

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

**CONDENSED INTERIM FINANCIAL STATEMENTS
For The Financial Period From
1 January 2023 To 30 June 2023**

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

(Incorporated in Cambodia)

Registration No: 00012347

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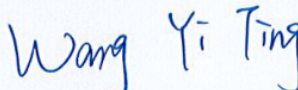
STATEMENT BY DIRECTORS

In the opinion of directors, the accompanying condensed interim statement of financial position of Grand Twins International (Cambodia) Plc ("GTI") as at 30 June 2023, and the related condensed interim statement of profit or loss and other comprehensive income, changes in equity and cash flows for the six-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
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We have reviewed the accompanying condensed interim financial statements of Grand Twins International (Cambodia) Plc ("the Company"), which comprise the condensed interim statement of financial position as at 30 June 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



11 AUG 2023

GRAND TWINS INTERNATIONAL (CAMBODIA) PLC

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CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	USD	Unaudited 30 June 2023 KHR'000 (Note 4)	USD	Audited 31 December 2022 KHR'000 (Note 4)
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	8	19,077,464	78,789,926	19,298,592	79,452,303
Intangible assets	9	1,791	7,397	2,060	8,481
		<u>19,079,255</u>	<u>78,797,323</u>	<u>19,300,652</u>	<u>79,460,784</u>
CURRENT ASSETS					
Inventories	10	23,626,685	97,578,209	22,155,334	91,213,510
Trade and other receivables	11	42,693,899	176,325,803	43,118,723	177,519,783
Cash and cash equivalents	12	379,587	1,567,694	363,061	1,494,722
		<u>66,700,171</u>	<u>275,471,706</u>	<u>65,637,118</u>	<u>270,228,015</u>
TOTAL ASSETS		<u>85,779,426</u>	<u>354,269,029</u>	<u>84,937,770</u>	<u>349,688,799</u>
EQUITY AND LIABILITIES					
EQUITY					
Share capital	13	10,000,000	40,450,000	10,000,000	40,450,000
Share premium	14	17,280,000	69,897,600	17,280,000	69,897,600
Retained earnings		42,271,206	173,280,844	42,022,768	172,122,422
Currency translation difference		-	3,618,037	-	2,849,474
TOTAL EQUITY		<u>69,551,206</u>	<u>287,246,481</u>	<u>69,302,768</u>	<u>285,319,496</u>
LIABILITIES					
NON-CURRENT LIABILITIES					
Deferred tax liabilities		167,397	691,350	189,091	778,488
Trade and other payables	15	240,000	991,200	360,000	1,482,120
		<u>407,397</u>	<u>1,682,550</u>	<u>549,091</u>	<u>2,260,608</u>
CURRENT LIABILITIES					
Trade and other payables	15	2,904,094	11,993,907	2,295,186	9,449,280
Borrowings	16	12,399,021	51,207,957	12,627,067	51,985,635
Income tax liabilities		517,708	2,138,134	163,658	673,780
Current liabilities		<u>15,820,823</u>	<u>65,339,998</u>	<u>15,085,911</u>	<u>62,108,695</u>
TOTAL LIABILITIES		<u>16,228,220</u>	<u>67,022,548</u>	<u>15,635,002</u>	<u>64,369,303</u>
TOTAL EQUITY AND LIABILITIES		<u>85,779,426</u>	<u>354,269,029</u>	<u>84,937,770</u>	<u>349,688,799</u>

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CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2023

