

GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)

Registration No: 00012373

FINANCIAL REPORT

for the financial year ended 31 December 2023

GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)

Registration No: 00012373

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GOLDEN TREE CO., LTD.

(Incorporated in Cambodia)

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DIRECTORS' REPORT

The directors hereby submit the report and the audited financial statements of the Company for the financial year ended 31 December 2023.

DIRECTORS

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

Name	Position
Mr. Hong Uy	Chairman (Appointed on 28 June 2023)
Mr. Sok Piseth	Non-Executive Director (Appointed on 28 June 2023)
Mr. King Kepkalyan	Independent Director
Mr. Kuy Vat	Chairman (Resigned on 20 June 2023)
Mr. Li Liang	Independent Director (Resigned on 2 October 2023)
Mr. Leng Se	Non-Executive Director (Resigned on 2 October 2023)

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for the financial statements of the Company to be properly drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and of its financial performance and cash flows for the financial year then ended. In the preparation of these financial statements, the directors are required to:

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

STATEMENT BY DIRECTORS

The directors state that, in their opinion, the financial statements set out on pages 8 to 37 are drawn up in accordance with CIFRSs so as to give a true and fair view of the financial position of the Company as of 31 December 2023 and of its financial performance and cash flows for the financial year ended on that date.

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DIRECTORS' REPORT

PREPARATION OF THE FINANCIAL STATEMENTS

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

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

APPROVAL OF THE FINANCIAL STATEMENTS

The directors hereby approve the accompanying financial statements which give a true and fair view of the financial position of the Company as at 31 December 2023, its financial performance and cash flows for the financial year then ended in accordance with CIFRSs.



Mr. Hong Uy
Chairman

Phnom Penh, Cambodia

26 MAR 2024

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GOLDEN TREE CO., LTD.**

(Incorporated in Cambodia)
Registration No: 00012373

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

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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**Qualified Opinion**

We have audited the financial statements of Golden Tree Co.,Ltd. ("the Company"), which comprise the statement of financial position of the Company as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 8 to 37.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the financial year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

Basis for Qualified Opinion

As disclosed in Note 3.3 to the financial statements, the financial statement of the Company have been prepared on the assumption that the Company will continue as going concern. The application of going concern basis is based on the assumption that the Company will be able to realise its assets and discharge its liabilities in the normal course of business.

The events or conditions as set out below indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continues as going concerns:

- (a) during the financial period ended 30 September 2023, the Company breached the repayment terms of Loan 1 for an amount of USD140,000 due in the month of September 2023, and this was subsequently settled on 11 November 2023. The Company also requested for a restructuring of the loan with the lender, of which a moratorium was granted by the lender in December 2023 for 6 months in respect of the monthly repayment of the Loans 1 and 2. The moratorium is set to commence from 1 January 2024 to 30 June 2024 for Loan 1 and Loan 2. Further details are disclosed in Note 11 to the financial statements.
- (b) during the financial year ended 31 December 2023, the Company incurred loss after tax of USD2,170,720. As of that date, the Company's current liabilities exceeded its current assets by USD 5,759,977.

We are unable to obtain sufficient appropriate audit evidence to determine whether the use of the going concern basis in the preparation of the financial statements of the Company is appropriate.

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



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GOLDEN TREE CO., LTD. (CONT'D)**

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Independence and Other Ethical Responsibilities

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

Key audit matters

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

In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

<p>Impairment of property and equipment</p> <p>Refer to Note 5 to the financial statements</p>	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The carrying amount of the property and equipment as at 31 December 2023, amounted to USD7,856,277.</p> <p>During the financial year, the Company recorded an impairment loss of USD1,628,000 as a result of the shortfall arising from the recoverable amount of the property as compared to the carrying amount as at 31 December 2023.</p> <p>The focus on the impairment loss of USD1,628,000 arising from the property and equipment as management has relied on an external valuer to derive the market value of the property. The determination of the market value of the property, which forms the basis of management's impairment, is subject to significant estimates and assumptions made by the external valuer.</p> <p>Refer to Note 4.3 in the material accounting policy information and Note 5 to the financial statements.</p>	<p>We obtained the valuation report that was relied upon by management in determining the recoverable amount of the property. We evaluated the competencies, capabilities and objectivity of the external valuer.</p> <p>We discussed with the external valuer to gain an understanding on the basis of the valuation and the adjustments applied by the valuer to arrive at the comparison values for purpose. We also evaluated the key assumptions applied and methods used by the external valuer in deriving the valuation for the property.</p> <p>We verified the accuracy of the input data provided by management to the external valuer with respect to the property.</p>



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GOLDEN TREE CO., LTD. (CONT'D)

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Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, base on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. As described in the *Basis for Qualified Opinion* section above, we were unable to obtain sufficient appropriate audit evidence about the going concern basis in the preparation of the financial statements of the Company was appropriate. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of the Board of Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GOLDEN TREE CO., LTD. (CONT'D)

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Auditors' Responsibilities for the Audit of the Financial Statements(Cont'd)

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

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

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

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




**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GOLDEN TREE CO., LTD. (CONT'D)**

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

Crowe (KH) Co., Ltd.



Onn Kien Hoe



Director

26 MAR 2024

GOLDEN TREE CO., LTD.

