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Grown Up Group Investment Holdings Limited
植華集團投資控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1842)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2020	2019
Financial Results	***HK$'000***	*HK$'000*
Revenue	**347,387**	304,788
Loss for the year	**(14,477)**	(29,500)
Basic loss per share (HK cent)	**(1.45)**	(3.22)
Diluted loss per share (HK cent)	**(1.45)**	(3.22)

	As at 31 December	
	2020	2019
Statement of Financial Position	***HK$'000***	*HK$'000*
Non-current assets	**82,871**	88,373
Current assets	**212,149**	251,769
Total assets	**295,020**	340,142
Current liabilities	**176,031**	206,039
Non-current liabilities	**11,085**	12,191
Total liabilities	**187,116**	218,230
Net assets	**107,904**	121,912

Ratio Analysis

Current ratio (times)	**1.2**	1.2
Gearing ratio	**79.6%**	79.6%

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Grown Up Group Investment Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2020 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2019. These results have been reviewed by the Company's audit committee (the "**Audit Committee**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	**2020**	2019
		HK$'000	*HK$'000*
Revenue	*3*	**347,387**	304,788
Cost of sales	*5*	**(271,824)**	(225,959)
Gross profit		**75,563**	78,829
Other income	*4*	**6,849**	791
Selling and distribution expenses	*5*	**(36,344)**	(34,726)
Administrative expenses	*5*	**(53,909)**	(68,525)
Impairment losses on trade and other receivable	*5*	**(2,510)**	(745)
Loss from operations		**(10,351)**	(24,376)
Finance income	*6*	**433**	972
Finance costs	*6*	**(5,425)**	(9,085)
Finance costs, net	*6*	**(4,992)**	(8,113)
Loss before income tax		**(15,343)**	(32,489)
Income tax credit	*7*	**866**	2,989
Loss for the year		**(14,477)**	(29,500)
Other comprehensive income/(loss):			
Items that may be reclassified to profit or loss			
Currency translation differences		**469**	(386)
Total comprehensive loss for the year		**(14,008)**	(29,886)
Loss per share attributable to owners of the Company for the year			
Basic and diluted (HK cent)	*8*	**(1.45)**	(3.22)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment	9	**21,899**	23,994
Right-of-use assets		**7,134**	12,475
Financial assets at fair value through profit or loss	12	**7,002**	7,002
Investment property		**1,400**	1,400
Intangible assets	10	**39,042**	39,783
Deferred income tax assets		**6,394**	3,719
		82,871	88,373
Current assets			
Inventories		**52,311**	42,771
Trade and other receivables	11	**82,232**	123,982
Tax recoverable		**389**	493
Pledged deposits		**48,779**	28,044
Cash at bank and on hand		**28,438**	56,479
		212,149	251,769
Total assets		**295,020**	340,142
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	**10,000**	10,000
Other reserves		**24,428**	23,959
Retained earnings		**73,476**	87,953
Total equity		**107,904**	121,912

	Note	2020	2019
		HK$'000	*HK$'000*
Non-current liabilities			
License fees payable		**8,422**	7,190
Lease liabilities		**2,663**	5,001
		11,085	12,191
Current liabilities			
Trade and other payables	*13*	**64,600**	57,621
Contract liabilities		**3,667**	1,962
License fees payable		**5,494**	12,271
Lease liabilities		**4,313**	7,125
Bills payable		**17,405**	35,174
Bank and other borrowings	*14*	**78,955**	84,931
Tax payable		**1,597**	6,955
		176,031	206,039
Total liabilities		**187,116**	218,230
Total equity and liabilities		**295,020**	340,142

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION OF THE GROUP

Grown Up Group Investment Holdings Limited (the "**Company**") is a limited liability company incorporated in the Cayman Islands. The address of registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Its principal place of business in Hong Kong is located at Flat D, 7/F., Block 2, Tai Ping Industrial Centre, 55 Ting Kok Road, Tai Po, N.T., Hong Kong.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries (collectively, the "**Group**") are designing, developing, manufacturing and selling bag and luggage products. The Group's operations are based in Hong Kong, Denmark and in the People's Republic of China (the "**PRC**"). The Group's principal export markets for its business are Europe and North America.

The consolidated financial statements are presented in the thousands of Hong Kong dollars ("**HK$000**"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements, unless otherwise states.

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the accounting principles generally accepted in Hong Kong.

The financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"). The consolidated financial statements have been prepared on a historical cost basis, except for the financial asset at fair value through profit or loss and an investment property that are measured at fair value.

The Group incurred a net loss of HK$14,477,000 for the year ended 31 December 2020. As at 31 December 2020, the Group had total bank borrowings of HK$78,955,000. The Group failed to comply with the financial ratio undertakings in respect of interest coverage ratio for the year ended 31 December 2020 of one of the Group's banking facilities with a credit limit of HK$83,000,000 of which HK$19,500,000 was utilised as at 31 December 2020.