	Note	USD	Unaudited 3 months to 30 June 2023 KHR'000 (Note 4)	USD	Unaudited 3 months to 30 June 2022 KHR'000 (Note 4)
Revenue	17	23,293,642	95,317,583	24,852,676	100,877,012
Cost of sales	18	(20,548,331)	(84,083,770)	(23,395,659)	(94,962,980)
Gross profit		2,745,311	11,233,813	1,457,017	5,914,032
Other income	19	98,057	401,249	142,622	578,903
Administrative expenses		(1,118,508)	(4,576,935)	(932,086)	(3,783,337)
Distribution costs		(322,991)	(1,321,679)	(402,428)	(1,633,455)
Other expenses		(313,115)	(1,281,267)	(667)	(2,707)
Operating profit		1,088,754	4,455,181	264,458	1,073,436
Finance income	19	774	3,167	350	1,421
Finance costs	20	(206,198)	(843,762)	(84,985)	(344,954)
Profit before income tax		883,330	3,614,586	179,823	729,903
Income tax expense	21	(211,243)	(759,393)	142,878	579,942
Profit for the period		672,087	2,855,193	322,701	1,309,845
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		672,087	2,855,193	322,701	1,309,845

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

	Note	USD	Unaudited 3 months to 30 June 2023 KHR'000 (Note 4)	USD	Unaudited 3 months to 30 June 2022 KHR'000 (Note 4)
Basic earnings per share	23	0.017	0.071	0.008	0.033
Diluted earnings per share	23	0.017	0.071	0.008	0.033

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CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2023

	Note	USD	Unaudited 6 months to 30 June 2023 KHR'000 (Note 4)	USD	Unaudited 6 months to 30 June 2022 KHR'000 (Note 4)
Revenue	17	39,127,983	160,111,706	52,433,517	212,827,646
Cost of sales	18	(35,137,716)	(143,783,534)	(48,881,157)	(198,408,616)
Gross profit		3,990,267	16,328,172	3,552,360	14,419,030
Other income	19	185,977	761,018	223,382	906,708
Administrative expenses		(1,914,744)	(7,835,132)	(1,834,716)	(7,447,112)
Distribution costs		(511,701)	(2,093,880)	(1,079,883)	(4,383,245)
Other expenses		(315,618)	(1,291,509)	(1,569)	(6,369)
Operating profit		1,434,181	5,868,669	859,574	3,489,012
Finance income	19	1,323	5,414	928	3,767
Finance costs	20	(417,480)	(1,708,328)	(175,396)	(711,932)
Profit before income tax		1,018,024	4,165,755	685,106	2,780,847
Income tax expense	21	(369,586)	(1,407,333)	(87,239)	(354,103)
Profit for the period		648,438	2,758,422	597,867	2,426,744
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		648,438	2,758,422	597,867	2,426,744

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

	Notes	USD	Unaudited 6 months to 30 June 2023 KHR'000 (Note 4)	USD	Unaudited 6 months to 30 June 2022 KHR'000 (Note 4)
Basic earnings per share	23	0.016	0.069	0.015	0.061
Diluted earnings per share	23	0.016	0.069	0.015	0.061

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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 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
Profit for six-month period	-	-	648,438	648,438	2,758,422
Dividend paid	22	-	(400,000)	(400,000)	(1,600,000)
Currency translation difference	-	-	-	-	768,563
Balance as at 30 June 2023 (USD) (Unaudited)	<u>10,000,000</u>	<u>17,280,000</u>	<u>42,271,206</u>	<u>69,551,206</u>	<u>287,246,481</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 six-month period	-	-	597,867	597,867	2,426,744
Dividend declared	22	-	(150,000)	(150,000)	(600,000)
Currency translation difference	-	-	-	-	(278,324)
Balance as at 30 June 2022 (USD) (Unaudited)	<u>10,000,000</u>	<u>17,280,000</u>	<u>41,767,607</u>	<u>69,047,607</u>	<u>281,023,761</u>

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**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2023**

