

**Report of the Board of Directors
and
Audited financial statements**

JS Land Limited

31 December 2020

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Report of the Board of Directors

The Board of Directors has the pleasure in submitting this report and the audited financial statements of JS Land Limited as at 31 December 2020 and for the year then ended.

The Company

JS Land Limited (“the Company”) was incorporated as a private limited company in Cambodia on 12 December 2014 under registration no. Co. 3728 KH/2014 issued by the Ministry of Commerce. On 9 June 2016, the Company obtained its re-registration no. 00010332 from the Ministry of Commerce.

The registered and business address of the Company is located at no. 50-51E4, Street no. 154, Sangkat Phsar Thmey 3, Khan Daun Penh, Phnom Penh, Cambodia.

Principal activity

The Company is principally engaged in property development. There have been no significant changes in the nature of this activity during the year.

Results of operations

The results of the Company’s operations for the year ended 31 December 2020 and the state of its affairs as at that date are set out in the accompanying financial statements.

The Board of Directors does not recommend the payment of dividends for the year ended 31 December 2020.

Board of Directors

The members of the Board of Directors of the Company during the year and to the date of this report are as follows:

Name	Position	Appointed on
Mr. Koy Le San	Chairman	12 June 2015
Mr. Yap Ting Chiat	Director	12 June 2015
Mr. Tang Chun Kiu	Director	12 June 2015
Mr. Kin Solyta	Director	12 June 2015
Mr Meng Lee	Director	12 June 2015

Auditors

The financial statements as at 31 December 2020 and for the year then ended have been audited by Grant Thornton (Cambodia) Limited.

Directors’ benefits

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other corporate body.

Since the end of the previous financial year, the directors have not received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, other than the benefits disclosed in Note 17.

Board of Directors' responsibility in respect of the financial statements

The Board of Directors is responsible for ensuring that the financial statements are properly drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended. When preparing the financial statements, the Board of Directors is required to:

- i. adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- ii. comply with the disclosure requirements of Cambodian International Financial Reporting Standards ("CIFRSs") or, 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 control;
- 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.

The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirms that the Company has complied with the above requirements in preparing the financial statements.

Statement by the Board of Directors

In the opinion of the Board of Directors, the accompanying statements of financial position, comprehensive income, changes in equity and cash flows, together with the notes thereto, have been properly drawn up and give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended, in accordance with the CIFRSs.

On behalf of the Board of Directors



Mr. Koy Le San
Chairman

Phnom Penh, Cambodia
14 May 2021



Grant Thornton

Independent auditor's report

Grant Thornton (Cambodia) Limited
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To the Shareholders of JS Land Limited

Opinion

We have audited the financial statements of JS Land Limited (the “Company”), which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of JS Land Limited as at 31 December 2020, and of its financial performance and its cash flows for the year then ended, in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”).

Basis for opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISAs”). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. 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 financial statements in the Kingdom of Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the Report of the Board of Directors, but does not include the financial statements and our auditor’s report thereon.

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



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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management for the financial statements

The Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with CIFRSs, and for such internal control as the Management 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 Management 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 Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's 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 a 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.

As part of an audit in accordance with CISAs, we exercise professional judgment 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 Management.
- Conclude on the appropriateness of the Management's 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 Management 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 Management 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.

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GRANT THORNTON (CAMBODIA) LIMITED

Certified Public Accountants

Registered Auditors

A handwritten signature in black ink, appearing to read "Ronald C. Almera".

Ronald C. Almera

Partner – Audit and assurance

Phnom Penh, Kingdom of Cambodia

14 May 2021

Certified Public Accountants and Auditors

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Statement of financial position

		31 December 2020		31 December 2019	
		USD	KHR'000	USD	KHR'000
	Note		(Note 4.2)		(Note 4.2)
					(As restated)
Assets					
Non-current					
Property and equipment	6	649,386	2,626,766	26,705	108,823
Land held for property development	7	-	-	1,940,000	7,905,500
Right-of-use assets	21	17,014	68,822	119,096	485,316
Deferred tax assets	22	125,257	506,665	126,359	514,913
Non-current assets		791,657	3,202,253	2,212,160	9,014,552
Current					
Cash and cash equivalents	8	226,470	916,071	258,169	1,052,039
Contract assets	9	2,245,406	9,082,667	1,834,247	7,474,557
Prepayments and other receivables	10	377,404	1,526,599	321,032	1,308,205
Contract cost assets	11	30,464	123,227	-	-
Property development costs	12	1,899,632	7,684,011	94,590	385,454
Inventories	13	824,776	3,336,219	1,233,278	5,025,608
Current assets		5,604,152	22,668,794	3,741,316	15,245,863
Total assets		6,395,809	25,871,047	5,953,476	24,260,415

Statement of financial position (continued)

