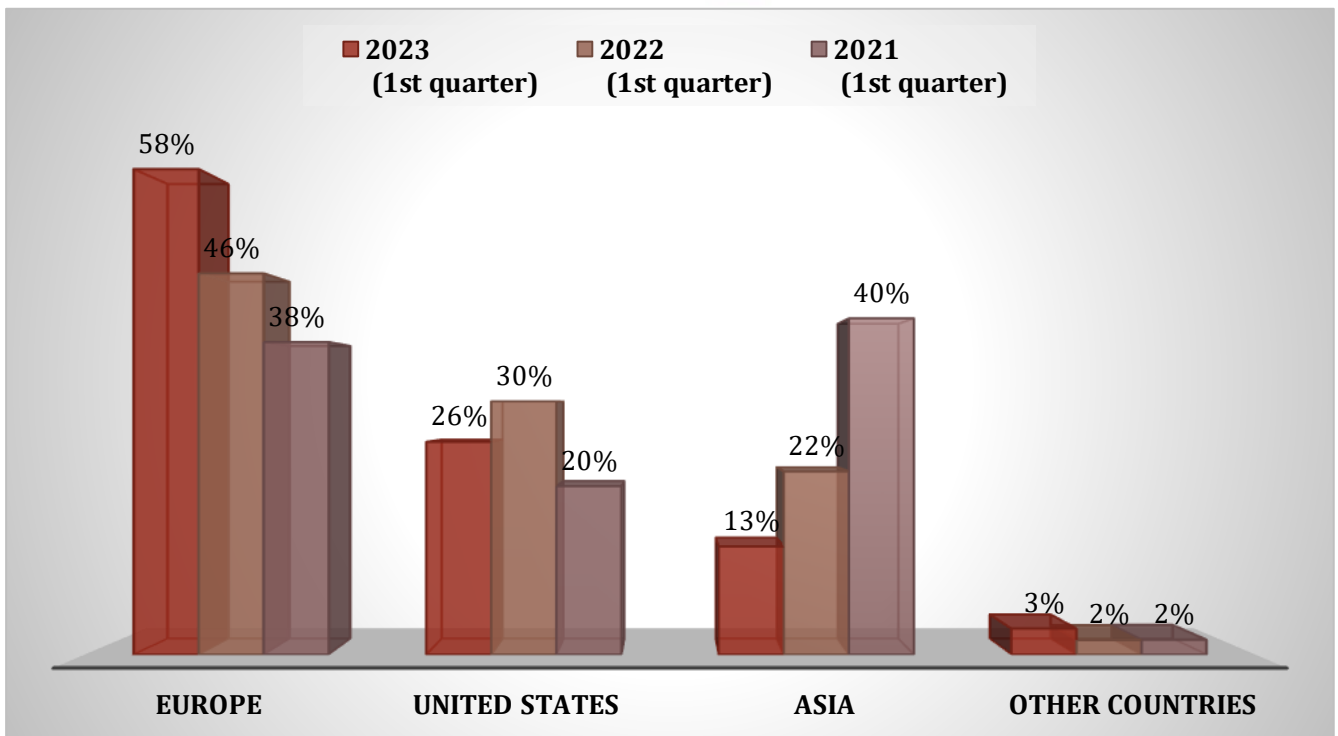


Sale volume of mix products of the Q1 of 2022 and Q1 of 2021



Our Company's markets

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



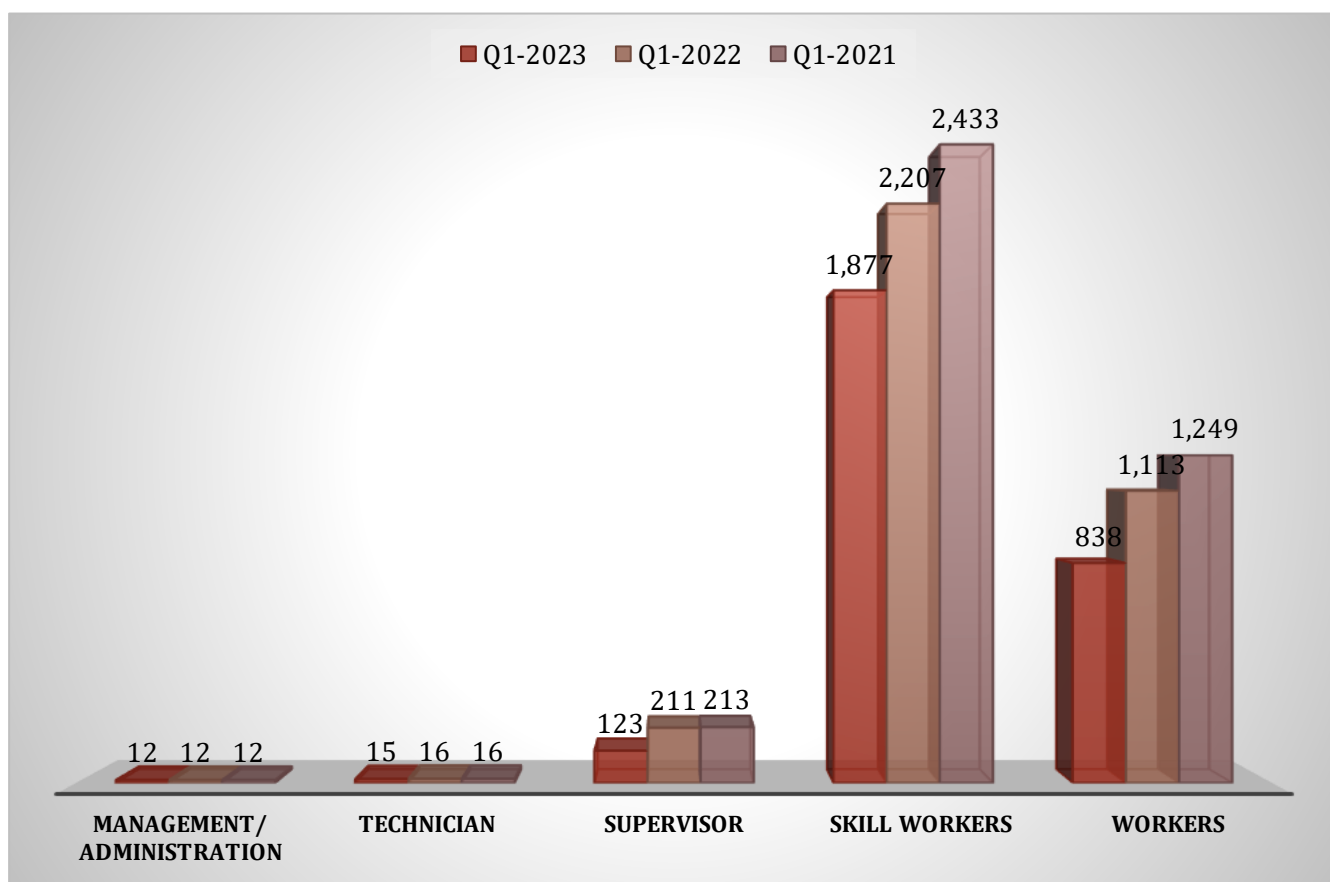


Number of Full Time Employees

In the Q1 of 2023 as at 31st March 2023, we employ 2,865 full- time employees. Our sales employees are paid an hourly wage, plus commission. Bonuses are provided with each year of service following an annual review to encourage employee retention depending on criteria such as experience or involvement in the industry, designation and role in the applying company, and management systems. Our Human Resource Management System plays an important role for our productivity measures, for providing opportunities for employees to develop skills and expertise, for our focus on achieving outcomes and maintaining and improving productivity, and fair recruitment, effectiveness of grievance and disciplinary procedures, and for our focus on remuneration of employees, performance evaluation, employee development training, management of turnover rate, employment involvement and worker-management relationship. We enjoy loyalty from our employees and more than 35% of our employees have stayed with us for more than five years.