	Note	USD	Unaudited 6 months to 30 June 2023 KHR'000 (Note 4)	USD	Unaudited 6 months to 30 June 2022 KHR'000 (Note 4)
Operating activities					
Profit before income tax		1,018,024	4,165,755	685,106	2,780,847
Adjustments for:					
Amortisation of intangible assets	9	269	1,101	479	1,944
Depreciation of property, plant and equipment	8	709,810	2,904,543	533,721	2,166,374
Impairment on inventories	10	205,157	839,502	-	-
Interest expense	20	417,480	1,708,328	175,396	711,932
Interest income	19	(1,323)	(5,414)	(928)	(3,767)
Gain on disposal of property, plant and equipment		-	-	(39,255)	(159,336)
Operating profit before working capital		2,349,417	9,613,815	1,354,519	5,497,994
Changes in working capital:					
- inventories		(1,676,508)	(6,923,978)	(1,817,024)	(7,395,288)
- trade and other receivables		424,824	1,754,523	2,773,547	11,288,336
- trade and other payables		488,908	2,019,190	(2,392,067)	(9,735,713)
Cash generated from operating activities		1,586,641	6,463,550	(81,025)	(344,671)
Income tax paid		(37,230)	(152,345)	(129,060)	(523,855)
Net cash from/(for) operating activities		1,549,411	6,311,205	(210,085)	(868,526)
Investing activities					
Purchases of property, plant and equipment	8	(488,682)	(2,018,257)	(238,076)	(968,969)
Proceeds from disposal of property, plant and equipment		-	-	39,255	159,336
Interest received	19	1,323	5,414	928	3,767
Net cash used in investing activities		(487,359)	(2,012,843)	(197,893)	(805,866)
Financing activities					
Interest paid	20	(417,480)	(1,708,328)	(175,396)	(711,932)
Repayment of bank borrowings	16	(6,628,046)	(27,373,830)	(6,586,776)	(26,808,178)
Drawdown of borrowings	16	6,400,000	26,432,000	6,400,000	26,048,000
Dividend paid	22	(400,000)	(1,600,000)	-	-
Net cash used in financing activities		(1,045,526)	(4,250,158)	(362,172)	(1,472,110)
Net change in cash and cash equivalents		16,526	48,204	(770,150)	(3,146,502)
Cash and cash equivalents, at the beginning of period		363,061	1,494,722	1,950,806	7,947,584
Currency translation difference		-	24,768	-	4,188
Cash and cash equivalents, at the end of period		379,587	1,567,694	1,180,656	4,805,270

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 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 30 June 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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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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 six-month period, as applicable.

The Company uses the following exchange rates:

			Closing rate	Average rate Six-month
30 June 2023	US\$1	=	KHR4,130	KHR4,092
30 June 2022	US\$1	=	KHR4,070	KHR4,059
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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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 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	-	-	457,163	-	31,519	488,682
Balance at 30 June 2023	<u>3,880,000</u>	<u>16,962,881</u>	<u>17,389,061</u>	<u>86,400</u>	<u>1,958,936</u>	<u>40,277,278</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	(19,200)	(315,956)	(353,473)	(196)	(20,985)	(709,810)
Balance at 30 June 2023	<u>(446,000)</u>	<u>(6,430,493)</u>	<u>(12,417,204)</u>	<u>(85,020)</u>	<u>(1,821,097)</u>	<u>(21,199,814)</u>
Carrying amount at 30 June 2023 (USD)	<u>3,434,000</u>	<u>10,532,388</u>	<u>4,971,857</u>	<u>1,380</u>	<u>137,839</u>	<u>19,077,464</u>
KHR'000 (Note 4)	<u>14,182,420</u>	<u>43,498,762</u>	<u>20,533,769</u>	<u>5,700</u>	<u>569,275</u>	<u>78,789,926</u>
	Leasehold land USD	Building and structures USD	Plant and machineries USD	Motor vehicles USD	Equipment and computers USD	Total USD
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	<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>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

9. INTANGIBLE ASSETS

	Computer software	
	Unaudited 2023 USD	Audited 2022 USD
Cost		
Balance at 1 January	217,621	224,957
Written off	-	(7,336)
Balance at 30 June/ 31 December	<u>217,621</u>	<u>217,621</u>
Accumulated amortisation		
Balance at 1 January	(215,561)	(221,807)
Amortisation	(269)	(938)
Written off	-	7,184
Balance at 30 June/ 31 December	<u>(215,830)</u>	<u>(215,561)</u>
Carrying amount at 30 June/ 31 December	<u>1,791</u>	<u>2,060</u>
KHR'000 (Note 4)	<u>7,397</u>	<u>8,481</u>