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	2023 USD	2023 KHR'000	2022 USD	2022 KHR'000
ASSETS					
NON-CURRENT ASSETS					
Property and equipment	5	7,856,277	32,092,892	9,553,705	39,332,603
Investment properties	6	22,153,061	90,495,254	22,576,322	92,946,718
Intangible assets	7	13,530	55,270	-	-
		<u>30,022,868</u>	<u>122,643,416</u>	<u>32,130,027</u>	<u>132,279,321</u>
CURRENT ASSETS					
Corporate bond receivable	13	-	-	1,474,885	6,072,100
Trade and other receivables	8	1,387,699	5,668,750	436,564	1,797,334
Amounts due from related parties	21	152,016	620,985	674,458	2,776,744
Cash and cash equivalents	9	6,493	26,524	442,090	1,820,085
		<u>1,546,208</u>	<u>6,316,259</u>	<u>3,027,997</u>	<u>12,466,263</u>
TOTAL ASSETS		<u>31,569,076</u>	<u>128,959,675</u>	<u>35,158,024</u>	<u>144,745,584</u>
EQUITY AND LIABILITIES					
EQUITY					
Share capital	10	5,000,000	20,000,000	5,000,000	20,000,000
(Accumulated losses)/ Retained earnings		(1,445,240)	(5,349,857)	725,480	2,950,151
Currency translation reserve		-	(128,949)	-	621,651
		<u>3,554,760</u>	<u>14,521,194</u>	<u>5,725,480</u>	<u>23,571,802</u>
LIABILITIES					
NON-CURRENT LIABILITIES					
Borrowings	11	12,948,739	52,895,599	15,470,690	63,692,831
Lease liabilities	12	34,488	140,883	66,331	273,085
Corporate bond payable	13	1,468,109	5,997,225	1,474,885	6,072,100
Trade and other payables	14	825,353	3,371,567	-	-
Amounts due to related parties	21	4,933,736	20,154,312	-	-
Deferred tax liabilities	20	497,706	2,033,129	604,290	2,487,862
		<u>20,708,131</u>	<u>84,592,715</u>	<u>17,616,196</u>	<u>72,525,878</u>

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	2023 USD	2023 KHR'000	2022 USD	2022 KHR'000
CURRENT LIABILITIES					
Trade and other payables	14	539,449	2,203,649	1,279,790	5,268,895
Borrowings	11	6,727,755	27,482,879	4,805,096	19,782,580
Lease liabilities	12	31,844	130,083	29,404	121,056
Corporate bond payable	13	7,137	29,155	2,058	8,473
Amounts due to related parties	21	-	-	5,700,000	23,466,900
		<u>7,306,185</u>	<u>29,845,766</u>	<u>11,816,348</u>	<u>48,647,904</u>
TOTAL LIABILITIES		<u>28,014,316</u>	<u>114,438,481</u>	<u>29,432,544</u>	<u>121,173,782</u>
TOTAL EQUITY AND LIABILITIES		<u>31,569,076</u>	<u>128,959,675</u>	<u>35,158,024</u>	<u>144,745,584</u>

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Note	2023 USD	2023 KHR'000	2022 USD	2022 KHR'000
Revenue	15	2,736,006	11,244,985	3,032,116	12,392,258
Cost of sales	16	(942,784)	(3,874,842)	(842,277)	(3,442,386)
Gross profit		1,793,222	7,370,143	2,189,839	8,949,872
Other income		44,361	182,324	8,141	33,272
Administrative expenses		(552,024)	(2,268,819)	(571,965)	(2,337,621)
Impairment loss on					
- property and equipment	17	(1,628,000)	(6,691,080)	-	-
- financial asset	18	(210,255)	(864,148)	-	-
Operating profit		(552,696)	(2,271,580)	1,626,015	6,645,523
Finance costs	19	(1,697,923)	(6,978,464)	(1,368,531)	(5,593,186)
(Loss)/Profit before income tax		(2,250,619)	(9,250,044)	257,484	1,052,337
Income tax expense	20	79,899	328,385	(202,055)	(825,799)
(Loss)/Profit for the period		(2,170,720)	(8,921,659)	55,429	226,538
Other comprehensive income		-	-	-	-
Total comprehensive (expense)/income for the period		(2,170,720)	(8,921,659)	55,429	226,538

The (loss)/earnings per share attributable to shareholders of the Company during the year are as follows:

	Note	2023 USD	2023 KHR'000	2022 USD	2022 KHR'000
Basic (loss)/earnings per share	22	(2.171)	(8.922)	0.055	0.227
Diluted (loss)/earnings per share	22	(2.171)	(8.922)	0.055	0.227

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**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Share capital USD	(Accumulated losses)/Retained earnings USD	USD	Total equity KHR'000
Balance as at 1 January 2023	5,000,000	725,480	5,725,480	23,571,802
Loss for the year	-	(2,170,720)	(2,170,720)	(8,921,659)
Currency translation difference	-	-	-	(128,949)
Balance as at 31 December 2023	5,000,000	(1,445,240)	3,554,760	14,521,194
Balance as at 1 January 2022	5,000,000	670,051	5,670,051	22,723,613
Profit for the year	-	55,429	55,429	226,538
Currency translation difference	-	-	-	621,651
Balance as at 31 December 2022	5,000,000	725,480	5,725,480	23,571,802