As the following the functional distribution of our full-time employees for the Q1 of 2023 as at 31st March 2023, Q1 of 2022 as at 31st March 2022 and Q1 of 2021 as at 31st March 2021:

Description	Q1-2023	Q1-2022	Q1-2021
Management/ Administration	12	12	12
Technician	15	16	16
Supervisor	123	211	213
Skill workers	1,877	2,207	2,433
Workers	838	1,113	1,249
Total	2,865	3,559	3,923



Cambodia Garment Status

Economic Growth of Asia EU, USA and other regions

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

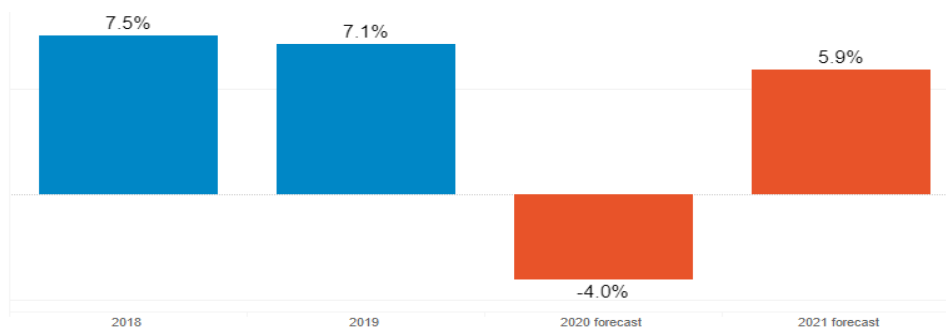
source:

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

Cambodia's Economic Status

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

Cambodia GDP



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

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

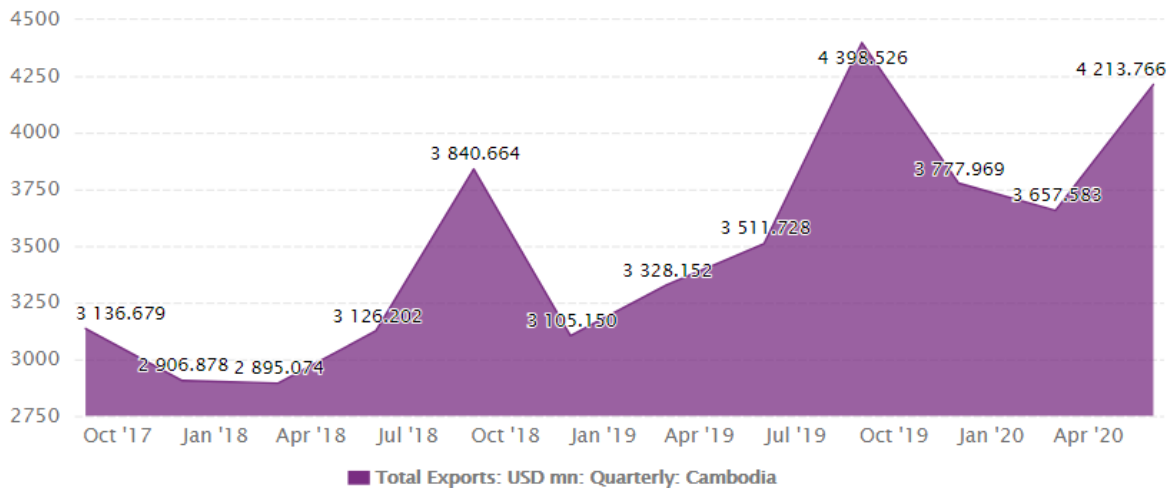
Cambodia Export in 2020

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

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

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

Graphic of Cambodia Export



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

Cambodia Competition with Neighbor Countries in Garment Sector

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

Our competitives

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

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

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

Our competitive strengths

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

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

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

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

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

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

4. We are trusted and reliable manufacturer

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

5. We have an experienced management team

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

6. We enjoy geographical diversification of market for our products

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

7. We have introduced "down" technology

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

The Company Business Strategies

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

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

2. We ensure that we respond to customers' needs

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

3. We ensure efficiency in production and delivery

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

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

4. We ensure that our quality is excellent

Our success relies heavily on our ability to deliver high quality products consistently to our customers. To achieve our commitment to quality, we ensure that every staff member is aware of his/her responsibility to ensure that our goods are of the highest possible quality. We provide handbooks to them to ensure that they are well trained and aware of our procedures. Our quality assurance team ("**QC**") implements and monitors a "no fault", or 100% success policy on all goods at each step of the production

process. The same stringent control on quality is applied to the purchase of raw materials and accessories. Raw materials and accessories are purchased only from suppliers who have been screened and approved by Adidas. All materials and accessories are further inspected before they are used for production to ensure that they are of the required specifications and free from defects. All finished products are subject to final inspection before delivery.

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

SIGNIFICANT EVENT IN THE FIRST QUARTER OF 2023

In Q1 of 2023 as at 31st March 2023, there is no further material events than events as disclosed in this Q1 of 2023.

2. BUSINESS PERFORMANCE OF GRAND TWINS

BUSINESS PERFORMANCE OF GRAND TWINS

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

Translations between KHR and USD are presented in our financial statements for the Q1 of 2023 as at 31st March 2023, Q1 of 2022 as at 31st March 2022 and Q1 of 2021 as at 31st March 2021 using the official rate of exchange regulated by National Bank of Cambodia present as below:

Year	Riel /US Dollar As at 31 st March
2023 (1 st quarter)	4,005
2022 (1 st quarter)	4,001
2021 (1 st quarter)	4,003

Source: National Bank of Cambodia

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

The Company's revenue consists of revenue from the sale of products, subcontract revenue and CMP (Cut, Make and Pack) revenue. As at quarter ended, 31st March 2023 our revenue from sale of products accounted for 98.88% of total revenue. Subcontract and CMP revenue contribute only immaterial amounts to our total revenue. Consequently, any material changes in sales and revenue are due to changes in revenue from the sale of goods. Revenue from sale of products depends on the volume of clothing items that we produce and sell to our customer.

Our revenue by segment for Q1 of 2023, Q1 of 2022 and Q1 of 2021 set forth as below:

Total revenue of Q1 of 2022 as at 31st March 2023

KHR64,667,449,000 approximately USD15,834,341

Revenue from sale of products

KHR63,940,089,000 approximately USD15,656,241

presenting to **98.88%** of the total revenue

Revenue from subcontract

KHR727,360,000 approximately USD178,100

presenting to **1.12%** of the total revenue

Total revenue of Q1 of 2022 as at 31st March 2022

KHR111,978,214,000 approximately USD27,580,841

Revenue from sale of products

KHR111,978,214,000 approximately USD27,580,841 presenting to **100%** of the total revenue

Total revenue of Q1 of 2021 as at 31st March 2021

KHR132,397,607,000 approximately USD32,731,176

Revenue from sale of products

KHR131,159,784,000 approximately USD32,425,163 presenting to **99.07%** of the total revenue

Revenue from subcontract

KHR1,237,823,000 approximately USD306,013 presenting to **0.93%** of the total revenue

MATERIAL CHANGES IN BUSINESS OPERATION OF GRAND TWINS

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

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

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

Seasonal aspects of the Company’s business

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

Trend, events or uncertainties

We expect fluctuations in the selling prices of our products as there is general upward trend in our selling prices based on the current trend to-date. Our cost of sales, which comprises purchase cost of raw materials and packaging materials, labor costs and overhead, significantly increased over the last three financial years from 2017 to 2019. Based on the current trend to-date and barring any unforeseen circumstances, we do expect a deviation from this trend in 2020. We manage our purchasing inventory on a just-in-time basis, that we expect our inventory levels to remain relatively stable.

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

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

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

Material loan between holding company and its subsidiaries

In the Q1 of 2023 as at 31st March 2023, we don’t have any loan from subsidiaries.

Future contractual and contingent liabilities

In the Q1 of 2023 as at 31st March 2023, we are not aware of any contingent liabilities or future contractual obligations other than the report for Q1 of 2023.

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

In the Q1 of 2023 as at 31st March 2023, we don’t have any unpaid VAT to the General Department of Taxation (“GDT”) of the Ministry of Economy and Finance (“MEF”).

Tax on Income

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

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

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

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

Custom Duty Tax

In the Q1 of 2023 as at 31st March 2023, the Company has no any unpaid custom duty tax.

Tax Arrear including any contingent liabilities

The Company is obliged to pay taxes in accordance with Cambodian tax law. We have been paying our taxes in a timely manner and do not have any unpaid tax liability. In the Q1 of 2023 as at 31st March 2023, we remain tax arrear in total KHR767 Millions (USD189,091).