10. INVENTORIES

	USD	Unaudited	Audited	
		30 June 2023	31 December 2022	
		KHR'000	USD	KHR'000
		(Note 4)		(Note 4)
Raw materials	16,414,860	67,793,372	13,618,459	56,067,195
Work-in-progress	4,663,207	19,259,045	2,107,168	8,675,211
Finished goods	2,548,618	10,525,792	6,429,707	26,471,104
	<u>23,626,685</u>	<u>97,578,209</u>	<u>22,155,334</u>	<u>91,213,510</u>
Recognised in profit or loss:-				
Impairment loss on inventories	205,157	847,298	39,349	160,819

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

11. TRADE AND OTHER RECEIVABLES

	USD	Unaudited 30 June 2023 KHR'000 (Note 4)	USD	Audited 31 December 2022 KHR'000 (Note 4)
Trade receivables				
Amount due from related party				
QMI Industrial Co., Ltd.	41,314,822	170,630,215	37,680,747	155,131,635
Other receivables				
Amount due from related parties				
Quint Major Industrial Co., Ltd.	34,374	141,964	29,227	120,328
QMI Industrial Co., Ltd.	232,046	958,350	176,206	725,440
Other third parties	-	-	45,061	185,516
Value-added tax receivables	994,352	4,106,674	1,460,560	6,013,126
Prepayments				
Quint Major Industrial Co., Ltd.	-	-	3,652,886	15,038,932
Other third parties	118,305	488,600	74,036	304,806
	<u>1,379,077</u>	<u>5,695,588</u>	<u>5,437,976</u>	<u>22,388,148</u>
	<u>42,693,899</u>	<u>176,325,803</u>	<u>43,118,723</u>	<u>177,519,783</u>

12. CASH AND CASH EQUIVALENTS

	USD	Unaudited 30 June 2023 KHR'000 (Note 4)	USD	Audited 31 December 2022 KHR'000 (Note 4)
Cash on hand	77,785	321,252	51,659	212,680
Cash in banks	301,802	1,246,442	311,402	1,282,042
	<u>379,587</u>	<u>1,567,694</u>	<u>363,061</u>	<u>1,494,722</u>

13. SHARE CAPITAL

	Shares	Unaudited 30 June 2023 USD	Shares	Audited 31 December 2022 USD
Ordinary shares of USD 0.25 each				
Authorised	200,000,000	50,000,000	200,000,000	50,000,000
Issued and fully paid:				
KHR'000 (Note 4)	40,000,000	10,000,000	40,000,000	10,000,000
	-	40,450,000	-	40,450,000

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14. SHARE PREMIUM

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

15. TRADE AND OTHER PAYABLES

	Unaudited 30 June 2023		Audited 31 December 2022	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Non-current				
Other payables	240,000	991,200	360,000	1,482,120
Current				
Trade payables	878,339	3,627,540	1,066,012	4,388,771
Amounts due to related parties				
Quint Major Industrial Co., Ltd	134,820	556,807	9,359	38,531
QMI Industrial Co., Ltd	554,013	2,288,074	11,278	46,432
Accruals	1,191,517	4,920,965	1,065,889	4,388,265
Withholding tax payables	113,841	470,163	113,841	468,683
Other payables	31,564	130,358	28,807	118,598
	<u>2,904,094</u>	<u>11,993,907</u>	<u>2,295,186</u>	<u>9,449,280</u>
	<u>3,144,094</u>	<u>12,985,107</u>	<u>2,655,186</u>	<u>10,931,400</u>

16. BORROWINGS

	Unaudited 30 June 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	26,432,000	6,400,000	26,348,800
Taiwan Cooperative Bank (Note 16.2)	699,021	2,886,957	927,067	3,816,735
Mega International Commercial bank (Note 16.3)	<u>5,300,000</u>	<u>21,889,000</u>	<u>5,300,000</u>	<u>21,820,100</u>
	<u>12,399,021</u>	<u>51,207,957</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 six-month period to 30 June 2023 the Company paid the principal amounting to USD6,400,000 (2022: USD6,400,000) and drawn down an aggregate amount of USD 6,400,000 (2022: USD6,400,000).