		31 December 2020			31 December 2019
		USD	KHR'000	USD	KHR'000
	Note		(Note 4.2)		(Notes 4.2 and 28)
					(As restated)
Equity and liabilities					
Equity					
Share capital	14	404,000	1,636,748	404,000	1,636,748
Retained earnings		303,414	1,232,568	253,570	1,029,354
Currency translation difference		-	(7,826)	-	13,496
Total equity		707,414	2,861,490	657,570	2,679,598
Liabilities					
Non-current					
Lease liabilities	21	-	-	37,912	154,491
Non-current liabilities		-	-	37,912	154,491
Current					
Contract liabilities	9	496,945	2,010,143	-	-
Trade and other payables	16	1,120,376	4,531,921	1,008,161	4,108,256
Borrowings	15	2,101,253	8,499,568	2,239,828	9,127,299
Lease liabilities	21	37,912	153,354	103,565	422,027
Amounts due to a shareholder	17	1,661,394	6,720,338	1,524,014	6,210,358
Income tax payable		270,515	1,094,233	382,426	1,558,386
Total current liabilities		5,688,395	23,009,557	5,257,994	21,426,326
Total liabilities		5,688,395	23,009,557	5,295,906	21,580,817
Total equity and liabilities		6,395,809	25,871,047	5,953,476	24,260,415

Statement of comprehensive income

	Note	For the year ended 31 December 2020		For the year ended 31 December 2019	
		USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Revenue	18	758,477	3,092,311	7,373,946	29,879,229
Cost of construction		(424,692)	(1,731,469)	(5,035,015)	(20,401,881)
Gross profit		333,785	1,360,842	2,338,931	9,477,348
Other income	19	172,745	704,281	670,175	2,715,549
General and administrative expenses	20	(416,500)	(1,698,071)	(852,223)	(3,453,208)
Operating profit		90,030	367,052	2,156,883	8,739,689
Finance costs		(11,954)	(48,736)	(20,658)	(83,706)
Profit before income tax		78,076	318,316	2,136,225	8,655,983
Income tax expense	22	(28,232)	(115,102)	(345,656)	(1,400,598)
Profit for the year		49,844	203,214	1,790,569	7,255,385
Exchange differences in translation			(21,322)	-	(36,963)
Total comprehensive income for the year		49,844	181,892	1,790,569	7,218,422

Statement of changes in equity

	Note	USD	Share capital KHR'000 (Note 4.2)	USD	Retained earnings KHR'000 (Note 4.2)	Cumulative translation difference KHR'000 (Note 4.2)	USD	Total KHR'000 (Note 4.2)
Balance at 1 January 2020		404,000	1,636,748	253,570	1,029,354	13,496	657,570	2,679,598
Profit for the year		-	-	49,844	203,214	-	49,844	203,214
Exchange difference		-	-	-	-	(21,322)	-	(21,322)
Balance 31 December 2020		404,000	1,636,748	303,414	1,232,568	(7,826)	707,414	2,861,490
Balance at 1 January 2019		5,000	20,000	(1,536,999)	(6,226,031)	50,459	(1,531,999)	(6,155,572)
Profit for the year		-	-	1,790,569	7,255,385	-	1,790,569	7,255,385
Deposit for future stock subscription	14	399,000	1,616,748	-	-	-	399,000	1,616,748
Exchange difference		-	-	-	-	(36,963)	-	(36,963)
Balance 31 December 2019		404,000	1,636,748	253,570	1,029,354	13,496	657,570	2,679,598

The accompanying notes are an integral part of these financial statements.

Statement of cash flows

	Note	For the year ended 31 December 2020		For the year ended 31 December 2019	
		USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Operating activities					
Profit before income tax		78,076	318,316	2,136,225	8,655,983
Adjustments for:					
Depreciation	20	110,489	450,464	87,346	353,926
Interest expense		11,954	48,736	20,658	83,706
Loss on disposal of property and equipment		3,363	13,711	-	-
Operating profit before working capital changes		203,882	831,227	2,244,229	9,093,615
Working capital changes					
Change in:					
Property development costs		(237,059)	(966,489)	6,146,715	24,906,489
Contract assets		(411,159)	(1,676,295)	(1,834,247)	(7,432,369)
Prepayments and other receivables		(56,372)	(229,829)	7,779	31,521
Inventories		408,502	1,665,463	(1,233,278)	(4,997,242)
Contract cost assets		(30,464)	(124,202)	-	-
Contract liabilities		496,945	2,026,045	(4,020,220)	(16,289,931)
Trade and other payables		95,977	391,299	985,687	3,994,004
Amounts due to related parties		137,380	560,098	(1,399,562)	(5,671,025)
Net cash generated from operations		607,632	2,477,317	897,103	3,635,062
Income tax paid		(139,041)	(566,870)	(7,339)	(29,738)
Interest paid		(4)	(16)	(6,273)	(25,418)
Net cash from operating activities		468,587	1,910,431	883,491	3,579,906

Statement of cash flows

(continued)