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**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Note	2023 USD	2023 KHR'000	2022 USD	2022 KHR'000
Operating activities					
(Loss)/Profit before income tax		(2,250,619)	(9,250,044)	257,484	1,052,337
Adjustments for:					
Depreciation of property and equipment	5	137,155	563,707	132,419	541,196
Depreciation of investment properties	6	435,552	1,790,119	431,401	1,763,136
Amortisation of intangible asset	7	588	2,417	-	-
Interest expense	19	1,697,923	6,978,464	1,368,531	5,593,186
Allowance for impairment loss on					
- property and equipment	17	1,628,000	6,691,080	-	-
- trade receivables	18	210,255	864,148	-	-
Operating profit before working capital		1,858,854	7,639,891	2,189,835	8,949,855
Changes in working capital:					
- trade and other receivables		(1,161,390)	(4,744,278)	(139,098)	(572,666)
- trade and other payables		60,345	246,509	51,241	210,959
Cash generated from operating activities		757,809	3,142,122	2,101,978	8,588,148
Income tax paid		(26,685)	(109,008)	(124,979)	(514,539)
Net cash from operating activities		731,124	3,033,114	1,976,999	8,073,609
Investing activities					
Purchase of :					
- property and equipment	5	(67,727)	(276,665)	(9,207,666)	(37,907,961)
- investment properties	6	(12,291)	(50,209)	-	-
- intangible asset	7	(14,118)	(57,672)	-	-
Net cash used in investing activities		(94,136)	(384,546)	(9,207,666)	(37,907,961)
Financing activities					
Proceeds from corporate bond		1,474,885	6,024,905	-	-
Interest paid		(1,668,356)	(6,815,234)	(1,359,681)	(5,597,807)
Repayment of bank borrowings		(599,292)	(2,448,108)	2,837,758	11,683,050
Repayment of lease liability	12	(29,403)	(120,111)	(27,151)	(111,781)
Repayment of interest portion of lease	12	(6,597)	(27,114)	(8,850)	(36,170)
(Repayment)/Advance from related parties		(766,264)	(3,130,188)	5,700,000	23,466,900
Advance to related parties		522,442	2,134,176	359,026	1,478,110
Net cash (used in)/from financing activities		(1,072,585)	(4,381,674)	7,501,102	30,882,302
Net change in cash and cash equivalents		(435,597)	(1,733,106)	270,435	1,047,950
Cash and cash equivalents, at the beginning of year		442,090	1,820,085	171,655	706,704
Currency translation difference		-	(60,620)	-	65,431
Cash and cash equivalents, at the end of year		6,493	26,524	442,090	1,820,085

The annexed notes form an integral part of these financial statements.

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GOLDEN TREE CO., LTD.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

Golden Tree Co., Ltd (“the Company”) was registered on 12 October 2006 as a private limited company in the Kingdom of Cambodia.

The Company was approved by the Securities and Exchange Regulator of Cambodia (“SERC”) to issue Cambodia’s first corporate green bond, which is unsecured, unsubordinated and not guaranteed on 12 October 2022. The total approved bond size is KHR 12 billion, with a par value of KHR 100,000 per unit, a 7% annual coupon rate, semi-annual interest payments, and a 5-years tenure. The bonds were subsequently listed on the Cambodia Securities Exchange (“CSX”) on 19 January 2023.

The registered office and principal place of business of the Company is at Plot A, Street 169, Sangkat Veal Vong, Khan 7 Makara, Phnom Penh, Kingdom of Cambodia.

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

The financial statements are presented in US Dollar (“USD”), which is the company’s functional and presentation currency.

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

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

	2023	2022
Closing rate	4,085	4,117
Average rate for the year	<u>4,110</u>	<u>4,087</u>

Amounts in the financial statements have been rounded off to the nearest dollar and nearest thousand for USD and KHR amounts, respectively.

The financial statements were authorised for issue by the Board of Directors on 26 March 2024.

2. PRINCIPAL ACTIVITY

The principal activity of the Company is the leasing of offices and apartments.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. BASIS OF PREPARATION

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

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

- 3.1 During the current financial year, the Company has adopted the following new accounting standards and interpretations:-

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

CIFRS 17 Insurance Contracts

Amendments to CIFRS 17 Insurance Contracts

Amendment to CIFRS 17: Initial Application of CIFRS 17 and CIFRS 9 –
Comparative Information

Amendments to CIAS 1: Disclosure of Accounting Policies

Amendments to CIAS 8: Definition of Accounting Estimates

Amendments to CIAS 12: Deferred Tax related to Assets and Liabilities arising from a
Single Transaction

Amendments to CIAS 12: International Tax Reform – Pillar Two Model Rules

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

GOLDEN TREE CO., LTD.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. BASIS OF PREPARATION (CONT'D)

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

CIFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to CIFRS 10 and CIAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to CIFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to CIAS 1: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to CIAS 1: Non-current Liabilities with Covenants	1 January 2024
Amendments to CIAS 7 and CIFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to CIAS 21: Lack of Exchangeability	1 January 2025

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

3.3 GOING CONCERN

During the current financial period, the Company incurred a net loss of USD2,170,720 (including allowance for impairment loss on trade receivables USD210,255 which is in the process of recovery and impairment loss on property and equipment of USD1,628,000). As at 31 December 2023, the Company's current liabilities exceeded its current assets by USD 5,759,977.