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

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

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

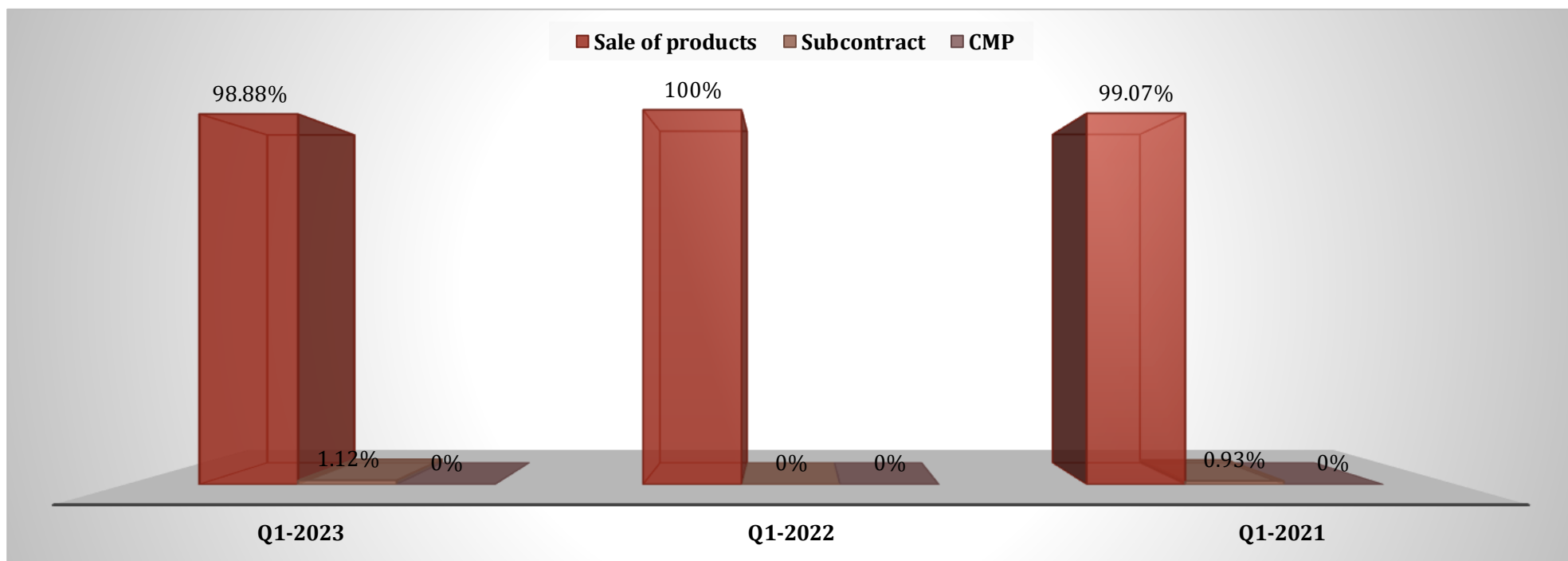
Our employees also receive non-leave bonuses of USD 20,000 (USD 5) in week and transportation allowance KHR 28,000 (USD 7), and seniority from KHR 8,000 (USD 2) to KHR 44,000 (USD 11) based on the length of their employment. In addition to these benefits, our employees also receive KHR 2,000 (USD 0.5)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

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

We commit to comply to Cambodia applicable law such as average wage for garment workers. The increase in average salary for garment industrial had caused to decrease in total revenue. In the beginning of 2023, worker average salary in garment industry is USD200 and the increasing in salary expense will directly impact company performance in 2023. Forseen, salary will increase in consequently in further years.

REVENUE SOURCES OF GRAND TWINS

Revenue Source	Q1 of 2023 As at 31 st March 2023		Q1 of 2022 As at 31 st March 2022		Q1 of 2021 As at 31 st March 2021	
	Amount	%	Amount	%	Amount	%
Sale of products	63,940,089	98.88%	111,978,214	100%	131,159,784	99.07%
Subcontract	727,360	1.12%	-	-	1,237,823	0.93%
CMP	-	-	-	-	-	-
Total Revenue	64,667,449	100%	111,978,214	100%	132,397,607	100%



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

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER AND 3 MONTHS OF 2023
AS AT 31ST MARCH 2023**

Please see the condensed interim financial statements for the financial period from 1 January 2023 to 31 March 2023 as in APPENDIX I of Q1 report of 2023.

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

MANAGEMENT DISCUSSION AND ANALYSIS ON FINANCIAL CONDITION

a. Overview of the Company's operations

The accompanying condensed interim statement of financial position as at 31st March 2023, is prepared in accordance Cambodian Accounting Standards ("CCC"). The accounting policy adopted may differ from the general accounting policy that used in other countries or jurisdictions. Therefore, the accompanying financial statements do not intend to disclose the financial position, comprehensive income and cash flows in accordance with any jurisdiction other than Cambodia.

i. Revenue analysis

Grand Twins revenue in Q1 of 2023 as at 31st March 2023, amounted to KHR64,667 Millions (USD15.834 Millions). This revenue has decreased KHR47,311 Millions (USD11.747 Millions) presented 42.25% increased by compared to total revenue KHR111,978 Millions (USD27.581 Millions) in Q1 of 2022 as at 31st March 2022. Therefore, the revenue in Q1 of 2022 as at 31st March 2022, amounted to KHR111,978 Millions (USD27.581 Millions). This revenue has decreased KHR20,419 Millions (USD5.150 Millions) presented 15.42% declined by compared to total revenue KHR132,398 Millions (USD32,731 Millions) in Q1 of 2021 as at 31st March 2021.

According to the World Bank, global GDP will grow by 3.4 in 2022 and expected by 2.8% in 2023 and 3.1% in 2024. Therefore, Europe GDP will be expected by 1.0% and US GDP by 1.1% in 2023, which is a slight increase compared to previous years. These two main areas are Grand Twins' main sales areas, especially the impact of low GDP growth in Europe will also affect Grand Twins in 2023.

In January 2021, a new policy on average salary for garment workers was USD 192 had taken to effective from 1st January 2022 for all garment factories in Cambodia. Grand Twins' expenditures will be also increased. The increasing of worker average wage has been steadily rising in recent years.

The total revenue of Q1 of 2023 as at 31st March 2023, Grand Twins had generated total revenue of KHR64,667 Millions (USD15.834 Millions) in which the Company had generated the revenue derived from sale of product of KHR63,940 Millions (USD15.656 Millions) and the revenue from subcontract of KHR727 Millions (USD178,100) respectively. Grand Twins had not generated the revenue from CMP in Q1 of 2023 as at 31st March 2023.

Revenue from sale of products in Q1 of 2023 as at 31st March 2023 amounted KHR63,940 Millions (USD15.656 Millions), that has decreased in KHR48,038 Millions (USD11.925 Millions) presented 42.90% declined by compared to total revenue KHR111,978 Millions (USD27.581 Millions) in Q1 of 2022 as at 31st March 2022. Therefore the revenue from sale of products in Q1 of 2022 as at 31st March 2022 amounted KHR111,978 Millions (USD27.581 Millions), that has decreased in KHR19,182 Millions (USD4.844 Millions) presented 14.62% declined by compared to total revenue KHR131,160 Millions (USD32.425 Millions) in Q1 of 2021 as at 31st March 2021.

Revenue from subcontract in Q1 of 2023 as at 31st March 2023 amounted KHR727 Millions (USD178,100) and in Q1 of 2021 as at 31st March 2021 amounted KHR1,238 Millions (USD306,013). Therefore, Grand Twins had not generated the revenue derived from subcontract for Q1 of 2022.

Grand Twins had not generated the revenue derived from CMP in Q1 of 2023 as at 31st March 2023, neither in Q1 of 2022 as at 31st March 2022, nor in Q1 of 2021 as at 31st March 2021.

Our revenue is mainly derived from the production and sales of clothing. products sold are not returnable unless there is quality issues. If our products do not meet the stipulated quality standard, customers may return the products to us for rectification and/or replacement. Orders may not be cancelled except with all parties' agreement. They are however subject to deferral or rescheduling by customers. We have not experienced any material product quality issues or cancellation of orders from customers.

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

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

Sale of goods

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

Services

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

ii. Revenue Analysis by segment

Revenue by segment for Q1 of 2023 as at 31st March 2023, Q1 of 2022 as at 31st March 2022, Q1 of 2021 as at 31st March 2021 is as set forth in the table below:

Description	31 st March 2023		31 st March 2022		31 st March 2021	
	KHR'000	USD	KHR'000	USD	KHR'000	USD
Sale of products	63,940,089	15,656,241	111,978,214	27,580,841	131,159,784	32,425,163
Subcontract	727,360	178,100	-	-	1,237,823	306,013
CMP	-	-	-	-	-	-
Total revenue	64,667,449	15,834,341	111,978,214	27,580,841	132,397,607	32,731,176

Our revenue consists of revenue from the sale of products, subcontract and CMP. In Q1 of 2023, the revenue from sale of products accounted for 98.88% total revenue. Subcontract and CMP revenue contribute only immaterial amounts to our total revenue. Consequently, any material changes in sales and revenue are due to changes in revenue from the sale of products. Revenue from the sale of goods depends on the volume of clothing items that we produce and sell, and is discussed in greater detail in below.

a. Revenue from the sale of products

The revenue from sale of products in Q1 of 2023 as at 31st March 2023 amounted KHR63,940 Millions (USD15.656 Millions). This revenue has decreased KHR48,038 Millions (USD11.925 Millions) presented 42.90% declined by compared to total revenue KHR111,978 Millions (USD27.581 Millions) in Q1 of 2022 as at 31st March 2022. Therefore, the revenue from sale of products in Q1 of 2022 as at 31st March 2022 amounted KHR111,978 Millions (USD27.581 Millions). This revenue has decreased KHR20,419 Millions (USD5.150 Millions) presented 15.42% declined by compared to total revenue KHR132,398 Millions (USD32,731 Millions) in Q1 of 2021 as at 31st March 2021

b. Subcontract Revenue

Subcontract revenue consists of revenue that earn by providing cutting and sewing services to other factories once there is an excess of factory's capacity. Grand Twins had generated the revenue from subcontract in Q1 of 2023 as at 31st March 2023 amounted KHR727 Millions (USD178,100) and in Q1 of 2021 as at 31st March 2021 amounted KHR1,238 Millions (USD306,013). Therefore, Grand Twins had not generated the revenue derived from subcontract for Q1 of 2022.