		For the year ended 31 December 2020		For the year ended 31 December 2019	
		USD	KHR'000	USD	KHR'000
	Note		(Note 4.2)		(Note 4.2)
Net cash used in operating activities		468,587	1,910,431	883,491	3,579,906
Investing activities					
Acquisitions of land held for property development	7	-	-	(1,380,000)	(5,591,760)
Acquisitions of property and equipment	6	(74,451)	(303,537)	(25,941)	(105,112)
Net cash used in investing activities		(74,451)	(303,537)	(1,405,941)	(5,696,872)
Financing activities					
Repayment of borrowings	23	(235,000)	(958,095)	(454,300)	(1,840,824)
Interest paid on borrowings	23	(75,320)	(307,079)	-	-
Payment of lease liabilities	21	(103,565)	(422,235)	(62,687)	(254,008)
Interest paid on lease liabilities	21	(11,950)	(48,720)	(14,385)	(58,288)
Drawdown of borrowings		-	-	1,056,000	4,278,911
Net cash (used in)/ from financing activities		(425,835)	(1,736,129)	524,628	2,125,791
Net change in cash and cash equivalents		(31,699)	(129,237)	2,178	8,825
Cash and cash equivalents, beginning of year		258,169	1,052,039	255,991	1,028,572
Translation exchange difference		-	(6,731)	-	14,642
Cash and cash equivalents, end of year	8	226,470	916,071	258,169	1,052,039

Notes to the financial statements

1 General information

JS Land Limited (the “Company”) was incorporated as a private limited company in Cambodia on 12 December 2014 under registration no. Co. 3728 KH/2014 issued by the Ministry of Commerce. On 9 June 2016, the Company obtained its re-registration no. 00010332 from the Ministry of Commerce.

The registered and business address of the Company is located at no. 50-51E4, Street no. 154, Sangkat Phsar Thmey 3, Khan Daun Penh, Phnom Penh, Cambodia.

The Company is principally engaged in property development. There have been no significant changes in the nature of this activity during the years.

2 Statement of compliance with Cambodian International Financial Reporting Standard (“CIFRSs”)

The financial statements of the Company have been prepared in accordance with CIFRSs. CIFRSs are equivalent to full International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Boards (“IASB”) because IFRS are adopted by the National Accounting Council (“NAC”) without modification as CIFRSs.

Since 2018, the Company holds 82.9% share of JS and Partners Co., Ltd. and 40% share of JS Plus Co., Ltd. on behalf of Mr. Koy Le San pursuant to the Contract and Declaration of Trust dated 1 January 2018 and 1 December 2018 (the “Agreements”). Based on the Agreements, the Company does not have control nor interest in JS and Partners Co., Ltd. and JS Plus Co., Ltd. Hence, the financial statements were not consolidated for reporting purposes.

3 New or revised standards and interpretations

3.1 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company’s financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

- CIFRS 17 Insurance Contracts
- Definition of a Business (Amendments to CIFRS 3)
- Definition of Material (Amendments to CIAS 1 and CIAS 8)
- Conceptual Framework for Financial Reporting

These amendments do not have a significant impact on the Company’s financial statements and therefore the disclosures have not been made.

4 Summary of significant accounting policies

4.1 Basis of preparation

The financial statements of the Company, which are expressed in United States Dollars (“USD”), are prepared under the historical cost of convention and drawn up in accordance with CIFRSs.

4.2 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 USD, Management has determined the USD to be the Company’s currency for measurement and presentation purposes as it reflects the economic substance of the underlying events and circumstances of the Company.

Transactions in foreign currencies, other than USD, are translated into 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. Exchange differences arising on translation are recognised in the statement of comprehensive income.

The translations of USD amounts into KHR as presented in the financial statements are included solely to comply with the requirement of Law on Accounting and Auditing (April 2016) and been made using the prescribed official exchange rate, as presented in KHR, based on the following applicable exchange rate per USD1 as announced by the National Bank of Cambodia (“NBC”) (General Department of Taxation prior to 1 January 2020):

	2020	2019
Closing rate	4,045	4,075
Average rate*	4,077	4,052

* The average rate is calculated by using NBC’s daily rates

Such translation amounts are unaudited and should not be construed as representation that the USD amounts represent, or have been or could be converted into KHR at that or any other date.

4.3 Revenue recognition

Property development

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e, when the “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Company’s customary business practices.

Revenue is measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Company estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Company’s performance as the Company performs;

- the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- 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.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

The Company recognises revenue from property development over time if it creates an asset with no alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Company's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract).

Where revenue recognised in the statement of comprehensive income exceeds billings to purchasers, the balance is shown as contract assets. Where billings to purchasers exceed revenue recognised in the statement of comprehensive income, the balance is shown as contract liabilities.

Revenue from sales of completed properties is recognised upon delivery of properties where the control of the properties has been passed to the buyers.

Other income

Other income is recognised in the statement of comprehensive income in the year in which they are incurred.

4.4 Contract costs

The Company recognises the incremental costs of obtaining a contract with a customer, which are expected to be recovered, as an asset. The incremental costs of obtaining a contract are costs incurred to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in statement of comprehensive income when the carrying amount of the contract cost asset exceeds the expected revenue less expected costs that will be incurred.

4.5 Property development costs

Property development costs are determined based on a specific identification basis. Property development costs comprising costs of land, direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. The asset is subsequently recognised as an expense in the statement of comprehensive income when or as the control of the asset is transferred to the customer over time or at a point in time.

Incremental costs of obtaining a contract with a customer are recognised as assets if the entity expects to recover those costs. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

4.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get them ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The amount of borrowing costs eligible for capitalisation is determined based on actual interest incurred on borrowings made specifically for the purpose of obtaining a qualifying asset and less any investment income on the temporary investment of that borrowing.