The financial statements are prepared on the basis of accounting principles applicable to a going concern as Mr Hong Uy, one of the major shareholders of the Company, has indicated his willingness to provide financial support to the Company to enable it to operate as a going concern in the foreseeable future. Accordingly, the directors are of the opinion that the going concern basis used in the preparation of the financial statements is appropriate.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. MATERIAL ACCOUNTING POLICY INFORMATION

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

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

(a) Depreciation of property and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Company anticipates that the residual values of its property and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property and equipment as at the reporting date is disclosed in Note 5 to the financial statements.

(b) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amount of current tax liabilities as at the reporting date is USD497,706 (2022 – USD604,290).

The principal accounting policies adopted in the preparation of the financial statements are set out below. These accounting policies have been consistently applied by the Company during the year.

Critical judgements made in applying accounting policies

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.2 FINANCIAL INSTRUMENTS

(a) Financial assets

Financial Assets Through Profit or Loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

Financial Assets at Amortised Cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

Financial Assets Through Other Comprehensive Income

The Company has elected to designate the equity instruments as financial assets through other comprehensive income at initial recognition.

The financial assets are initially measured at fair value plus transaction costs. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes taken up in other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference of a debt instrument which are recognised directly in profit or loss. The fair value changes do not include interest and dividend income.

(b) Financial Liabilities

Financial Liabilities Through Profit or Loss

The financial liabilities are initially measured at fair value. Subsequent to the initial recognition, the financial liabilities are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest interest.

Financial Liabilities at Amortised Cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.2 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

4.3 PROPERTY AND EQUIPMENT

All items of property and equipment are initially measured at cost. Cost includes expenditures that are directly attributable to the acquisition of the asset and other cost directly attributable to bringing the asset to working condition for its intended use. Freehold land is stated at cost less impairment losses, if any and is not depreciated.

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

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

Depreciation on other property and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Motor vehicles	25%
Equipment and computers	10% to 50%

Capital work-in-progress represent building under construction and production machinery under installation. They are not depreciated until such time when the asset is available for use.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.3 PROPERTY AND EQUIPMENT (CONT'D)

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

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

4.4 INVESTMENT PROPERTIES

Investment properties are properties which are owned or right-to-use asset held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditures that are directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties is 40 years.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Short-term Leases and Leases of Low-value Assets

The Company apply the “short-term lease” and “lease of low-value assets” recognition exemption. For these leases, the Company recognise the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

(b) Right-of-use Assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

(c) Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

4.6 EARNINGS PER ORDINARY SHARE

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023****5. PROPERTY AND EQUIPMENT**

	Construction in progress USD	Motor vehicles USD	Equipment and computer USD	Total USD
Cost				
Balance at 1 January 2023	9,200,000	18,776	1,219,740	10,438,516
Additions	33,500	900	33,327	67,727
Balance at 31 December 2023	9,233,500	19,676	1,253,067	10,506,243
Accumulated depreciation				
Balance at 1 January 2023	-	(18,776)	(866,035)	(884,811)
Depreciation	-	(168)	(136,987)	(137,155)
Impairment loss	(1,628,000)	-	-	(1,628,000)
Balance at 31 December 2023	(1,628,000)	(18,944)	(1,003,022)	(2,649,966)
Carrying amount at 31 December 2023	7,605,500	732	250,045	7,856,277
KHR'000	31,068,468	2,990	1,021,434	32,092,892
Cost				
Balance at 1 January 2022	233,474	18,776	1,154,418	1,406,668
Additions	9,200,000	-	7,666	9,207,666
Transfers	(233,474)	-	57,656	(175,818)
Balance at 31 December 2022	9,200,000	18,776	1,219,740	10,438,516
Accumulated depreciation				
Balance at 1 January 2022	-	(17,687)	(734,705)	(752,392)
Depreciation	-	(1,089)	(131,330)	(132,419)
Balance at 31 December 2022	-	(18,776)	(866,035)	(884,811)
Carrying amount at 31 December 2022	9,200,000	-	353,705	9,553,705
KHR'000	37,876,400	-	1,456,203	39,332,603

The Company purchased a new residential building under construction, known as Amara Residence, from the shareholders for USD9,200,000 on 30 December 2022. The land and building title deed for Amara Residence is under the names of shareholder, Mr. Hong Uy and a former shareholder, Mr. Kuy Vat. The title is in the process of being transferred to the Company, but has not been completed as of 31 December 2023. The delay in the transfer of the title deed is explained further in Note 25 to the financial statements.

The land and built-up area of Amara Residence is 492 square metres and 8,928 square metres, respectively. The title to Amara Residence has been used by the Company to secure the loan (Note 11) with the Foreign Trade Bank of Cambodia.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023****5. PROPERTY AND EQUIPMENT (CONT'D)**

During the financial year, the Company has carried out a review of the recoverable amount of its residential building due to the worsening of the economic condition of the real estate sector in Cambodia. In addition, the residential building has not generated any revenue due to the still on-going court case. An impairment loss of USD1,628,000 (2022 - Nil), representing the write-down of the residential building to the recoverable amount was recognised in "Impairment loss on property and equipment" line item of the statement of profit or loss and other comprehensive income as disclosed in Note 17 to the financial statements. The recoverable amount was based on its fair value less costs to sell. The main valuation inputs used were price per square foot (determined by a professional valuer using the sales comparison approach for the freehold land and cost approach for the building) estimated by management of USD7,572,000.