C. CMP Revenue

CMP revenue consists of revenue that we earn by cutting, sewing and trimming service in Cambodia. Grand Twins had not generated the revenue derived from CMP in Q1 of 2023 as at 31st March 2023, neither in Q1 of 2022 as at 31st March 2022, nor in Q1 of 2021 as at 31st March 2021.

iii. Gross Profit Margin Analysis

Our gross profit is our revenue minus cost of sales. Gross profit margin is our gross profit divided by revenue. Gross profit margin was KHR5,084 Millions (USD1,245 Millions) in Q1 of 2023 as at 31st March 2023, which is decreased in KHR3,423 Millions (USD850,387) or 40.23% compared to gross profit margin of KHR8,507 Millions (USD2.095 Millions) in Q1 of 2022 as at 31st March 2022. In contrast, the profit margin was KHR8,507 Millions (USD2.095 Millions) in Q1 of 2022 as at 31st March 2022, which is increased in KHR2,115 Millions (USD515,070) or 33.09% compared to gross profit margin of KHR6,392 Millions (USD1,580 Millions) in Q1 of 2021 as at 31st March 2021. As described above, since there was a decline in revenue from sale of products and subcontract and revenue from CMP which had caused to decline in gross profit margin.

a. Revenue

The revenue in Q1 of 2023 as at 31st March 2023, amounted to KHR64,667 Millions (USD15.834 Millions). This revenue has decreased KHR47,311 Millions (USD11.747 Millions) presented 42.25% declined by compared to total revenue KHR111,978 Millions (USD27.581 Millions) in Q1 of 2022 as at 31st March 2022. Therefore, the revenue in Q1 of 2022 as at 31st March 2022, amounted to KHR111,978 Millions (USD27.581 Millions). This revenue has decreased KHR20,419 Millions (USD5.150 Millions) presented 15.42% declined by compared to total revenue KHR132,398 Millions (USD32,731 Millions) in Q1 of 2021 as at 31st March 2021.

b. Cost of products

The cost of products in Q1 of 2023 as at 31st March 2023, Q1 of 2022 as at 31st March 2022 and Q1 of 2021 as at 31st March 2021 as set forth in the table below:

Description	As at 31 st March 2023		As at 31 st March 2022		As at 31 st March 2021	
	KHR'000	USD	KHR'000	USD	KHR'000	USD
Direct	41,424,020	10,143,002	83,902,742	20,665,700	94,141,591	23,273,570
Direct Labor	5,751,840	1,408,384	8,888,672	2,189,328	8,511,311	2,104,156
Overhead	12,407,188	3,037,999	10,679,708	2,630,470	23,352,501	5,773,177
Total	59,583,048	14,589,385	103,471,122	25,485,498	126,005,403	31,150,903

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

Our cost of sales was KHR59,583 Millions (USD14.589 Millions) in Q1 of 2023 as at 31st March 2023, the cost of sale decreased in KHR43,888 Millions (USD10.896 Millions) or 42.42% compared to total cost of products of KHR103,471 Millions (USD25.485 Millions) as in Q1 of 2022 as at 31st March 2022. In contrast, the cost of sales was KHR103,471 Millions (USD25.485 Millions) in Q1 of 2022 as at 31st March 2022, the cost of sale decreased in KHR22,543 Millions (USD5.665 Millions) or 17.88% compared to total cost of products of KHR126,005 Millions (USD31.151 Millions) as in Q1 of 2021 as at 31st March 2021. The increasing is due to the increase in direct material and overhead for the production.

Cost of raw material was KHR41,424 Millions (USD10.143 Millions) in Q1 of 2023, which decreased in KHR42,479 Millions (USD10.523 Millions) or 50.63% from KHR83,903 Millions (USD20.666 Millions) as in

Q1 of 2022 to KHR41,424 Millions (USD10.143 Millions) in Q1 of 2023. In contrast, the cost of raw material was KHR83,903 Millions (USD20.666 Millions) in Q1 of 2022, which decreased in KHR10,239 Millions (USD2.608 Millions) or 10.88% from KHR94,142 Millions (USD23.274 Millions) as in Q1 of 2021 to KHR83,903 Millions (USD20.666 Millions) in Q1 of 2022.

Direct labor cost was KHR5,752 Millions (USD1.408 Millions) in Q1 of 2023, which increased KHR3,137 Millions (USD780,944) or 35.29% from KHR8,889 Millions (USD2.189 Millions) in Q1 of 2022 which increased to KHR5,752 Millions (USD1.408 Millions) in Q1 of 2023. Therefore, the direct labor cost was KHR8,889 Millions (USD2.189 Millions) in Q1 of 2022, which increased KHR377 Millions (USD85,172) or 4.43%, from KHR8,511 Millions (USD2.104 Million) in Q1 of 2021 which increased to KHR8,889 Millions (USD2.189 Millions) in Q1 of 2022. This increased was caused by the increase in worker minimum wage.

Overhead was KHR12,407 Millions (USD3.038 Millions) in Q1 of 2023, which slightly increased in KHR1,727 Millions (USD407,529) or 16.18% which is from KHR10,680 Millions (USD2.630 Millions) in the Q1 of 2022 to KHR12,407 Millions (USD3.038 Millions) as in Q1 of 2023. Moreover, the overhead was KHR10,680 Millions (USD2.630 Millions) in Q1 of 2022, which slightly decreased in KHR12,673 Millions (USD3.143 Millions) or 54.27% which is from KHR23,353 Millions (USD5.773 Million) in the Q1 of 2021 to KHR10,680 Millions (USD2.630 Millions) as in Q1 of 2022.

iv. Profit before tax Analysis

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

In Q1 of 2023 as at 31st March 2023, the profit before tax was KHR550 Millions (USD134,694) was decreased in KHR1,501 Millions (USD370,590), approximately 73.19% compared to profit before tax of KHR2,051 Millions (USD505,284) in Q1 of 2022 as at 31st March 2022. Moreover, In Q1 of 2022 as at 31st March 2022, the profit before tax was KHR2,051 Millions (USD505,284) was increased in KHR1,656 Millions (USD407,638), approximately 419.39% compared to profit before tax of KHR395 Millions (USD97,646) in Q1 of 2021 as at 31st March 2021.

a. Elements of profit before tax

The gross profit margin in Q1 of 2023 as at 31st March 2023, Q1 of 2022 as at 31st March 2022 and in Q1 of 2021 as at 31st March 2021 was discussed in above section.

b. Other income

Other income consist of various sources such as interest income from saving and access control ease accounts, sales of wastes, proceeds from disposal of fixed assets and other non-operating incomes. The Company has other income in KHR359 Millions (USD87,920) in Q1 of 2023, KHR328 Millions (USD80,760) in Q1 of 2022 and KHR313 Millions (USD77,466) in Q1 of 2021.

c. Distribution costs

Distribution costs consist of the cost of shipping finished products to customers. Distribution costs in Q1 of 2023 as at 31st March 2023 was KHR771 Millions (USD188,710), was decreased in KHR1,980 Millions (USD488,745) or 71.98% compared to distribution cost of KHR2,750 Millions (USD677,455) in Q1 of 2022 as at 31st March 2022. Moreover, the distribution costs in Q1 of 2022 as at 31st March 2022 was KHR2,750 Millions (USD677,455), was increased in KHR798 Millions (USD194,767) or 40.87% compared to distribution cost of KHR1,952 Millions (USD482,688) in Q1 of 2021 as at 31st March 2021.

d. Administrative Expenses

Administrative expenses are as set forth in the table below, and consist primarily of personnel costs, research and development costs, other expenses and depreciation. Research and development costs include the costs of personnel and machinery dedicated to working with our partner and its customers to introduce new products to our production lines.