16.2. Term loan with the Taiwan Cooperative Bank

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

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

The term loan is secured by the following:

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

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16. BORROWINGS (CONT'D)

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

For the six-month period to 30 June 2023, the Company paid the principal amounting to USD228,046 (2022: USD186,776).

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 30 June 2023, the Company's return on equity is 0.93% for the six 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 30 June 2023 KHR'000 (Note 4)	USD	Unaudited 3 months to 30 June 2022 KHR'000 (Note 4)
Sale of goods	23,189,573	94,891,733	24,665,403	100,116,871
Subcontract revenue	104,069	425,850	187,273	760,141
	<u>23,293,642</u>	<u>95,317,583</u>	<u>24,852,676</u>	<u>100,877,012</u>

	USD	Unaudited 6 months to 30 June 2023 KHR'000 (Note 4)	USD	Unaudited 6 months to 30 June 2022 KHR'000 (Note 4)
Sale of goods	38,845,813	158,957,067	52,246,243	212,067,500
Subcontract revenue	282,170	1,154,639	187,274	760,146
	<u>39,127,983</u>	<u>160,111,706</u>	<u>52,433,517</u>	<u>212,827,646</u>

18. COST OF SALES

	USD	Unaudited 3 months to 30 June 2023 KHR'000 (Note 4)	USD	Unaudited 3 months to 30 June 2022 KHR'000 (Note 4)
Direct materials	11,561,479	47,309,572	9,090,452	36,898,145
Direct labour	1,939,600	7,936,843	2,244,071	9,108,684
Overhead	7,047,252	28,837,355	12,061,136	48,956,151
	<u>20,548,331</u>	<u>84,083,770</u>	<u>23,395,659</u>	<u>94,962,980</u>

	USD	Unaudited 6 months to 30 June 2023 KHR'000 (Note 4)	USD	Unaudited 6 months to 30 June 2022 KHR'000 (Note 4)
Direct materials	21,704,480	88,814,732	29,756,151	120,780,217
Direct labour	3,347,985	13,699,955	4,433,399	17,995,166
Overhead	10,085,251	41,268,847	14,691,607	59,633,233
	<u>35,137,716</u>	<u>143,783,534</u>	<u>48,881,157</u>	<u>198,408,616</u>

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19. OTHER INCOME

	USD	Unaudited 3 months to 30 June 2023 KHR'000 (Note 4)	USD	Unaudited 3 months to 30 June 2022 KHR'000 (Note 4)
Interest income	774	3,167	350	1,421
Rental income	89,361	365,665	72,676	294,992
Realised foreign exchange gain	7,736	31,656	1,031	4,185
Gain on disposal of assets	-	-	39,255	159,336
Sale of waste	-	-	28,669	116,367
Others	960	3,928	991	4,023
	<u>98,831</u>	<u>404,416</u>	<u>142,972</u>	<u>580,324</u>

	USD	Unaudited 6 months to 30 June 2023 KHR'000 (Note 4)	USD	Unaudited 6 months to 30 June 2022 KHR'000 (Note 4)
Interest income	1,323	5,414	928	3,767
Rental income	175,860	719,619	145,351	589,980
Realised foreign exchange gain	8,842	36,181	2,043	8,293
Gain on disposal of assets	-	-	39,255	159,336
Sale of waste	-	-	35,296	143,266
Others	1,275	5,218	1,437	5,833
	<u>187,300</u>	<u>766,432</u>	<u>224,310</u>	<u>910,475</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.