6. INVESTMENT PROPERTIES

	Land USD	Building and structures USD	Right-of-use assets USD	Total USD
Cost				
Balance at 1 January 2023	9,000,000	16,317,321	192,478	25,509,799
Additions	-	12,291	-	12,291
Balance at 31 December 2023	9,000,000	16,329,612	192,478	25,522,090
Accumulated depreciation				
Balance at 1 January 2023	-	(2,823,489)	(109,988)	(2,933,477)
Depreciation	-	(408,061)	(27,491)	(435,552)
Balance at 31 December 2023	-	(3,231,550)	(137,479)	(3,369,029)
Carrying amount at 31 December 2023	9,000,000	13,098,062	54,999	22,153,061
KHR'000	36,765,000	53,505,583	224,671	90,495,254
Cost				
Balance at 1 January 2022	9,000,000	16,141,503	192,478	25,333,981
Additions	-	175,818	-	175,818
Balance at 31 December 2022	9,000,000	16,317,321	192,478	25,509,799
Accumulated depreciation				
Balance at 1 January 2022	-	(2,419,585)	(82,491)	(2,502,076)
Depreciation	-	(403,904)	(27,497)	(431,401)
Balance at 31 December 2022	-	(2,823,489)	(109,988)	(2,933,477)
Carrying amount at 31 December 2022	9,000,000	13,493,832	82,490	22,576,322
KHR'000	37,053,000	55,554,106	339,612	92,946,718

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**NOTES TO THE FINANCIAL STATEMENTS
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The land title deed is owned by Golden Tree Co., Ltd., which is represented by shareholders Mr. Hong Uy and Mr. Sok Piseth. This land title deed and building are used by the Company to secure the loans (Note 11) with the Foreign Trade Bank of Cambodia. The land title deed number is 15006 dated 6 February 2012. The land is located on plot A, Street 169, village 12, Sangkat Vealvong, Khan 7 Makara, Phnom Penh.

7. INTANGIBLE ASSETS

	2023	2022
	USD	USD
Cost		
Balance at 1 January	-	-
Addition	14,118	-
Balance at 31 December	14,118	-
Accumulated amortisation		
Balance at 1 January	-	-
Amortisation	(588)	-
Balance at 31 December	(588)	-
Carrying amount at 31 December	13,530	-
KHR'000	55,270	-

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

8. TRADE AND OTHER RECEIVABLES

	2023	2023	2022	2022
	USD	KHR'000	USD	KHR'000
Trade receivables	247,143	1,009,579	402,728	1,658,031
Deposits	26,071	106,500	26,071	107,334
Advances and prepayments	1,480	6,046	7,765	31,969
Withholding tax payable	4	16	-	-
Other receivable – Kuy Vat	1,323,256	5,405,501	-	-
	1,597,954	6,527,642	436,564	1,797,334
Allowance for impairment losses	(210,255)	(864,148)	-	-
Translation different	-	(744)	-	-
	1,387,699	5,668,750	436,564	1,797,334

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023****8. TRADE AND OTHER RECEIVABLES (CONT'D)**

	2023	2023
	USD	KHR'000
Allowance for impairment losses:-		
At 1 January	-	-
Addition during the financial year	(223,850)	(914,428)
Reversal during the financial year	13,595	55,536
	<u>(210,255)</u>	<u>(858,892)</u>
At 31 December	<u>(210,255)</u>	<u>(858,892)</u>

The amount owed by Mr Kuy Vat (a former shareholder) is unsecured, free of interest with no fixed terms of repayment.

Mr Hong Uy, a director and shareholder of the Company, has given an undertaking to the Company that he will undertake the repayment of the amount owed by Mr Kuy Vat in the event that the Company declares Mr Kuy Vat is in default and unable to repay the amount owed. The undertaking does not relieve Mr Kuy Vat of any responsibility towards the amount owed by Mr Kuy Vat to the Company.

9. CASH AND CASH EQUIVALENTS

	2023	2023	2022	2022
	USD	KHR'000	USD	KHR'000
Cash on hand	54	221	642	2,644
Cash at banks	6,439	26,303	441,448	1,817,441
	<u>6,493</u>	<u>26,524</u>	<u>442,090</u>	<u>1,820,085</u>

10. SHARE CAPITAL

	2023	2023	2022	2022
	USD	KHR'000	USD	KHR'000
Issued and fully paid: 1,000,000 ordinary shares at KHR 20,000 equivalent to USD 5 each	<u>5,000,000</u>	<u>20,000,000</u>	<u>5,000,000</u>	<u>20,000,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023****11. BORROWINGS**

	2023 USD	2023 KHR'000	2022 USD	2022 KHR'000
Term loans	16,703,091	68,232,126	17,275,786	71,124,411
Bank overdraft	2,973,403	12,146,352	3,000,000	12,351,000
	<u>19,676,494</u>	<u>80,378,478</u>	<u>20,275,786</u>	<u>83,475,411</u>
Current	6,727,755	27,482,879	4,805,096	19,782,580
Non-current	12,948,739	52,895,599	15,470,690	63,692,831
	<u>19,676,494</u>	<u>80,378,478</u>	<u>20,275,786</u>	<u>83,475,411</u>

These borrowings represent facilities from the Foreign Trade Bank of Cambodia ("FTB"), details of which are as follows:-

- (i) Loan 1 which was drawdown in December 2018, with principal amount owing of USD15,750,000 as at the end of the period. It is repayable via fixed monthly instalment payment of USD140,000 from January 2019 to January 2023 and USD240,000 from February 2023 to November 2026, and final payment of USD8,862,204 in December 2026. The loan bore interest at the rate of 8% (2022 : 8%) per annum.