In Q1 of 2023 as at 31st March 2023, administrative cost was KHR3,252 Millions (USD796,236), the expenses has decreased in KHR413 Millions (USD106,393) or 11.27% compared to administrative expenses KHR3,665 Millions (USD902,629) in Q1 of 2022 as at 31st March 2022. In contrast, in Q1 of 2022 as at 31st March 2022, administrative cost was KHR3,665 Millions (USD902,629), the expenses has decreased in KHR262 Millions (USD68,063) or 6,67% compared to administrative expenses KHR3,926 Millions (USD970,692) in Q1 of 2021 as at 31st March 2021.

The increased of administrative expense was primary dued to company has continued investment on productive capacity to effort coat products that company would spend on work skill and training. Therefore, salary expenses was also increased since company has expand employment to correspondance to customer purchahse order.

e. Other expenses

Other expenses represent loss arising from reduction in selling prices of wrong products either in size or colors. Other expense was KHR10 Millions (USD2,503) in Q1 of 2023 as at 31st March 2023. This expense has increased in KHR7 Millions (USD1,601) or 64.18% compared to other expenses of KHR4 Millions (USD902) in Q1 of 2022 at 31st March 2022. Therefore, Other expense was KHR4 Millions (USD902) in Q1 of 2022 as at 31st March 2022. This expesne has descreased in KHR61 Millions (USD15,154) or 94.36% compared to other expenses of KHR64 Millions (USD16,056) in Q1 of 2021 at 31st March 2021. Thus, other expresses represent an immaterial portion of our operating expenses.

f. Finance Cost

Finance cost consists of interest paid on our outstanding indebtedness. Financial cost was approximately KHR863 Millions (USD211,282) in Q1 of 2023 as at 31st March 2023, KHR367 Millions (USD90,411) in Q1 of 2022 as at 31st March 2022, KHR368 Millions (USD91,084) in Q1 of 2021 as at 31st March 2021.

v. Profit after tax

Profit after tax is derived from profit before tax minus income tax expense. In Q1 of 2023 as at 31st March 2023, the Comapny's profit before tax was KHR550 Millions (USD134,694) and the income tax expense was KHR647 Millions (USD158,343), so the (loss)/profit after tax in Q1 of 2023 was KHR-97 Millions (USD23,649). The (loss)/profit after tax was descreased KHR1,214 Millions (USD298,816) presenting to 108.65% with comparing to the profit after tax in Q1 of 2022 as at 31st March 2022, which was KHR 1,117 Millions (USD275,167).

Moreover, the profit after tax in Q1 of 2022 as at 31st March 2022, the Comapny's profit before tax was KHR2,051 Millions (USD505,284) and income tax expense was KHR934 Millions (USD230,117) and profit after tax in Q1 of 2022 was KHR 1,117 Millions (USD275,167). The profit after tax was inscreased KHR801 Millions (USD197,050) presenting to 253.56% with comparing to the profit after tax in Q1 of 2021 as at 31st March 2021, which was KHR 316 Millions (USD78,117).

vi. Factors and Trends Analysis Affecting Finandal Condition and Results

Revenue

Grand Twins generates revenue from export products to over the world. Revenue from export product to USA 26% of total revenue in Q1 of 2023, exported to EU 58% and to asia countries 13% and 3% to other countries.

Revenue in Q1 of 2023, has decreased 42.25% which from KHR111,978 Millions (USD27.581 Millions), as the total revenue in Q1 of 2022 to KHR64,667 Millions (USD15.834 Millions) in Q1 of 2023. In contrast, the revenue in Q1 of 2022, has decreased 15.42% which from KHR132,398 Million (USD32.731 Millions), as the total revenue in Q1 of 2021 to KHR111,978 Millions (USD27.581 Millions) in Q1 of 2022.

Selling Price

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

Grand Twins has manufactured over 3,000 designs in 2022. For Jacket, we sold a significant amount at approximately USD 50 each in 2022. For sport suits, we sold a significant amount at approximately USD20-30 each in 2022. For shorts, we sold a significant amount at approximately USD 5-10 each in 2022. The selling price is stable in Q1 of 2023.

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

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

g. Significant factors affecting the Company's profit

1. Demand and supply conditions analysis

The Company's revenue was declined 42.25% in Q1 of 2023 comparing to the total revenue in the Q1 of 2022, it primary dued to the decrease in client purchase order. In contrast, the revenue was declined 15.42% in Q1 of 2022 comparing to the total revenue in the Q1 of 2021.

In Q1 of 2023 as at 31st March 2023, the revenue was lower than previous quarters, the purchase order volumn was reduce and had caused to gross profit amounted in KHR5,084 Millions (USD1.245 Millions) in Q1 of 2023 as at 31st March 2023, which is decreased in KHR3,423 Millions (USD850,387) or 40.23% compared to gross profit margin of KHR8,507 Millions (USD2.095 Millions) in Q1 of 2022 as at 31st March 2022. Therefore, in Q1 of 2022 as at 31st March 2022, the gross profit amounted in KHR8,507 Millions (USD2.095 Millions) in Q1 of 2022 as at 31st March 2022, which is increased in KHR2,115 Millions (USD515,070) or 33.09% compared to gross profit margin of KHR6,392 Millions (USD1,580 Millions) in Q1 of 2021 as at 31st March 2021. We have no significant issues with securing an adequate supply of raw materials at reasonable prices, and thus we expect to be able to continue to meet growing customer demand for our products.

2. Fluctuations in Prices of Raw Material Analysis

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

3. Tax Analysis

Income tax is included all taxes on taxable profit.

Current Tax

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

Deffered Tax

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

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

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

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

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

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

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

4. Exceptional and extraordinary items and analysis

There were no exceptional or extraordinary items that affected any of our assets, liabilities, equity, net income or cash flows in Q1 of 2023 as at 31st March 2023.

h. Material Changes in Sale and Revenue

Our revenue was KHR64,667 Millions (USD15.834 Millions) in Q1 of 2023 as at 31st March 2023. This revenue has decreased KHR47,311 Millions (USD11.747 Millions) presented 42.25% declined by compared to total revenue KHR111,978 Millions (USD27.581 Millions) in Q1 of 2022 as at 31st March 2022. Therefore the Our revenue was KHR111,978 Millions (USD27.581 Millions) in Q1 of 2022 as at 31st

March 2022. This revenue has decreased KHR20,419 Millions (USD5.150 Millions) presented 15.42% declined by compared to total revenue KHR132,398 Millions (USD32,731 Millions) in Q1 of 2021 as at 31st March 2021.

Our revenue consists of revenue from the sale of products, subcontract and CMP revenue. The revenue from sale of products presented to 98.88% of total revenue, amounted in KHR63,940 Millions (USD15.656 Millions) in Q1 of 2023 as at 31st March 2023. Subcontract revenue and CMP revenue contribute only immaterial amounts to our total revenue. Consequently, any material changes in sales and revenue are due to changes in revenue from the sale of goods. Revenue from the sale of goods depends on the volume of clothing items that we produce and sell, and is discussed in “ Selling Price”.

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

Impact of foreign exchange

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

Impact of interest rates

As we have no significant interest-bearing financial assets, our revenue, income and cash flow are substantially independent of changes in market interest rates. As at 31st March 2023, We have no debt with floating interest rate could impact on our financial condition and results of operations.

Impact of commodity price

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

j. Impact of inflation

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

k. Government/ Economics/ Fiscal/ Monetary Policy

Government

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

Economic

Cambodian economy has continued its high growth path as real GDP forecasted by 5.5% in 2023 according to a report by Asia Development Bank Cambodia has been one of the fastest growing countries in the world over the past over ten (10) years, experiencing average annual growth of over 8% in 2000. The risks of an impact of an economic slowdown in the US and EU, the two largest destinations of Cambodia's key garment and textile exports.

Fiscal

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

Monetary Policy

Cambodia is a dollarized economy making the country's currency, the Cambodian Riel very susceptible to depreciation of US Dollar. For the Cambodian securities market, there is a requirement to denote the price of listed securities in Cambodian Riel, reflecting a long-term goal of the Government to strengthen the use of the Cambodian Riel. There has been no material impact of the government, economic, fiscal or monetary policies on our historical profits for Q1 of 2023 as at 31st March 2023.

5. SIGNIFICANT INFORMATION TO PROTECT PUBLIC INVESTORS

SIGNIFICANT INFORMATION TO PROTECT PUBLIC INVESTORS

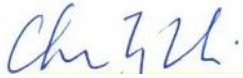
In Q1 of 2023 as at 31st March 2023, there is no any significant information other than disclosed in this Q1 report of 2023.