All other borrowing costs are recognised as finance costs in statement of comprehensive income in the financial year in which they are incurred.

4.7 General and administrative expenses

Expenses are recognised in the statement of comprehensive income when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognised in the statement of comprehensive income: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Expenses in the statement of comprehensive income are presented using the function of expense method. Cost of constructions are expenses incurred that are associated with the goods sold and includes material, labour, and overhead costs directly attributable to the construction of properties sold by the Company. General and administrative expenses are costs attributable to administrative, marketing, selling and other business activities of the Company.

4.8 Property and equipment

All items of property, plant and equipment are initially stated at cost. Cost includes all costs incurred to bring the asset to the condition necessary for it to be capable of operating in the manner intended by Management. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All repairs and maintenance costs are charged to the statement of comprehensive income during the financial year in which they are incurred. Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Depreciation

Depreciation is calculated using the straight-line method at the following useful lives:

	Years
Furniture and fixtures	4
Computer equipment	4
Building	5
Land	Indefinite

The residual values, useful life and depreciation method are reviewed at each financial year to ensure that the amount, method and years of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of comprehensive income in the year which the asset is disposed.

4.9 Inventories

Inventories are initially measured at cost. Subsequently, inventories are stated at the lower of cost and net realizable value. Cost of inventories include costs of construction including cost incurred in bringing each to item to their present location and condition. The costs of inventories are calculated using specific identification of individual costs. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost to sell or the current replacement cost of the asset.

When the net realizable value of the inventories is lower than the cost, the Company provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in profit or loss. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

4.10 Impairment testing of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognised for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, Management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by Management.

Impairment losses for cash-generating units reduce first the carrying amount of any intangible assets allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge would be reversed if the cash-generating unit's recoverable amount exceeded its carrying amount.

4.11 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantially all risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with CIFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in the statement of comprehensive income are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objectives is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes non-derivative financial assets like loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and bank balances, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model than 'hold to collect' or 'hold to collect and sell', and financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. None of the Company's financial instruments fall into this category.

Financial assets at fair value through other comprehensive income (FVOCI)

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objectives is hold to collect the associated cash flows and sell
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in OCI will be recycled upon derecognition of the asset. None of the Company's financial instruments fall into this category.

Impairment of financial assets

CIFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss' (ECL) model. This replaces CIAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, and measured under CIFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and;
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. However, none of the Company's financial assets fall into this category.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a profitability-weighted estimate of the credit losses over the expected life of the financial instrument.

Trade and other receivables

The Company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using historical loss rate.

Classification and measurement of financial liabilities

The Company's financial liabilities include borrowings, amounts due to related parties, and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in the statement of comprehensive income (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the statement of comprehensive income are included within finance costs or finance income.

4.12 Cash and bank balances

Cash and bank balances comprise cash on hand and cash in banks as well as other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.13 Equity

Share capital represents the nominal value of shares that have been issued. Retained earnings include all current and prior period retained earnings.

4.14 Leases

The Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the lease asset transfers to the Company at the end of the lease term or cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment as detailed in Note 4.10 to the financial statements.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments included fixed payments (including in-substance fixed payments) less any incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term lease

The Company applies the short-term lease recognition exemption to its short-term lease. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

4.15 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably.

The timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those case where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

4.16 Income taxes

Tax expense recognised in the statement of comprehensive income comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be able to be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are generally provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the statement of comprehensive income, except where they relate to items that are recognised in other comprehensive income (such as revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity respectively.

4.17 Related parties

A related party is a person or entity that is related to the Company. A related party transaction is a transfer of resources, services or obligations between the Company and its related party, regardless of whether a price is charged.

- a. A person or a close member of that person's family is related to the Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Company.
- b. An entity is related to the Company if any of the following conditions applies:
 - (i) The Company are members of the same group.
 - (ii) One entity is an associate or joint venture of the other entity.
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefits of employees of the Company.
 - (vi) The entity is controlled or jointly-controlled by a person identified in a. above.
 - (vii) A person identified in a. (i) above has significant influence over the entity or is a member of the key management personnel of the ultimate holding company or the entity.
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company.

5 Significant Management judgment in applying accounting policies and estimation uncertainty

When preparing the financial statements, Management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgment

The transactions of the Company are conducted under normal business terms and customer receipts and supplier payments are received and paid on a timely basis. There are very limited occasions when Management judgement is required.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Useful life of depreciable assets

Management reviews its estimate of the useful life of depreciable assets at each reporting date, based on the expected utility of the assets.

Measurement of expected credit losses

Credit losses are the difference between all contractual cash flows the Company is due and the cash flows that it actually expects to receive. An expected credit loss is the probability-weighted estimate of credit losses which requires the Company's judgment. The expected credit losses are discounted at the original effective interest rate.

Leases – Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, they use their incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Company estimates the IBR using average borrowing rate in Cambodia.

Income tax expense

Significant judgement is involved in determining the Company's provision for income taxes. The Company will recognise liabilities for expected tax expenses based on an estimate of whether the taxes are due through Management's interpretation of the various tax legislations. When the final tax outcome of these matters is different from the amount that were initially recognised, such differences will impact the tax provision in the financial year in which such determination is made.