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22. DIVIDENDS

	Unaudited 3 months to 30 June 2023		Unaudited 3 months to 30 June 2022	
	Dividend Per share KHR	Amount of Dividend KHR'000	Dividend Per share KHR	Amount of Dividend KHR'000
Dividend declared	-	-	15	600,000
Dividend paid	40	1,600,000	-	-

	Unaudited 6 months to 30 June 2023		Unaudited 6 months to 30 June 2022	
	Dividend Per share KHR	Amount of Dividend KHR'000	Dividend Per share KHR	Amount of Dividend KHR'000
Dividend paid	40	1,600,000	-	-

On 30 June 2022, the dividend payment of KHR 15 per share, amounting to a total dividend payment of KHR600million (equivalent to USD150,000) in respect of the financial year ended 31 December 2021 has been approved by the shareholders. The dividend was paid on 18 July 2022.

On 25 May 2023, the dividend payment of KHR 40 per share, amounting to a total dividend payment of KHR1,600million (equivalent to USD400,000) in respect of the financial year ended 31 December 2022 has been approved by the shareholders. The dividend was paid on 12 June 2023.

23. EARNINGS PER SHARE

	Unaudited 3 months to 30 June 2023		Unaudited 3 months to 30 June 2022	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Profit attributable to ordinary equity holders	672,087	2,855,193	322,701	1,309,845
Weighted average number of shares in issue	40,000,000	40,000,000	40,000,000	40,000,000
Basic earnings per share	0.017	0.071	0.008	0.033
Diluted earnings per share	0.017	0.071	0.008	0.033

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23. EARNINGS PER SHARE (CONT'D)

	Unaudited 6 months to 30 June 2023		Unaudited 6 months to 30 June 2022	
	USD	KHR'000 (Note 4)	USD	KHR'000 (Note 4)
Profit attributable to ordinary equity holders	648,438	2,758,422	597,867	2,426,744
Weighted average number of shares in issue	40,000,000	40,000,000	40,000,000	40,000,000
Basic earnings per share	0.016	0.069	0.015	0.061
Diluted earnings per share	0.016	0.069	0.015	0.061

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

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

24. RELATED PARTY BALANCES AND TRANSACTIONS

The following balances are outstanding with related parties:

Relationship			30 June 2023		31 December 2022	
			USD	KHR'000	USD	KHR'000
Amounts due from						
QMI Industrial Co., Ltd	Common control	Trade receivables	41,314,822	170,630,215	37,680,747	155,131,635
		Non-trade receivables	232,046	958,350	176,206	725,440
Quint Major Industrial Co., Ltd.	Common control	Trade receivables	34,374	141,965	29,227	120,328
		Non-trade receivables	-	-	3,652,886	15,038,932
			<u>41,581,242</u>	<u>171,730,530</u>	<u>41,539,066</u>	<u>171,016,335</u>
Amounts due to						
Quint Major Industrial Co., Ltd	Common control	Trade payables	134,820	556,807	9,359	38,531
QMI Industrial Co., Ltd	Common control	Trade payables	554,013	2,288,074	11,278	46,432
			<u>688,833</u>	<u>2,844,881</u>	<u>20,637</u>	<u>84,963</u>

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

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

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

	USD	Unaudited 3 months to 30 June 2023 KHR'000 (Note 4)	USD	Unaudited 3 months to 30 June 2022 KHR'000 (Note 4)
<u>Under common control</u>				
QMI Industrial Co., Ltd				
Sales of goods	23,189,573	94,891,733	24,665,403	100,116,871
Sale of waste	-	-	4,918	19,962
Purchases of raw materials	8,805,003	36,030,072	14,719,952	59,748,285
Purchases of machinery and equipment	413,279	1,691,138	234,121	950,297
Cash collection	12,278,341	50,242,971	14,299,532	58,041,800
Cash Payment	3,160,000	12,930,720	-	-
Offset with trade receivable	5,645,003	23,099,352	14,717,261	59,737,362
Offset with trade payables	5,645,003	23,099,352	14,719,952	59,748,285
Payments on behalf for the Company	27,786	113,700	51,788	210,207
Payments on behalf by the Company	566,179	2,316,804	7,566	30,710
Advances to the Company	270,000	1,104,840	90,000	365,310
Repayment of advances by the Company	240,000	982,080	90,000	365,310
Offset with other payables	1,480	6,056	-	-
Quint Major Industrial Co., Ltd.				
Subcontract cost	3,483,314	14,253,721	6,516,267	26,449,528
Rental of machinery	89,361	365,665	72,676	294,992
Repayment	3,483,314	14,253,721	6,905,000	28,027,395
Advances to the company (Prepaid CMP)	6,365,807	26,048,882	-	-
Repayment of advances by the Company	43,358	177,421	-	-
Payments on behalf for the Company	43,358	177,421	-	-
Repayment of advances	6,365,807	26,048,882	-	-