DIRECTORS' SIGNATURE

Dated: 02nd June 2023

Having read and approved

Signature



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



Signature



Ms. **Wang Yi Ting**
Executive Director

APPENDIX I

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER AND 3 MONTHS OF 2023
AS AT 31ST MARCH 2023**

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

**CONDENSED INTERIM FINANCIAL STATEMENTS
For The Financial Period From
1 January 2023 To 31 March 2023**

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

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GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347


STATEMENT BY DIRECTORS

In the opinion of directors, the accompanying condensed interim statement of financial position of Grand Twins International (Cambodia) Plc ("GTI") as at 31 March 2023, and the related condensed interim statement of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and condensed notes to the interim financial information (collectively known as "Condensed Interim Financial Statements") are presented fairly, in all material respects, in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*.

Signed on behalf of board of directors :-


CHEN TSUNG CHI
Director




WANG YI TING
Director



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

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

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We have reviewed the accompanying condensed interim financial statements of Grand Twins International (Cambodia) Plc (“the Company”), which comprise the condensed interim statement of financial position as at 31 March 2023, and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period then ended, and accompanying explanatory notes (collectively known as “Condensed Interim Financial Statements”). The directors of the Company are responsible for the preparation and presentation of these Condensed Interim Financial Statements in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on the Condensed Interim Financial Statements based on our review.

Scope of review

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

Conclusion

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

Crowe (KH) Co.,Ltd.


Onn Kien Hoe
Director



02 JUN 2023

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Note	USD	Unaudited 31 March 2023 KHR'000 (Note 4)	USD	Audited 31 December 2022 KHR'000 (Note 4)
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	8	18,988,726	76,980,295	19,298,592	79,452,303
Intangible assets	9	1,926	7,808	2,060	8,481
		<u>18,990,652</u>	<u>76,988,103</u>	<u>19,300,652</u>	<u>79,460,784</u>
CURRENT ASSETS					
Inventories	10	27,373,972	110,974,082	22,155,334	91,213,510
Trade and other receivables	11	38,029,763	154,172,659	43,118,723	177,519,783
Cash and cash equivalents	12	149,579	606,393	363,061	1,494,722
		<u>65,553,314</u>	<u>265,753,134</u>	<u>65,637,118</u>	<u>270,228,015</u>
TOTAL ASSETS		<u>84,543,966</u>	<u>342,741,237</u>	<u>84,937,770</u>	<u>349,688,799</u>
EQUITY AND LIABILITY					
EQUITY					
Share capital	13	10,000,000	40,450,000	10,000,000	40,450,000
Share premium	14	17,280,000	69,897,600	17,280,000	69,897,600
Retained earnings		41,999,119	172,025,839	42,022,768	172,122,422
Currency translation difference		-	(1,515,891)	-	2,849,474
TOTAL EQUITY		<u>69,279,119</u>	<u>280,857,548</u>	<u>69,302,768</u>	<u>285,319,496</u>
LIABILITIES					
NON-CURRENT LIABILITIES					
Deferred tax liabilities		189,091	766,575	189,091	778,488
Trade and other payables	15	330,000	1,337,820	360,000	1,482,120
		<u>519,091</u>	<u>2,104,395</u>	<u>549,091</u>	<u>2,260,608</u>
CURRENT LIABILITIES					
Trade and other payables	15	1,946,632	7,891,646	2,295,186	9,449,280
Borrowings	16	12,514,353	50,733,187	12,627,067	51,985,635
Income tax liabilities		284,771	1,154,461	163,658	673,780
Current liabilities		<u>14,745,756</u>	<u>59,779,294</u>	<u>15,085,911</u>	<u>62,108,695</u>
TOTAL LIABILITIES		<u>15,264,847</u>	<u>61,883,689</u>	<u>15,635,002</u>	<u>64,369,303</u>
TOTAL EQUITY AND LIABILITIES		<u>84,543,966</u>	<u>342,741,237</u>	<u>84,937,770</u>	<u>349,688,799</u>

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2023

	Note		Unaudited 3 months to 31 March 2023		Unaudited 3 months to 31 March 2022
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Revenue	17	15,834,341	64,667,449	27,580,841	111,978,214
Cost of sales	18	(14,589,385)	(59,583,048)	(25,485,498)	(103,471,122)
Gross profit		1,244,956	5,084,401	2,095,343	8,507,092
Other income	19	87,920	359,065	80,760	327,886
Administrative expenses		(796,236)	(3,251,828)	(902,629)	(3,664,674)
Distribution costs		(188,710)	(770,692)	(677,455)	(2,750,467)
Other expenses		(2,503)	(10,222)	(902)	(3,662)
Operating profit		345,427	1,410,724	595,117	2,416,175
Finance income	19	549	2,242	578	2,347
Finance costs	20	(211,282)	(862,876)	(90,411)	(367,069)
Profit before income tax		134,694	550,090	505,284	2,051,453
Income tax expense	21	(158,343)	(646,673)	(230,117)	(934,275)
(Loss)/Profit for the period		(23,649)	(96,583)	275,167	1,117,178
Other comprehensive income		-	-	-	-
Total comprehensive (expense)/income for the period		(23,649)	(96,583)	275,167	1,117,178

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

	Note		Unaudited 3 months to 31 March 2023		Unaudited 3 months to 31 March 2022
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Basic earnings per share	22	-0.001	-0.002	0.007	0.028
Diluted earnings per share	22	-0.001	-0.002	0.007	0.028

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2023

	Share capital USD	Share premium USD	Retained earnings USD	Total equity	
				USD	KHR'000 (Note 4)
Balance as at 1 January 2023 (Audited)	10,000,000	17,280,000	42,022,768	69,302,768	285,319,496
Loss for the quarter	-	-	(23,649)	(23,649)	(96,583)
Currency translation difference	-	-	-	-	(4,365,365)
Balance as at 31 March 2023 (USD) (Unaudited)	<u>10,000,000</u>	<u>17,280,000</u>	<u>41,999,119</u>	<u>69,279,119</u>	<u>280,857,548</u>
Balance as at 1 January 2022 (Audited)	10,000,000	17,280,000	41,319,740	68,599,740	279,475,341
Profit for the quarter	-	-	275,167	275,167	1,117,178
Currency translation difference	-	-	-	-	(1,649,146)
Balance as at 31 March 2022 (USD) (Unaudited)	<u>10,000,000</u>	<u>17,280,000</u>	<u>41,594,907</u>	<u>68,874,907</u>	<u>278,943,373</u>

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2023**

	Note	Unaudited 3 months to 31 March 2023		Unaudited 3 months to 31 March 2022	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Operating activities					
Profit before income tax		134,694	550,090	505,284	2,051,453
Adjustments for:					
Amortisation of intangible assets	9	134	547	239	970
Depreciation of property, plant and equipment	8	347,966	1,421,093	277,940	1,128,436
Interest expense	20	211,282	862,876	90,411	367,069
Interest income	19	(549)	(2,242)	(578)	(2,347)
Operating profit before working capital		693,527	2,832,364	873,296	3,545,581
Changes in working capital:					
- inventories		(5,218,638)	(21,156,358)	1,451,582	5,878,907
- trade and other receivables		5,088,960	20,630,644	(1,241,372)	(5,027,557)
- trade and other payables		(378,554)	(1,534,658)	(2,086,484)	(8,450,260)
Cash generated from operating activities		185,295	771,992	(1,002,978)	(4,053,329)
Income tax paid		(37,230)	(152,047)	(129,060)	(522,693)
Net cash from/(for) operating activities		148,065	619,945	(1,132,038)	(4,576,022)
Investing activities					
Purchases of property, plant and equipment	8	(38,100)	(154,457)	(3,955)	(16,018)
Interest received	19	549	2,242	578	2,347
Net cash used in investing activities		(37,551)	(152,215)	(3,377)	(13,671)
Financing activities					
Interest paid	20	(211,282)	(862,876)	(90,411)	(367,069)
Repayment of bank borrowings	16	(6,512,714)	(26,402,543)	(111,898)	(453,187)
Drawdown of borrowings	16	6,400,000	25,945,600	-	-
Net cash used in financing activities		(323,996)	(1,319,819)	(202,309)	(820,256)
Net change in cash and cash equivalents		(213,482)	(852,089)	(1,337,724)	(5,409,949)
Cash and cash equivalents, at the beginning of period		363,061	1,494,722	1,950,806	7,947,584
Currency translation difference		-	(36,240)	-	(54,653)
Cash and cash equivalents, at the end of period		149,579	606,393	613,082	2,482,982

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

1. GENERAL INFORMATION

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

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

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

2. PRINCIPAL ACTIVITY

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

3. BASIS OF PREPARATION

The condensed interim financial statements are as at and for the period ended 31 March 2023. They have been prepared in accordance with Cambodian International Accounting Standard 34 ‘*Interim Financial Reporting*’ (“CIAS 34”). They do not include all of the information required in the annual financial statements in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”), and should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and notes to the condensed interim financial statements.