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6 Property and equipment

	Furniture and fixtures	Computer equipment	Buildings	Land	Total	
	USD	USD	USD	USD	USD	KHR'000
						(Note 4.2)
Cost						
Balance as at 1 January 2020	7,222	2,261	22,369	-	31,852	129,797
Additions	320	-	74,131		74,451	303,537
Reclassifications	-	-	-	560,000	560,000	2,283,120
Disposals	(4,440)	-	-	-	(4,440)	(18,102)
Translation difference	-	-	-	-	-	(21,116)
Balance as at 31 December 2020	3,102	2,261	96,500	560,000	661,863	2,677,236
Accumulated depreciation						
Balance as at 1 January 2020	(3,418)	(1,729)	-	-	(5,147)	(20,974)
Depreciation	(223)	(264)	(7,920)	-	(8,407)	(34,275)
Disposals	1,077	-	-	-	1,077	4,391
Translation difference	-	-	-	-	-	388
Balance as at 31 December 2020	(2,564)	(1,993)	(7,920)	-	(12,477)	(50,470)
Carrying amount as at 31 December 2020	538	268	88,580	560,000	649,386	2,626,766
Cost						
Balance as at 1 January 2019	3,650	2,261	-	-	5,911	23,750
Additions	3,572	-	22,369	-	25,941	105,112
Translation difference	-	-	-	-	-	935
Balance as at 31 December 2019	7,222	2,261	22,369	-	31,852	129,797
Accumulated depreciation						
Balance as at 1 January 2019	(1,697)	(1,172)	-	-	(2,869)	(11,527)
Depreciation	(1,721)	(557)	-	-	(2,278)	(9,230)
Translation difference	-	-	-	-	-	(217)
Balance as at 31 December 2019	(3,418)	(1,729)	-	-	(5,147)	(20,974)
Carrying amount as at 31 December 2019	3,804	532	22,369	-	26,705	108,823

Management believes that there is no indication that an impairment loss exists as at 31 December 2020 and 2019.

7 Land held for property development

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Gross carrying amount				
Balance as at 1 January	1,940,000	7,905,500	1,050,000	4,218,900
Additions	-	-	1,380,000	5,591,760
Reclassify to property development costs	(1,380,000)	(5,626,260)	(490,000)	(1,985,480)
Reclassify to property and equipment	(560,000)	(2,283,120)	-	-
Currency translation differences	-	3,880	-	80,320
Balance as at 31 December	-	-	1,940,000	7,905,500

8 Cash and cash equivalents

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Cash on hand	46,739	189,059	73,016	297,540
Cash in banks	179,731	727,012	185,153	754,499
	226,470	916,071	258,169	1,052,039

9 Contract assets/(liabilities)

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Gross carrying amount				
Balance as at 1 January	1,834,247	7,474,557	(4,020,220)	(16,153,244)
Revenue recognised	758,477	3,092,311	7,373,946	29,879,229
Billings during the year	(844,263)	(3,442,060)	(1,519,479)	(6,156,929)
Currency translation differences	-	(52,284)	-	(94,499)
Balance as at 31 December	1,748,461	7,072,524	1,834,247	7,474,557

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Contract assets	2,245,406	9,082,667	1,834,247	7,474,557
Contract liabilities	(496,945)	(2,010,143)	-	-
	1,748,461	7,072,524	1,834,247	7,474,557

There were no impairment losses recognized on any contract asset in the reporting period.

10 Prepayments and other receivables

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Receivable from a contractor	305,000	1,233,725	305,000	1,242,875
Interest receivable	39,562	160,028	16,032	65,330
Prepayments	32,092	129,812	-	-
Deposit	750	3,034	-	-
	377,404	1,526,599	321,032	1,308,205

The receivable from a contractor arises from claims for liquidated damages.

11 Contract cost assets

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 4.2)		(Note 4.2)
Balance as at 1 January	-	-	-	-
Addition during the year	30,464	123,227	-	-
Balance as at 31 December	30,464	123,227	-	-

Contract costs consist of sales commission paid to secure contracts with customers.

12 Property development costs

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 4.2)		(Note 4.2)
Gross carrying amount				
Balance as at 1 January	94,590	385,454	5,343,265	21,469,239
Capitalised costs during the year				
Freehold land	1,380,000	5,626,260	490,000	1,985,480
Development costs	425,042	1,732,896	886,345	3,591,470
Construction costs for sold units	-	-	(5,035,015)	(20,401,881)
Net transfers to Inventories	-	-	(1,590,005)	(6,442,700)
Translation difference	-	(56,993)	-	183,846
Balance as at 31 December	1,899,632	7,684,011	94,590	385,454

13 Inventories

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 4.2)		(Note 4.2)
Condominium units for sale	824,776	3,336,219	1,233,278	5,025,608

Cost of construction for units sold amounted USD 424,692 or KHR 1,731,469,000 for the year ended 31 December 2020 (2019: USD 5,035,015 or KHR 20,401,881,000)

As at 31 December 2020, inventories with a cost of USD 717,021 (2019: USD 819,302) have been pledged as security for the Company's borrowings as disclosed in Note 15(a).