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

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

	USD	Unaudited 6 months to 30 June 2023 KHR'000 (Note 4)	USD	Unaudited 6 months to 30 June 2022 KHR'000 (Note 4)
<u>Under common control</u>				
QMI Industrial Co., Ltd				
Sales of goods	38,845,813	158,957,067	52,246,243	212,067,500
Sale of waste	-	-	11,545	46,861
Purchases of raw materials	21,485,172	87,917,324	29,006,877	117,738,914
Purchases of machinery and equipment	441,259	1,805,632	237,596	964,402
Cash collection	22,680,935	92,810,386	26,444,532	107,338,355
Cash Payment	8,939,000	36,578,388	-	-
Offset with trade receivables	12,530,803	51,276,046	29,004,186	117,727,991
Offset with trade payables	12,546,172	51,338,936	29,006,877	117,738,914
Payments on behalf for the Company	72,690	297,447	55,831	226,618
Payments on behalf by the Company	621,144	2,541,721	29,032	117,841
Advances to the Company	393,138	1,608,721	210,000	852,390
Repayment of advances by the Company	363,138	1,485,961	217,760	883,888
Offset with other payables	16,849	68,946	-	-
Quint Major Industrial Co., Ltd.				
Subcontract cost	6,600,838	27,010,629	9,813,766	39,834,076
Rental machinery	175,860	719,619	145,351	589,980
Repayment	6,600,838	27,010,629	10,955,000	44,466,345
Payments on behalf for the Company	43,358	177,421	-	-
Repayment of advances by the Company	43,358	177,421	-	-
Advances to the company (Prepaid CMP)	9,455,807	38,693,162	-	-
Repayment of advances	13,108,693	53,640,772	-	-

25. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

	USD	Unaudited 30 June 2023 KHR'000	USD	Audited 31 December 2022 KHR'000
Financial assets				
Amortised cost				
Trade and other receivables*	41,581,242	171,730,529	37,931,241	156,162,919
Cash and cash equivalents	379,587	1,567,694	363,061	1,494,722
	<u>41,960,829</u>	<u>173,298,223</u>	<u>38,294,302</u>	<u>157,657,641</u>

* Excludes prepayments and VAT receivables.

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

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

	Unaudited		Audited	
	30 June 2023		31 December 2022	
	USD	KHR'000	USD	KHR'000
Financial liabilities				
Amortised cost				
Trade and other payables**	3,030,253	12,514,944	2,541,345	10,462,717
Borrowings	12,399,021	51,207,957	12,627,067	51,985,635
	<u>15,429,274</u>	<u>63,722,901</u>	<u>15,168,412</u>	<u>62,448,352</u>

** Excludes withholding tax payables.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

26.1 Credit risk

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

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

26.2 Liquidity and cash flow risk

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

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

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

26.3 Interest rate risk

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

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

27. TAXATION CONTINGENCIES

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

28. SIGNIFICANT EVENT DURING THE REPORTING PERIOD

There is no significant event during the reporting period.

29. EVENT AFTER THE REPORTING PERIOD

There is no significant adjusting or non-adjusting event that has occurred between 30 June 2023 and the date of authorisation of the Condensed Interim Financial Statements.

30. AUTHORISATION OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The Condensed Interim Financial Statements as at and for the period ended 30 June 2023 were approved for issue by the Board of Directors on 11 August 2023.