4. FUNCTIONAL AND PRESENTATION CURRENCY

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

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

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4. FUNCTIONAL AND PRESENTATION CURRENCY (CONT'D)

The interim financial statements are expressed in United States Dollars (USD). The translations of USD amounts into Khmer Riel ("KHR") are included solely for compliance with the Law on Accounting and Auditing. Assets and liabilities are translated into KHR at the closing rate as at the reporting date. The interim statement of profit or loss and other comprehensive income and the interim statement of cash flows are translated into KHR using the average rate either for the three-month period, as applicable.

The Company uses the following exchange rates:

			Closing rate	Average rate Three-month
31 March 2023	US\$1	=	KHR4,054	KHR4,084
31 March 2022	US\$1	=	KHR4,050	KHR4,060
31 December 2022	US\$1	=	KHR4,117	KHR4,087

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted are consistent with those adopted in the Company's audited financial statements for the financial year ended 31 December 2022.

6. SEASONALITY OR CYCLICALITY OF OPERATION

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

7. USE OF ESTIMATES AND JUDGEMENTS

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

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FOR THE PERIOD ENDED 31 MARCH 2023****8. PROPERTY, PLANT AND EQUIPMENT**

	Leasehold land USD	Building and structures USD	Plant and machineries USD	Motor vehicles USD	Equipment and computers USD	Total USD
Unaudited						
Cost						
Balance at 1 January 2023	3,880,000	16,962,881	16,931,898	86,400	1,927,417	39,788,596
Addition	-	-	16,325	-	21,775	38,100
Balance at 31 March 2023	3,880,000	16,962,881	16,948,223	86,400	1,949,192	39,826,696
Accumulated depreciation						
Balance at 1 January 2023	(426,800)	(6,114,537)	(12,063,731)	(84,824)	(1,800,112)	(20,490,004)
Depreciation	(9,600)	(157,978)	(170,668)	(98)	(9,622)	(347,966)
Balance at 31 March 2023	(436,400)	(6,272,515)	(12,234,399)	(84,922)	(1,809,734)	(20,837,970)
Carrying amount at 31 March 2023 (USD)	3,443,600	10,690,366	4,713,824	1,478	139,458	18,988,726
KHR'000 (Note 4)	13,960,354	43,338,744	19,109,842	5,992	565,363	76,980,295
Audited						
Cost						
Balance at 1 January 2022	3,880,000	8,971,311	18,370,664	86,400	1,993,698	33,302,073
Addition	-	7,991,570	443,027	-	29,557	8,464,154
Disposal	-	-	(1,881,793)	-	(95,838)	(1,977,631)
Balance at 31 December 2022	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 (USD)	3,453,200	10,848,344	4,868,167	1,576	127,305	19,298,592
KHR'000 (Note 4)	14,216,824	44,662,632	20,042,244	6,488	524,115	79,452,303

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

9. INTANGIBLE ASSETS

	Computer software	
	Unaudited 2023 USD	Audited 2022 USD
Cost		
Balance at 1 January/31 December	217,621	224,957
Written off	-	(7,336)
Balance at 31 March/ December	<u>217,621</u>	<u>217,621</u>
Accumulated amortisation		
Balance at 1 January	(215,561)	(221,807)
Amortisation	(134)	(938)
Written off	-	7,184
Balance at 31 March/ December	<u>(215,695)</u>	<u>(215,561)</u>
Carrying amount at 31 March/ December	<u>1,926</u>	<u>2,060</u>
KHR'000 (Note 4)	<u>7,808</u>	<u>8,481</u>

10. INVENTORIES

	Unaudited		Audited	
	USD	31 March 2023 KHR'000 (Note 4)	USD	31 December 2022 KHR'000 (Note 4)
Raw materials	17,205,133	69,749,609	13,618,459	56,067,195
Work-in-progress	5,469,466	22,173,215	2,107,168	8,675,211
Finished goods	4,699,373	19,051,258	6,429,707	26,471,104
	<u>27,373,972</u>	<u>110,974,082</u>	<u>22,155,334</u>	<u>91,213,510</u>
Recognised in profit or loss:-				
Impairment loss on inventories	-	-	39,349	160,819

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11. TRADE AND OTHER RECEIVABLES

		Unaudited 31 March 2023		Audited 31 December 2022
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Trade receivables				
Amount due from related party				
QMI Industrial Co., Ltd.	36,048,594	146,141,000	37,680,747	155,131,635
Other receivables				
Amount due from related parties				
Quint Major Industrial Co., Ltd.	31,736	128,658	29,227	120,328
QMI Industrial Co., Ltd.	205,741	834,074	176,206	725,440
Other third parties	178,100	722,017	45,061	185,516
Value-added tax receivables	1,486,712	6,027,130	1,460,560	6,013,126
Prepayments				
Quint Major Industrial Co., Ltd.	-	-	3,652,886	15,038,932
Other third parties	78,880	319,780	74,036	304,806
	<u>1,981,169</u>	<u>8,031,659</u>	<u>5,437,976</u>	<u>22,388,148</u>
	<u>38,029,763</u>	<u>154,172,659</u>	<u>43,118,723</u>	<u>177,519,783</u>

12. CASH AND CASH EQUIVALENTS

		Unaudited 31 March 2023		Audited 31 December 2022
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Cash on hand	32,241	130,705	51,659	212,680
Cash in banks	117,338	475,688	311,402	1,282,042
	<u>149,579</u>	<u>606,393</u>	<u>363,061</u>	<u>1,494,722</u>

13. SHARE CAPITAL

		Unaudited 31 March 2023		Audited 31 December 2022
	Shares	USD	Shares	USD
Ordinary shares of USD 0.25 each				
Authorised	200,000,000	50,000,000	200,000,000	50,000,000
Issued and fully paid:	40,000,000	10,000,000	40,000,000	10,000,000
KHR'000 (Note 4)	-	40,450,000	-	40,450,000

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14. SHARE PREMIUM

The share premium represents the excess amount received by the Company over the par value of its shares pursuant to the issuance of 1,123,810 and 6,876,190 new ordinary shares of USD0.25 each to the Cambodian public and selected investors, respectively, at an issue price of USD2.41 per share on 16 June 2014.

15. TRADE AND OTHER PAYABLES

	Unaudited 31 March 2023		Audited 31 December 2022	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Non-current				
Other payables	330,000	1,337,820	360,000	1,482,120
Current				
Trade payables	881,197	3,572,373	1,066,012	4,388,771
Amounts due to related parties				
Quint Major Industrial Co., Ltd	-	-	9,359	38,531
QMI Industrial Co., Ltd	60,149	243,844	11,278	46,432
Accruals	860,703	3,489,290	1,065,889	4,388,265
Withholding tax payables	113,841	461,511	113,841	468,683
Other payables	30,742	124,628	28,807	118,598
	<u>1,946,632</u>	<u>7,891,646</u>	<u>2,295,186</u>	<u>9,449,280</u>
	<u>2,276,632</u>	<u>9,229,466</u>	<u>2,655,186</u>	<u>10,931,400</u>

16. BORROWINGS

	Unaudited 31 March 2023		Audited 31 December 2022	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Term loans				
First Commercial Bank (Note 16.1)	6,400,000	25,945,600	6,400,000	26,348,800
Taiwan Cooperative Bank (Note 16.2)	814,353	3,301,387	927,067	3,816,735
Mega International Commercial bank (Note 16.3)	<u>5,300,000</u>	<u>21,486,200</u>	<u>5,300,000</u>	<u>21,820,100</u>
	<u>12,514,353</u>	<u>50,733,187</u>	<u>12,627,067</u>	<u>51,985,635</u>

16.1. Short-term loan with the First Commercial Bank

With reference to a loan agreement dated 28 June 2016, the Company was provided with a short-term loan of up to USD 6,400,000 (revolving loan) by First Commercial Bank, Phnom Penh Branch. The term of the loan is for one year and the maturity date is specified in each promissory note. The annual interest on the loan is the floating rate of nine months LIBOR rate plus 4.2% \geq 5%. Interest is calculated on the basis of 360 days per year and payable on a monthly basis.

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

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16. BORROWINGS (CONT'D)

16.1. Short-term with the First Commercial Bank (Cont'd)

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

The loan is secured by the following:

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

For the three-month period to 31 March 2023 the Company paid the principal amounting to USD 6,400,000 (2022: Nil) and drawn down an aggregate amount of USD 6,400,000 (2022: Nil).