During the financial period, the Company breached the loan agreement by failing to make the repayment of USD140,000 for the month of September. The monthly instalment due in September 2023 was subsequently settled on 11 November 2023.

- (ii) Loan 2 which was drawdown as follows:
- First drawdown in September 2022, with principal amount owing of USD2,000,000 as at the end of the period. It is repayable via fixed monthly instalment payment of USD17,143 and final payment of USD1,929,900 in September 2024. The loan bore interest at the rate of 8% (2022 : 8%) per annum.
 - Second drawdown in October 2022, with principal amount owing of USD1,150,000 as at the end of the period. It is repayable via fixed monthly instalment payment of USD9,857 and final payment of USD1,109,169 in October 2024. The loan bore interest at the rate of 8% (2022 : 8%) per annum.
 - Third drawdown in December 2022, with principal amount owing of KHR1,435,000,000 (Approx USD358,750) as at the end of the period. It is repayable via fixed monthly instalment payment of KHR12,300,000 or approx. USD3,075 and final payment KHR1,396 million or approx. USD349,232. The loan bore interest at the rate of 8% (2022 : 8%) per annum.
- (iii) Overdraft facility which was drawn down in July 2018. The overdraft facility is up to a limit of USD3,000,000. The overdraft bore interest at the rate of 8% (2022 : 8%) per annum.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

11. BORROWINGS (CONT'D)

These borrowings represent facilities from the Foreign Trade Bank of Cambodia, details of which are as follows (cont'd):-

- (iv) On 29 December 2023, the Foreign Trade Bank of Cambodia approved a new facility of USD280,000 which was utilised by the Company to repay the instalments due for November and December 2023 in respect of Loan 1. This new facility is repayable via 6 monthly interest payment and final payment of USD281,120 in June 2024. The loan bore interest at the rate of 12% annum (2022 : Nil).

Consequent to the breach of the loan agreement as explained in (i) above, which was not rectified as at 30 September 2023 nor waiver from compliance obtained from the lender, the entire borrowings with FTB were subject to recall at the option of the lender as of 30 September 2023. The entire borrowings have been reclassified as current liabilities as of 30 September 2023. However, the breach in the repayment of instalments due for Loan 1 was subsequently rectified in November and December 2023.

On 29 December 2023 FTB also agreed to a restructuring of Loan 1 and Loan 2 with the Company. Under the restructuring, a moratorium of six months for the monthly repayment is set to commence from 1 January 2024 to 30 June 2024 for Loan 1 and Loan 2.

12. LEASE LIABILITIES

	2023 USD	2023 KHR'000	2022 USD	2022 KHR'000
Lease liabilities				
Maturity analysis				
Less than one year (Current)	31,844	130,083	29,404	121,056
One to five years (Non-current)	34,488	140,883	66,331	273,085
	<u>66,332</u>	<u>270,966</u>	<u>95,735</u>	<u>394,141</u>
Amounts recognised in profit and loss				
Interest on lease liabilities	<u>6,597</u>	<u>27,114</u>	<u>8,850</u>	<u>36,170</u>
Amounts recognised in the statement of cash flows				
Cash outflow for leases	<u>29,403</u>	<u>120,111</u>	<u>27,151</u>	<u>111,781</u>

The lease liabilities are in respect of the lease entered into on 1 March 2016, for a land that is used as parking lot for a period of 10 years.

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**NOTES TO THE FINANCIAL STATEMENTS
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	2023 USD	2023 KHR'000	2022 USD	2022 KHR'000
Corporate bond payables				
Current	7,137	29,155	2,058	8,473
Non-current	1,468,109	5,997,225	1,474,885	6,072,100
	<u>1,475,246</u>	<u>6,026,380</u>	<u>1,476,943</u>	<u>6,080,573</u>

On 12 October 2022, the SERC gave its approval for the Company to issue Cambodia's first corporate green bonds. The bonds are unsecured, unsubordinated and not guaranteed. Subsequently, the Company received subscriptions to its green bonds. The green bonds were issued on 6 December 2022 with a total amount of KHR 6,072,100,000. Subscriptions received were recorded as corporate bond receivables and kept in the Company's subscription account in a local bank until such time as the SERC approves its listing on the Cambodia Securities Exchange ("CSX").

On 2 January 2023, SERC approved the Company's green bonds to be listed on the CSX. The Company transferred the total subscriptions received from its subscription account to the Company's bank account on the same date.

On 19 January 2023, the green bonds were traded and registered on the CSX. The bond proceeds are to be utilised to refinance the bank loan of an existing green building (VTrust Tower) or to finance the acquisition of a new green building. The redemption of the bonds will be paid to the bondholders at the subscription exchange rate of KHR 4,136: USD 1 at maturity, which is equivalent to USD 1,468,109. All bond subscribers are non-related parties of the Company.

