

**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

## **TABLE OF CONTENTS**

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	Page
Statement by directors	1
Report on the review of condensed interim financial statements	2
Condensed interim statement of financial position	3
Condensed interim statement of profit or loss and comprehensive income	4
Condensed interim statement of changes in equity	5
Condensed interim statement of cash flows	6
Notes to the condensed interim financial statements	7

# 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)
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
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>
<b>CURRENT ASSETS</b>					
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>
<b>TOTAL ASSETS</b>		<u>84,543,966</u>	<u>342,741,237</u>	<u>84,937,770</u>	<u>349,688,799</u>
<b>EQUITY AND LIABILITY</b>					
<b>EQUITY</b>					
Share capital	13	10,000,000	40,450,000	10,000,000	40,450,000
Share premium	14	17,280,000	69,897,600	17,280,000	69,897,600
Retained earnings		41,999,119	172,025,839	42,022,768	172,122,422
Currency translation difference		-	(1,515,891)	-	2,849,474
<b>TOTAL EQUITY</b>		<u>69,279,119</u>	<u>280,857,548</u>	<u>69,302,768</u>	<u>285,319,496</u>
<b>LIABILITIES</b>					
<b>NON-CURRENT LIABILITIES</b>					
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>
<b>CURRENT LIABILITIES</b>					
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
<b>Current liabilities</b>		<u>14,745,756</u>	<u>59,779,294</u>	<u>15,085,911</u>	<u>62,108,695</u>
<b>TOTAL LIABILITIES</b>		<u>15,264,847</u>	<u>61,883,689</u>	<u>15,635,002</u>	<u>64,369,303</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<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

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## 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)
<b>Gross profit</b>		<b>1,244,956</b>	<b>5,084,401</b>	<b>2,095,343</b>	<b>8,507,092</b>
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)
<b>Operating profit</b>		<b>345,427</b>	<b>1,410,724</b>	<b>595,117</b>	<b>2,416,175</b>
Finance income	19	549	2,242	578	2,347
Finance costs	20	(211,282)	(862,876)	(90,411)	(367,069)
<b>Profit before income tax</b>		<b>134,694</b>	<b>550,090</b>	<b>505,284</b>	<b>2,051,453</b>
Income tax expense	21	(158,343)	(646,673)	(230,117)	(934,275)
<b>(Loss)/Profit for the period</b>		<b>(23,649)</b>	<b>(96,583)</b>	<b>275,167</b>	<b>1,117,178</b>
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

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

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	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**

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**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)
<b>Operating activities</b>					
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)
<b>Investing activities</b>					
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)
<b>Financing activities</b>					
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**

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

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### **1. GENERAL INFORMATION**

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

The registered office and principal place of business of the Company is at Phum 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.

# GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

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Registration No: 00012347

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

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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:

			<b>Closing rate</b>	<b>Average rate Three-month</b>
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.

**GRAND TWINS INTERNATIONAL (CAMBODIA) PLC**

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
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
<b>Unaudited</b>						
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	<u>3,880,000</u>	<u>16,962,881</u>	<u>16,948,223</u>	<u>86,400</u>	<u>1,949,192</u>	<u>39,826,696</u>
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	<u>(436,400)</u>	<u>(6,272,515)</u>	<u>(12,234,399)</u>	<u>(84,922)</u>	<u>(1,809,734)</u>	<u>(20,837,970)</u>
Carrying amount at 31 March 2023 (USD)	<u>3,443,600</u>	<u>10,690,366</u>	<u>4,713,824</u>	<u>1,478</u>	<u>139,458</u>	<u>18,988,726</u>
KHR'000 (Note 4)	<u>13,960,354</u>	<u>43,338,744</u>	<u>19,109,842</u>	<u>5,992</u>	<u>565,363</u>	<u>76,980,295</u>
	Leasehold land USD	Building and structures USD	Plant and machineries USD	Motor vehicles USD	Equipment and computers USD	Total USD
<b>Audited</b>						
Cost						
Balance at 1 January 2022	3,880,000	8,971,311	18,370,664	86,400	1,993,698	33,302,073
Addition	-	7,991,570	443,027	-	29,557	8,464,154
Disposal	-	-	(1,881,793)	-	(95,838)	(1,977,631)
Balance at 31 December 2022	<u>3,880,000</u>	<u>16,962,881</u>	<u>16,931,898</u>	<u>86,400</u>	<u>1,927,417</u>	<u>39,788,596</u>
Accumulated depreciation						
Balance at 1 January 2022	(388,000)	(5,881,983)	(13,158,164)	(84,298)	(1,846,525)	(21,358,970)
Depreciation	(38,800)	(232,554)	(776,262)	(526)	(44,406)	(1,092,548)
Disposal	-	-	1,870,695	-	90,819	1,961,514
Balance at 31 December 2022	<u>(426,800)</u>	<u>(6,114,537)</u>	<u>(12,063,731)</u>	<u>(84,824)</u>	<u>(1,800,112)</u>	<u>(20,490,004)</u>
Carrying amount at 31 December 2022 (USD)	<u>3,453,200</u>	<u>10,848,344</u>	<u>4,868,167</u>	<u>1,576</u>	<u>127,305</u>	<u>19,298,592</u>
KHR'000 (Note 4)	<u>14,216,824</u>	<u>44,662,632</u>	<u>20,042,244</u>	<u>6,488</u>	<u>524,115</u>	<u>79,452,303</u>

## GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

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Registration No: 00012347

### 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 31 March 2023		Audited 31 December 2022	
	USD	KHR'000 (Note 4)	USD	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

## GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

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Registration No: 00012347

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

#### 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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Registration No: 00012347

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

### 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)
<b>Non-current</b>				
Other payables	330,000	1,337,820	360,000	1,482,120
<b>Current</b>				
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.

## GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

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

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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 226,697m<sup>2</sup>, locate at Phum Chorm Pol, Khum Porpel, Srok Tram Kak, Takeo province, Cambodia
  - (ii) Certificate of land title 005366 (Ixii 0020/21090908-0002) issued on 23 July 2014 of 14,871 m<sup>2</sup>, locate at Phum Chorm Pol, Khum Porpel, Srok Tram Kak, Takeo province, Cambodia.

## GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

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

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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.



## GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

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

#### 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>

## GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

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

#### 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.

## GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

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

#### 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	-	-

## GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

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

#### 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		Audited	
	31 March 2023		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		Audited	
	31 March 2023		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.

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

(Incorporated in Cambodia)

Registration No: 00012347

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

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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**

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#### **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.