16.2. Term loan with the Taiwan Cooperative Bank

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

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

The term loan is secured by the following:

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

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16. BORROWINGS (CONT'D)

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

For the three-month period to 31 March 2023, the Company paid the principal amounting to USD112,714 (2022: USD111,898).

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

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

The Company has not met the return on equity ratio covenant for the financial year ended 31 December 2022. As at 31 March 2023, the Company's return on equity is 0.19% for the 3 months period ended on that date. The Company has not applied nor obtained any dispensation from the lender for the breach of the loan covenant. In view of this, the loan has been classified as current liabilities as the lender has the right to recall the loan due to the breach.

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

The Company entered into a short-term loan agreement with the Mega International Commercial Bank Co., Ltd. Foreign Department, on 16 December 2021 for USD8,000,000 payable over 12 months starting from the date of first drawdown. On 5 December 2022 the Company drawn down USD5,300,000.

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

The loan is secured by the following:

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

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17. REVENUE

	USD	Unaudited 3 months to 31 March 2023 KHR'000 (Note 4)	USD	Unaudited 3 months to 31 March 2022 KHR'000 (Note 4)
Sale of goods	15,656,241	63,940,089	27,580,841	111,978,214
Subcontract revenue	178,100	727,360	-	-
	<u>15,834,341</u>	<u>64,667,449</u>	<u>27,580,841</u>	<u>111,978,214</u>

17.1. Disaggregated revenue information

	USD	Unaudited 3 months to 31 March 2023 KHR'000 (Note 4)	USD	Unaudited 3 months to 31 March 2022 KHR'000 (Note 4)
Revenue from contracts with customers	<u>15,834,341</u>	<u>64,667,449</u>	<u>27,580,841</u>	<u>111,978,214</u>
Timing of revenue recognition:				
Point in time	<u>15,834,341</u>	<u>64,667,449</u>	<u>27,580,841</u>	<u>111,978,214</u>

18. COST OF SALES

	USD	Unaudited 3 months to 31 March 2023 KHR'000 (Note 4)	USD	Unaudited 3 months to 31 March 2022 KHR'000 (Note 4)
Direct materials	10,143,002	41,424,020	20,665,700	83,902,742
Direct labour	1,408,384	5,751,840	2,189,328	8,888,672
Overhead	3,037,999	12,407,188	2,630,470	10,679,708
	<u>14,589,385</u>	<u>59,583,048</u>	<u>25,485,498</u>	<u>103,471,122</u>

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19. OTHER INCOME

	USD	Unaudited 3 months to 31 March 2023 KHR'000 (Note 4)	USD	Unaudited 3 months to 31 March 2022 KHR'000 (Note 4)
Interest income	549	2,242	578	2,347
Rental income	86,499	353,262	72,675	295,061
Realised foreign exchange gain	1,106	4,517	1,012	4,109
Sale of waste	-	-	6,627	26,906
Others	315	1,286	446	1,810
	<u>88,469</u>	<u>361,307</u>	<u>81,338</u>	<u>330,233</u>

20. FINANCE COSTS

This amount represents interest expense on borrowings.

21. INCOME TAX EXPENSE

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

The minimum tax is calculated at the rate of 1% of the annual turnover inclusive of all taxes. The prepayment of tax on income is temporarily suspended until the end of year 2025 in accordance with Prakas No. 002MEF.Prk.GDT dated on 6 January 2023 issued by the Ministry of Economy and Finance.

Please refer to Note 26 for the explanation on the tax contingencies in Cambodia.

22. EARNINGS PER SHARE

	USD	Unaudited 3 months to 31 March 2023 KHR'000 (Note 4)	USD	Unaudited 3 months to 31 March 2022 KHR'000 (Note 4)
Profit attributable to ordinary equity holders	(23,649)	(96,583)	275,167	1,117,178
Weighted average number of shares in issue	40,000,000	40,000,000	40,000,000	40,000,000
Basic earnings per share	-0.001	-0.002	0.007	0.028
Diluted earnings per share	<u>-0.001</u>	<u>-0.002</u>	<u>0.007</u>	<u>0.028</u>

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company had no dilutive potential ordinary shares as at the periods ended. As such, the diluted earnings per share were equivalent to the basic earnings per share.

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23. RELATED PARTY BALANCES AND TRANSACTIONS

The following balances are outstanding with related parties:

	Relationship		31 March 2023		31 December 2022	
			USD	KHR'000	USD	KHR'000
Amounts due from						
QMI Industrial Co., Ltd	Common control	Trade receivables	36,048,594	146,141,000	37,680,747	155,131,635
		Non-trade receivables	205,741	834,074	176,206	725,440
Quint Major Industrial Co., Ltd.	Common control	Trade receivables	31,736	128,658	29,227	120,328
		Non-trade receivables	-	-	3,652,886	15,038,932
			<u>36,286,071</u>	<u>147,103,732</u>	<u>41,539,066</u>	<u>171,016,335</u>
Amounts due to						
Quint Major Industrial Co., Ltd	Common control	Trade payables	-	-	9,359	38,531
QMI Industrial Co., Ltd	Common control	Trade payables	60,149	243,844	11,278	46,432
			<u>60,149</u>	<u>243,844</u>	<u>20,637</u>	<u>84,963</u>

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

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

		Unaudited 3 months to 31 March 2023		Unaudited 3 months to 31 March 2022	
		USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
<u>Under common control</u>					
QMI Industrial Co., Ltd					
Sales of goods		15,656,240	63,940,086	27,580,840	111,978,210
Sale of waste		-	-	6,627	26,906
Purchases of raw materials		12,680,169	51,785,809	14,286,925	58,004,916
Purchases of machinery and equipment		27,981	114,273	3,475	14,109
Cash collection		10,402,594	42,484,192	12,145,000	49,308,700
Cash Payment		5,779,000	23,601,436	-	-
Offset with trade receivable		6,885,800	28,121,607	-	-
Offset with trade payables		6,901,169	28,184,373	14,286,925	58,004,916
Payments on behalf for the Company		44,904	183,387	4,043	16,415
Payments on behalf by the Company		54,965	224,475	21,466	87,152
Advances to the Company		123,138	502,896	120,000	487,200
Repayment of advances by the Company		123,138	502,896	127,760	518,706
Offset with other payables		15,369	62,766	-	-

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

The Company had the following transactions with related parties during the financial period: (Cont'd)

Quint Major Industrial Co., Ltd.

Subcontract cost	3,117,524	12,731,969	3,297,499	13,387,846
Rental of machinery	86,499	353,262	72,676	295,065
Repayment	3,117,524	12,731,969	4,050,000	16,443,000
Advances to the company (Prepaid CMP)	3,090,000	12,619,560	-	-
Repayment of advances by the Company	3,625,362	14,805,977	-	-

24. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

	Unaudited 31 March 2023		Audited 31 December 2022	
	USD	KHR'000	USD	KHR'000
Financial assets				
Amortised cost				
Trade and other receivables*	36,464,171	147,825,749	37,931,241	156,162,919
Cash and cash equivalents	149,579	606,393	363,061	1,494,722
	<u>36,613,750</u>	<u>148,432,142</u>	<u>38,294,302</u>	<u>157,657,641</u>

* Excludes prepayments and VAT receivables.

	Unaudited 31 March 2023		Audited 31 December 2022	
	USD	KHR'000	USD	KHR'000
Financial liabilities				
Amortised cost				
Trade and other payables**	2,162,791	8,767,955	2,541,345	10,462,717
Borrowings	12,514,353	50,733,187	12,627,067	51,985,635
	<u>14,677,144</u>	<u>59,501,142</u>	<u>15,168,412</u>	<u>62,448,352</u>

** Excludes withholding tax payables.

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25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

25.1 Credit risk

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

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

25.2 Liquidity and cash flow risk

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

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

25.3 Interest rate risk

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

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

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

26. TAXATION CONTINGENCIES

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

27. SIGNIFICANT EVENT DURING THE REPORTING PERIOD

There is no significant event during the reporting period.

28. EVENT AFTER THE REPORTING PERIOD

There is no significant adjusting or non-adjusting event that has occurred between 31 March 2023 and the date of authorisation of the Condensed Interim Financial Statements.

29. AUTHORISATION OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The Condensed Interim Financial Statements as at and for the period ended 31 March 2023 were approved for issue by the Board of Directors on 02 June 2023.



ក្រុមហ៊ុន ហ្គ្រង់ ទ្វីន អ៊ិនធើរណេសិនល ភីអិលស៊ី

Grand Twins International (Cambodia) Plc.

អាសយដ្ឋាន: ភូមិត្រពាំងពោធិ៍ សង្កាត់ចោមចៅ ខណ្ឌពោធិ៍សែនជ័យ រាជធានីភ្នំពេញ ព្រះរាជាណាចក្រកម្ពុជា។

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