The green bonds at the end of the reporting period bore interest at the rate of 7% per annum. The green bonds is unsecured and will mature on 6 December 2027.

Under the terms of the bonds, there is a cross default clause where a default in the borrowings of the Company can be considered to be an event of default for the bonds. As mentioned in Note 11, there was a breach of the loan agreement by failing to make the repayment of Loan 1 from FTB. The breach has been remedied before 31 December 2023.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023****14. TRADE AND OTHER PAYABLES**

	2023 USD	2023 KHR'000	2022 USD	2022 KHR'000
Non-current				
Customer deposits	825,353	3,371,567	-	-
Current				
Unearned revenue	2,294	9,371	114,702	472,228
Other payables	109,872	448,827	72,068	296,704
Trade payables	50,676	207,011	45,197	186,076
Customer deposits	356,248	1,455,273	1,028,178	4,233,009
Other tax payables	20,359	83,167	19,645	80,878
	<u>539,449</u>	<u>2,203,649</u>	<u>1,279,790</u>	<u>5,268,895</u>
	<u>1,364,802</u>	<u>5,575,216</u>	<u>1,279,790</u>	<u>5,268,895</u>

15. REVENUE

	2023 USD	2023 KHR'000	2022 USD	2022 KHR'000
Rental income	1,978,845	8,133,053	2,170,315	8,870,077
Service charges	482,176	1,981,743	573,524	2,343,993
Utility income	227,214	933,850	247,453	1,011,340
Parking fee	47,771	196,339	40,824	166,848
	<u>2,736,006</u>	<u>11,244,985</u>	<u>3,032,116</u>	<u>12,392,258</u>

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

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

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

- The customer simultaneously receives and consumes the benefits provided as the Company performs.

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

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

(b) The information of the revenue from other sources is summarised below:-

Rental income

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

16. COST OF SALES

	2023 USD	2023 KHR'000	2022 USD	2022 KHR'000
Utility expense	268,409	1,103,161	262,592	1,073,214
Security service	70,145	288,296	69,578	284,365
Cleaning service	27,452	112,828	30,019	122,688
Other cost of service	140,637	578,018	48,686	198,979
Depreciation	408,649	1,679,547	403,905	1,650,760
Depreciation - ROU	27,492	112,992	27,497	112,380
	<u>942,784</u>	<u>3,874,842</u>	<u>842,277</u>	<u>3,442,386</u>

17. IMPAIRMENT LOSS ON PROPERTY AND EQUIPMENT

	2023 USD	2023 KHR'000	2022 USD	2022 KHR'000
Impairment loss on property and equipment (Note 5)	<u>1,628,000</u>	<u>6,691,080</u>	<u>-</u>	<u>-</u>

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	2023 USD	2023 KHR'000	2022 USD	2022 KHR'000
Impairment loss on trade receivables	(210,255)	(864,148)	-	-

19. FINANCE COSTS

	2023 USD	2023 KHR'000	2022 USD	2022 KHR'000
Interest expenses – borrowings	1,588,466	6,528,595	1,357,623	5,548,605
Interest expenses – lease	6,597	27,114	8,850	36,170
Interest expenses – Corporate bond	102,860	422,755	2,058	8,411
	<u>1,697,923</u>	<u>6,978,464</u>	<u>1,368,531</u>	<u>5,593,186</u>

20. INCOME TAX EXPENSE

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

The minimum tax is calculated at the rate of 1% of the annual turnover inclusive of all taxes. The prepayment of tax on income is temporarily suspended until the end of year 2022 in accordance with Prakas No. 1130MEF.Prk dated on 27 October 2017 issued by the Ministry of Economy and Finance.

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

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A reconciliation between accounting profit before tax and estimated taxable income for the years ended 31 December 2023 and 2022 follows:

	2023 USD	2023 KHR'000	2022 USD	2022 KHR'000
(Loss)/Profit before income tax	(2,250,619)	(9,250,044)	257,484	1,052,337
Income tax expense at applicable tax rate of 20% (2022: 20%)	(450,124)	(1,850,009)	51,497	210,467
Tax effects in respect of:				
Minimum tax during the year	27,360	112,450		
Non-allowable expenses	252,969	1,039,702	49,758	203,361
Under provision of income tax in respect of prior years	-	-	-	-
Over provision of deferred tax in respect of prior years	(75,101)	(308,665)	-	-
Deferred tax assets not recognised during the financial year	135,953	558,767	100,800	411,971
Other movements	29,044	119,370	-	-
Income tax expense	(79,899)	(328,385)	202,055	825,799
Tax expense comprise:				
Estimated current income tax expense	26,685	109,675	124,979	510,789
Deferred tax expense	(106,584)	(438,060)	77,076	315,010
	(79,899)	(328,385)	202,055	825,799

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**NOTES TO THE FINANCIAL STATEMENTS
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20.1 Deferred tax liabilities

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

	2023 USD	2023 KHR'000	2022 USD	2022 KHR'000
At 1 January	604,290	2,487,862	527,214	2,147,870
Recognised in profit or loss	(106,584)	(438,060)	77,076	315,010
Currency translation differences	-	(16,673)	-	24,982
At 31 December	<u>497,706</u>	<u>2,033,129</u>	<u>604,290</u>	<u>2,487,862</u>
Deferred tax (assets)/liabilities of:				
Unused tax losses	92,196	376,621	-	-
Unabsorbed capital allowance	637,208	2,602,995	627,230	2,582,306
Allowance on impairment	(42,051)	(171,778)	-	-
Unearned revenue	-	-	(22,940)	(94,444)
Other	(189,647)	(774,709)	-	-
Balance at 31 December	<u>497,706</u>	<u>2,033,129</u>	<u>604,290</u>	<u>2,487,862</u>