14 Share capital

All ordinary shares are registered, issued, and paid with par value of USD 1 per share. Details of shareholdings are as follows:

	31 December 2020 and 2019			
	Numbers of shares	Ownership	Amount USD	Amount KHR'000
Registered capital				(Note 4.2)
Koy Le San	1,750	35%	1,750	7,000
Yap Ting Chiat	1,750	35%	1,750	7,000
Tang Chun Kiu	500	10%	500	2,000
Kin Solyta	500	10%	500	2,000
Meng Lee	500	10%	500	2,000
	5,000	100%	5,000	20,000

On 31 March 2019, the Board of Directors agreed on a resolution made pursuant to the Company's constitution that amounts owing to shareholders amounting to USD 399,000 be converted into deposit for future stock subscription. As at the reporting date, the Company is in the process of updating its Memorandum and Articles of Association with the Ministry of Commerce.

15 Borrowings

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Bank loans (a)	845,700	3,420,856	880,700	3,588,853
Loan from related parties (b)	1,255,553	5,078,712	1,359,128	5,538,446
	2,101,253	8,499,568	2,239,828	9,127,299

Summary of borrowing arrangements/terms:

- On 1 August 2019, the Company entered in a contract with Chief Bank to obtain bank loans amounting to USD 960,000. The bank loans bear interest of 8.5% per annum and is secured by a mortgage over the Company's inventory units as disclosed in Note 13.
- Loans from related parties bear interest of 15% per annum.

16 Trade and other payables

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Accounts payable	769,088	3,110,961	765,920	3,121,124
Output VAT	297,817	1,204,670	223,920	912,474
Taxes payable	24,399	98,694	18,321	74,658
Provision for seniority indemnity	1,871	7,568	-	-
Other payables	27,201	110,028	-	-
	1,120,376	4,531,921	1,008,161	4,108,256

17 Related party transactions

The following balances are outstanding from the Company's related parties:

Relationship		31 December 2020		31 December 2019	
		USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Shareholders	Advances	1,661,394	6,720,338	1,524,014	6,210,358
	Borrowings	1,255,553	5,078,712	1,359,128	5,538,446
	Contract assets	12,470	50,441	-	-
	Contract liabilities	14,881	60,194	-	-

The balances due to related parties are unsecured and repayable on demand. Advances are interest free while borrowings bear interest of 15% per annum.

During the year, the following transactions are entered with related parties:

Relationship		For the year ended 31 December 2020		For the year ended 31 December 2019	
		USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
Shareholders	Other income	1,468	5,983	-	-
	Utilities	(13,451)	(54,841)	-	-
	Interest	(112,663)	(459,327)	(132,957)	(538,741)
Directors	Directors' benefits	(11,000)	(44,847)	(356,727)	(1,445,458)
Company under common control	Management fee	(33,900)	(138,210)	(9,690)	(39,264)
	Event management fee	(33,000)	(134,541)	-	-
	Building model fee	(31,801)	(129,653)	-	-
	Marketing retainer fee	(17,112)	(69,766)	-	-
	Printing and stationeries	(14,702)	(59,940)	-	-

Transactions with key management personnel

Key management personnel is defined as those persons having and responsibility for planning directing and controlling the activities of the Company either directly or indirectly. Key management includes all the directors of the Company. Transactions with key management personnel are as follows:

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Directors' benefits	11,000	44,847	356,727	1,445,458

18 Revenue

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Sale of condominium units	758,477	3,092,311	7,373,946	29,879,229

All revenues are recognized at a point in time upon transfer of the control over the residential units to the customers.

19 Other income

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Premium on deferred payment	147,727	602,283	160,937	652,117
Receipts on forfeited units	14,013	57,131	225,268	912,786
Administrative fees	-	-	138,588	561,559
Reversal of provisions	-	-	100,000	405,200
Management fees	-	-	4,912	19,903
Others	11,005	44,867	40,470	163,984
	172,745	704,281	670,175	2,715,549

20 General and administrative expenses

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Depreciation	110,489	450,464	87,347	353,930
Marketing	70,621	287,922	-	-
Non-deductible taxes	63,086	257,202	39,576	160,362
Professional fees	45,386	185,039	164,647	667,150
Management fees	30,900	125,979	-	-
Salaries	26,754	109,076	32,402	131,293
Printing and stationeries	18,607	75,861	1,855	7,516
Utilities	17,208	70,157	2,736	11,087
Directors' benefits	11,000	44,847	356,727	1,445,458
Gifts and donation	5,324	21,706	6,708	27,181
Bank charges	4,620	18,836	1,652	6,694
Rental charges	3,240	13,209	10,089	40,881
Sundry	2,222	9,059	1,055	4,275
Security	1,800	7,339	440	1,783
Insurance	1,549	6,315	3,795	15,377
Travel	1,566	6,385	925	3,748
Communication	1,003	4,089	860	3,485
Entertainment	166	677	168	681
Repairs and maintenance	34	139	15,920	64,508
Compensation	-	-	25,060	101,543
Others	925	3,770	100,261	406,256
	416,500	1,698,071	852,223	3,453,208

21 Leases

Right-of-use assets

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Beginning balance	119,096	485,316	204,164	820,331
Charged during the year	(102,082)	(416,188)	(85,068)	(344,696)
Translation difference	-	(306)	-	9,681
	17,014	68,822	119,096	485,316

Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 4.2)		(Note 4.2)
Current	37,912	154,491	103,565	422,027
Non-current	-	-	37,912	154,491
	37,912	154,491	141,477	576,518

Details of the carrying amount of lease liabilities and the movements during the year are as follows:

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 4.2)		(Note 4.2)
Balance as at 1 January	141,477	576,518	204,164	820,331
Accretion of interest	11,950	48,720	14,385	58,292
Payments	(115,515)	(470,955)	(77,072)	(312,300)
Translation difference	-	(929)	-	10,195
Balance as at 31 December	37,912	153,354	141,477	576,518

The weighted average incremental borrowing rate applied to lease liabilities recognised under CIFRS 16 was 8.5%.

The table below describes the nature of the Company's leasing activities by type of right-of-use assets recognised on the statement of financial position.

	No. of right-of- use assets	Range of remaining term	Average remaining lease term	No. of leases with extension options	No. of leases with termination options
Right-of-use assets					
Condominium units	26	1 to 2 years	1.5 years	-	-

The details of future minimum lease payments are summarized below:

Minimum lease payments due				
	Within one year	1-2 years	Total USD	Total KHR'000
				(Note 4.2)
Lease payments	38,181	-	38,181	154,442
Finance charges	(269)	-	(269)	(1,088)
Net present value	37,912	-	37,912	153,354

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 4.2)		(Note 4.2)
Expenses related to short-term leases	3,240	13,209	10,089	40,881

22 Income tax expense

In accordance with Cambodian tax laws, the Company has the obligation to pay tax on income (“Tol”) at the rate of 20% of taxable income.

Besides the Tol, taxpayers in Cambodia are subject to a separate minimum tax. At the rate of 1% of annual turnover, inclusive of all taxes except value-added tax, and in due irrespective of the taxpayer’s profit or loss position. The Company pays the higher of Tol or minimum tax.

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.

22.1 Reconciliation between profit before income tax and taxable income

A reconciliation between accounting profit before income tax and taxable income for the years ended 31 December 2020 and 2019 are as follows:

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR’000 (Note 4.2)	USD	KHR’000 (Note 4.2)
Income before income tax	78,076	318,316	2,136,225	8,655,983
Add/(deduct) adjustments:				
Non-deductible expenses	63,086	257,202	63,112	255,730
Business loss carried forward	-	-	(471,057)	(1,908,723)
Taxable income	141,162	575,518	1,728,280	7,002,990
Income tax expense at the applicable tax of rate 20% (A)	28,232	115,102	345,656	1,400,598
Minimum tax (B)	5,065	20,651	30,091	121,929
Estimated income tax expense (higher of A or B)	28,232	115,102	345,656	1,400,598

Income tax expense for the years ended 31 December 2020 and 2019 consists of:

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR’000 (Note 4.2)	USD	KHR’000 (Note 4.2)
Current income tax	27,130	110,611	420,195	1,702,630
Deferred tax	1,102	4,491	(74,539)	(302,032)
Income tax expense	28,232	115,102	345,656	1,400,598

The taxation system in Cambodia is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear and subject to interpretation. Oftentimes, different interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to reviews and investigations by a number of authorities that are enabled by law to impose severe fines, penalties and interest charges.

These facts may create tax risks in Cambodia, substantially greater than in other countries. Management believes that tax liabilities have been adequately provided for based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

22.2 Deferred taxes

The following are the composition of deferred tax assets recognized by the Company:

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 4.2)		(Note 4.2)
Arising from difference in accounting and tax:				
Depreciation expense	278	1,125	1,348	5,493
Unrealized foreign exchange loss	-	-	32	130
Provisions	71,345	288,591	71,345	290,733
Business loss	53,634	216,949	53,634	218,557
	125,257	506,665	126,359	514,913

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be able to be utilised against future taxable income.

Management believes that deferred tax assets can be utilised based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised.

23 Reconciliation of liabilities arising from financing activities

The changes in the Company's liabilities arising from financing activities can be classified as follows:

		<u>Non-cash</u>	<u>Cash flows</u>		
	1 January 2020	Interest charges	Principal repayments	Interest repayments	31 December 2020
	USD	USD	USD	USD	USD KHR'000
					(Note 4.2)
Borrowings	2,239,828	171,745	(235,000)	(75,320)	2,101,253 8,499,568
Lease liabilities	141,477	11,950	(103,565)	(11,950)	37,912 153,354
	2,381,305	183,695	(338,565)	(87,270)	2,139,165 8,652,922

		<u>Non-cash</u>	<u>Cash flows</u>		
	1 January 2019	Recognition of lease liabilities	Interest charges	Principal repayments	Interest repayments
	USD	USD	USD	USD	USD
Borrowings	1,230,088	-	408,040	1,056,000	(454,300)
Lease liabilities	-	204,164	14,385	(62,687)	(14,385)
	1,230,088	204,164	422,425	993,313	(468,685)
					2,239,828 9,127,299
					141,477 576,518
					2,381,305 9,703,817

24 Categories of financial instruments

The category of financial assets and liabilities carried at amortised cost are shown below:

	31 December 2020		31 December 2019	
	USD	KHR'000 (Note 4.2)	USD	KHR'000 (Note 4.2)
Financial assets				
Cash and cash equivalents	226,470	916,071	258,169	1,052,039
Other receivables*	345,312	1,396,787	321,032	1,308,206
	571,782	2,312,858	579,201	2,360,245
Financial liabilities				
Trade and other payables**	798,160	3,228,557	765,920	3,121,124
Borrowings	2,101,253	8,499,568	2,239,828	9,127,299
Amounts due a shareholder	1,661,394	6,720,338	1,524,014	6,210,358
	4,560,807	18,448,463	4,719,062	19,230,178

* Excludes prepayments and input VAT

** Excludes output VAT and refundable deposit

25 Risk management objectives and policies

Financial risk

The Company is exposed to financial risks arising from their operations and the use of financial instruments. The financial risk management policy is established to ensure that adequate resources are available for the development of the Company's business whilst managing its credit risk, liquidity risk, foreign currency risk and interest rate risk. The Company operates within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

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

(a) Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

It is the Company's policy to enter into financial instruments with creditworthy counterparties. The Company does not expect to incur material credit losses of its financial assets or other financial instruments.

The concentration of credit risk exists when changes in economic, industry and geographical factors affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's transactions are entered into with creditworthy counterparties, thereby mitigating any significant concentration of credit risk.

The areas where the Company are exposed to credit risk are as follows:

Contract assets

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

In measuring the expected credit losses, trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics.

The expected loss rates are based on the corresponding historical credit loss over the past years before 31 December 2020. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. Given the short period exposed to credit risk, the impact of these macroeconomic factors has not been consider significant within the reporting period.

Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Company on alternative payment amongst other is considered indicators of no reasonable expectation recovery.

As at 31 December 2020, no expected credit loss is recognised as the receivables are partially paid according to the agreed repayment terms after the reporting period.

Cash and cash equivalents

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

(b) Liquidity risk

Liquidity of funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

The liquidity risks arise principally from its trade and other payables, lease liabilities, and payables to related parties.

Analysis of financial instruments by contractual maturities

The table below analyses the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows:

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
		(Note 4.2)		(Note 4.2)
On demand or within 1 year				
Trade and other payables*	798,160	3,228,557	765,920	3,121,124
Borrowings	2,101,253	8,499,568	2,239,828	9,127,299
Lease liabilities	38,181	154,442	115,253	469,656
Amounts due to related parties	1,661,394	6,720,338	1,524,014	6,210,358
	4,598,988	18,602,905	4,645,015	18,928,437
More than 1 year				
Lease liabilities	-	-	38,181	155,586
	4,598,988	18,602,905	4,683,196	19,084,023

* Excludes output VAT and taxes payable

(c) Interest rate risk

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

The Company is not exposed to interest rate risk as the Company does not have any floating rate financial assets and financial liabilities.

(d) Foreign currency risk

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

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

26 Fair value of financial instruments

Due to the short-term nature of the transactions or insignificant impact of discounting, the carrying values of cash and cash equivalents, other receivables, amount due to related parties, trade and other payables, lease liabilities and borrowings approximate their fair values.

27 Capital management

The primary objective of the Company's capital management is to ensure that it maintains an adequate capital ratio in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividends payable to shareholders, return capital to shareholders or issue new capital. No changes were made in the objective, policies or processes for the year ended 31 December 2020.

28 Reclassification of comparative amounts

Certain amounts in the comparative financial statements and note disclosures have been reclassified to conform with the current year's presentation of accounts. Management believes that these reclassifications would better reflect the nature of the balances.

Summary of changes arising from the reclassifications are shown below:

Statement of financial position

	31 December 2019 (As previously stated)	Effects of reclassification	31 December 2019 (As reclassified)
	USD	USD	USD
Property and equipment	4,336	22,369	26,705
Property development costs	306,259	(211,669)	94,590
Borrowings	2,319,128	79,300	2,239,828
Amounts due to a shareholder	1,634,014	110,000	1,524,014

29 Post-reporting date significant events

On 14 April 2021, the Royal Government of Cambodia imposed lockdown in Cambodia starting from 15 April to 28 April 2021, which was further extended until 5 May 2021, to curb the spread of COVID-19 outbreak in Cambodia. The COVID-19 pandemic and lockdown has caused disruptions to businesses and various macroeconomics globally and locally in Cambodia.

The Company has assessed the overall impact of this situation towards the Company's operations, financial performance and cash flows, and concluded that there is no material adverse effect on the Company's financial statements for the financial year ended 31 December 2020, except for the temporary suspension of operations during the lockdown period. The Management believes that the business operations of the Company will be back to normal once the lockdown is lifted on 5 May 2021. The Management will continue to assess the impact of the lockdown on the Company's financial performance and ensure that standard operating procedures are strictly followed.

As of the date of this report, the Company is in the process to file an initial public offering application to the Securities and Exchange Regulator of Cambodia to list its shares to be traded on the growth market of the Cambodia Securities Exchange.

30 Authorisation of the financial statements

The financial statements as at 31 December 2020 and for the year then ended were approved for issue by the Board of Directors on 14 May 2021.

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