20.2 Taxation contingencies

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

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		2023	2023	2022	2022
	Relationship	USD	KHR'000	USD	KHR'000
Current					
Amounts due from					
United Food Co., Ltd.	Company which a director has interest	115,146	470,374	22,186	91,340
Phnom Penh Securities Plc.	Company which a director has interest	36,870	150,611	26,204	107,882
Kuy Vat	Former Shareholder	-	-	626,068	2,577,522
		<u>152,016</u>	<u>620,985</u>	<u>674,458</u>	<u>2,776,744</u>
Amounts due to Hong Uy	Shareholder	4,933,736	20,154,312	5,700,000	23,466,900

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

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

		2023	2023	2022	2022
	Relationship	USD	KHR'000	USD	KHR'000
<u>Trade</u>					
United Food Co., Ltd.	Company which a director has interest				
Rental		85,636	351,964	19,066	77,923
Management fee		7,324	30,102	3,120	12,751
Phnom Penh Securities Plc.	Company which a director has interest				
Rental		9,456	38,864	12,672	51,790
Management fee		1,210	4,973	1,049	4,287
<u>Non-trade</u>					
Kuy Vat	Former Shareholder				
Advance to shareholder		697,188	2,879,386	-	-
Transfer to other receivables		(1,323,256)	(5,465,047)	-	-
Hong Uy	Shareholder				
Advance from shareholder		227,736	935,995	12,284,023	50,204,802
Repayment of advance		(994,000)	(4,085,340)	(6,291,484)	(25,713,295)

22. (LOSS)/EARNINGS PER SHARE

	2023	2023	2022	2022
	USD	KHR'000	USD	KHR'000
(Loss)/profit attributable to ordinary equity holders	(2,170,720)	(8,921,659)	55,429	226,538
Weighted average number of shares in issue	1,000,000	1,000,000	1,000,000	1,000,000
Basic (loss)/earning per share	(2.171)	(8.922)	0.055	0.227
Diluted (loss)/earning per share	(2.171)	(8.922)	0.055	0.227

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. FINANCIAL INSTRUMENTS

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

	2023 USD	2023 KHR'000	2022 USD	2022 KHR'000
Financial assets				
Amortised cost				
Trade and other receivables*	1,360,144	5,556,188	402,728	1,658,031
Amount due from related parties	152,016	620,985	674,458	2,776,744
Cash and cash equivalents	6,493	26,524	442,090	1,820,085
	<u>1,518,653</u>	<u>6,203,697</u>	<u>1,519,276</u>	<u>6,254,860</u>

*Excludes deposit and advances, prepayments and withholding tax credit.

	2023 USD	2023 KHR'000	2022 USD	2022 KHR'000
Financial liabilities				
Amortised cost				
Trade and other payables**	160,548	655,838	117,265	482,780
Corporate bond payable	1,475,246	6,026,380	1,476,943	6,080,573
Borrowings	19,676,494	80,378,478	20,275,786	83,475,411
Amounts due to related parties	4,933,736	20,154,312	5,700,000	23,466,900
	<u>26,238,887</u>	<u>107,185,853</u>	<u>27,569,994</u>	<u>113,505,664</u>

**Excludes customer deposits, other tax payables and unearned revenue.

24. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

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

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

24.1 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

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

24.1 Credit risk (Cont'd)

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

24.2 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.

24.3 Interest rate risk

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

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

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25. SIGNIFICANT EVENT DURING THE REPORTING YEAR

On 30 December 2022, Company acquired a residential building, called Amara Residence in Phnom Penh, having Mr. Kuy Vat as one of the co-owners. The acquisition was financed with term loan from a bank and proceeds from Green Bond issuance in accordance with the principle and requirement to convert this building into green building. The Company had publicly disclosed the said acquisition in both its annual report of 2022 and its audited financial report of year end 2022 by the independent auditor. Upon acquiring the asset, the Company commenced the process of transferring ownership of the land and Amara Residence to itself.

On 28 June 2023, Mr. Kuy Vat is no longer a shareholder of the Company and he is currently has no role in the Company.

During the transfer of ownership over the land and Amara Residence to the Company, the Company was informed of the provisional attachment ruling no.275 "G1" D.R, dated 29 June 2023, issued by the Phnom Penh Municipal Court of First Instance, which provisionally attached the properties of Mr. Kuy Vat. Including Amara Residence which was acquired by the Company. As a result, this court ruling has temporarily prevented the transfer of ownership over the Amara Residence to the Company.

In response, the Company is seriously and diligently taking legal action to object to the court ruling in order to protect its interest and reputation, as well as to ensure its transparency and accountability to its investors and the public. The legal firm appointed by the Company has opined that the court proceeding would not result in any direct financial loss to the Company, other than the legal cost incurred.

26. EVENTS AFTER THE REPORTING DATE

There is no significant adjusting or non-adjusting event that has occurred between 31 December 2023 and the date of authorisation of these financial statements.