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group has sufficient financial resources to continue as a going concern. The directors have reviewed the Group's cash flow projections prepared by management covering a period of twelve months from 31 December 2020. A number of measures have been put in place by the directors of the Company, including but not limited to:

(i) In March 2021, the Group obtained the bank's wavier from compliance with the relevant financial ratio undertakings for the year ended 31 December 2020 in relation to the abovementioned bank facility. The relevant bank will only assess the compliance of the restrictive undertakings not earlier than January 2022. The Group will continue to monitor its compliance with the restrictive undertaking requirements and anticipate that it would be able to comply with the restrictive undertaking requirement. Management will also discuss and negotiate with the respective banks to seek to revise the terms and the restrictive undertaking requirements upon renewal of the banking facilities.

(ii) The Group has maintained continuous communication with its banks and based on its latest communication, the directors of the Company are of the opinion that the Group's banking facilities will be renewed upon expiry and continue to be available to the Group for the next twelve months from the date of the consolidated statement of financial position.

Based on the cash flow projections and taking into account the unused proceeds raised from the Company's share offer, anticipated cash inflows generated from the Group's operations, the possible changes in its operating performance as well as the continuous availability of banking facilities, and also the unutilised portion of banking facilities of approximately HKD70,171,000 is immediately available to drawdown despite the incompliance with the bank interest coverage ratio, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 31 December 2020. Accordingly, the directors of the Company consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

a) New and amended standards adopted by the Group

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material

In addition, on 1 January 2020, the Group has early applied the Amendments to HKFRS 16 "Covid-19-Related Rent Concessions" which will be effective for the Group for financial year beginning on or after 1 June 2020.

The adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

b) New standards, revised framework and amendments to standards which are not yet effective

Certain new standard, revised framework and amendments to standards that have been published and are mandatory for the Group's accounting periods beginning on 1 January 2021 or later periods, but have not been early adopted by the Group.

HKFRS 17	Insurance Contracts and related amendments[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[5]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 16	Covid-19-Related Rent Concessions[6]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020[2]
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination[5]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 Effective date not yet determined
5 Effective for business combination/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

The Group will apply the above new standard, revised framework and amendments to standards when they become effective. No new standard, revised framework and amendments to standards is expected to have a significant effect on the consolidated financial statements of the Group.

3 SEGMENT INFORMATION AND REVENUE

Chief Operating Decision Maker ("CODM") of the Group, which consist of the executive directors, chief executive officer and the chief operating officer, examines the Group's performance from product perspective and has identified two reportable segments of its business comprising, the private label products segment and the branded label products segment. The private label products segment – private label products are produced and sold under both Original Equipment Manufacturer ("OEM") and Original Design Manufacturer ("ODM") businesses to the brand owners or their licensees. The branded label products segment – branded label products include products branded under the Group's proprietary Ellehammer brand as well as the licensed brands, distributed through the Group's sales network comprising third party distributors and self-operated distribution channel.

	Year ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
Sales of goods	**347,387**	297,058
Royalty income	**–**	7,730
	347,387	304,788
Timing of revenue recognition		
– At a point in time	**347,387**	304,788

The following is an analysis of the Group's revenue and results by reportable segment as reviewed by the CODM:

FOR THE YEAR ENDED 31 DECEMBER 2020

	Private label products	**Branded label products**	**Inter-segment elimination**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Revenue from external customers	**276,644**	**70,743**	**–**	**347,387**
Inter-segment revenue	**33,330**	**–**	**(33,330)**	**–**
Total segment revenue	**309,974**	**70,743**	**(33,330)**	**347,387**
Segment results	**6,453**	**(12,350)**	**(3,030)**	**(8,927)**
Other income				**1,168**
Corporate expenses				**(2,592)**
Loss from operations				**(10,351)**
Finance income				**433**
Finance costs				**(5,425)**
Loss before income tax				**(15,343)**
Income tax credit				**866**
Loss for the year				**(14,477)**

Other segment information:

	Private label products *HK$'000*	**Branded label products** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Amortisation of intangible assets	**(430)**	**(7,719)**	**–**	**(8,149)**
Bad debts written-off	**–**	**(2,150)**	**–**	**(2,150)**
Intangible assets written-off	**(400)**	**–**	**–**	**(400)**
Depreciation of right-of-use assets	**(7,038)**	**(278)**	**–**	**(7,316)**
Depreciation of property, plant and equipment	**(2,735)**	**(104)**	**–**	**(2,839)**
Credit loss allowance on trade receivable	**(416)**	**56**	**–**	**(360)**
Provision for inventories	**–**	**(338)**	**–**	**(338)**

FOR THE YEAR ENDED 31 DECEMBER 2019

	Private label products *HK$'000*	Branded label products *HK$'000*	Inter-segment elimination *HK$'000*	Total *HK$'000*
Revenue from external customers	181,143	123,645	–	304,788
Inter-segment revenue	68,620	–	(68,620)	–
Total segment revenue	249,763	123,645	(68,620)	304,788
Segment results	1,340	268	(10,052)	(8,444)
Other income				739
Corporate expenses				(16,671)
Loss from operations				(24,376)
Finance income				972
Finance costs				(9,085)
Loss before income tax				(32,489)
Income tax credit				2,989
Loss for the year				(29,500)

Other segment information:

	Private label products *HK$'000* Restated*	Branded label products *HK$'000* Restated*	Unallocated *HK$'000*	Total *HK$'000*
Amortisation of intangible assets	(89)	(7,988)	–	(8,077)
Intangible assets written-off	–	(327)	–	(327)
Depreciation of right-of-use assets	(7,376)	(140)	–	(7,516)
Depreciation of property, plant and equipment	(3,013)	(17)	–	(3,030)
Credit loss allowance on trade receivables	(445)	(300)	–	(745)

As at 31 December 2020

	Private label products *HK$'000*	**Branded label products** *HK$'000*	**Corporate assets/ (liabilities)** *HK$'000*	**Total** *HK$'000*
Non-current assets	**41,926**	**32,279**	**8,666**	**82,871**
Current assets	**138,582**	**72,165**	**1,402**	**212,149**
Total assets	**180,508**	**104,444**	**10,068**	**295,020**
Segment liabilities	**(121,303)**	**(64,825)**	**(988)**	**(187,116)**
Net assets	**59,205**	**39,619**	**9,080**	**107,904**
Additions to non-current assets	**632**	**–**	**–**	**632**

As at 31 December 2019

	Private label products *HK$'000* Restated*	Branded label products *HK$'000* Restated*	Corporate assets/ (liabilities) *HK$'000* Restated*	Total *HK$'000* Restated*
Non-current assets	47,097	30,546	10,730	88,373
Current assets	147,558	77,615	26,596	251,769
Total assets	194,655	108,161	37,326	340,142
Segment liabilities	(143,605)	(68,046)	(6,579)	(218,230)
Net assets	51,050	40,115	30,747	121,912
Additions to non-current assets	763	42	117	922

Non-current assets, other than financial asset at fair value through profit or loss, intangible assets, right-of-use assets and deferred income tax assets, by geographical area are as follows:

	2020 *HK$'000*	2019 *HK$'000*
The PRC	**18,676**	20,266
Hong Kong	**4,317**	4,950
Europe	**219**	178
	23,212	25,394

4 OTHER INCOME

	2020	2019
	HK$'000	*HK$'000*
Rental income	**605**	657
License fee waiver	**5,600**	–
Gain/(loss) on disposal of property, plant and equipment	**81**	(18)
Fair value gain on an investment property	**–**	100
Others	**563**	52
	6,849	791

5 EXPENSES BY NATURE

	2020	2019
	HK$'000	*HK$'000*
Cost of inventories sold	**233,921**	163,153
Employee benefit expenses	**64,839**	94,549
Transportation and freight charges	**10,268**	16,388
Amortisation of intangible assets	**8,149**	8,077
Intangible assets written-off	**400**	327
Depreciation of right-of-use assets	**7,316**	7,516
Depreciation of property, plant and equipment	**2,839**	3,030
Directors' emoluments	**5,976**	5,452
Expenses related to short-term and low-value lease	**83**	364
License fees	**–**	57
Auditor's remuneration		
– Audit service	**1,275**	1,492
– Non-audit services	**58**	284
Credit loss allowance on trade receivables	**360**	745
Bad debts written-off	**2,150**	–
Legal and professional fees	**4,016**	2,102
Listing expenses	**–**	12,739
Sample costs	**2,461**	2,477
Sales and marketing expenses	**6,743**	1,863
Design and development expenses	**923**	367
Exchange differences	**(47)**	(607)
Provision for inventories	**338**	–
Others	**12,519**	9,580
	364,587	329,955
Representing:		
Cost of sales	**271,824**	225,959
Selling and distribution expenses	**36,344**	34,726
Administrative expenses	**53,909**	68,525
Impairment losses on trade and other receivables	**2,510**	745
	364,587	329,955

6 FINANCE COSTS, NET

	2020 *HK$'000*	2019 *HK$'000*
Finance income		
– Interest income from bank deposits	**433**	415
– Interest income from related companies	**–**	557
	433	972
Finance costs		
– Interest expenses on bank borrowings and bank overdrafts	**(4,506)**	(7,639)
– Interest expenses related to lease liabilities	**(431)**	(744)
– Notional interest on license fee payable	**(488)**	(702)
	(5,425)	(9,085)
Finance costs, net	**(4,992)**	(8,113)

7 INCOME TAX CREDIT

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profit for the year ended 31 December 2020. The Group's subsidiaries in the PRC are subject to the China Corporate Income Tax ("**CIT**") at a rate of 10% or 25% for the year ended 31 December 2020. The Group's subsidiaries in Denmark are subject to the income tax at the rate of 22% for the year ended 31 December 2020.

The amount of taxation credit to profit or loss represents:

	2020 *HK$'000*	2019 *HK$'000*
Current income tax		
– China corporate income tax	**1,888**	891
– Denmark income tax	**19**	558
– Over-provision from prior year	**(97)**	(1,299)
Deferred income tax	**(2,676)**	(3,139)
	(866)	(2,989)

8 LOSS PER SHARE

Basic loss per share are calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares deemed to be in issue during the years ended 31 December 2020 and 2019.

	2020	2019
Loss for the year attributable to the owners of the Company *(HK$'000)*	**(14,477)**	(29,500)
Weighted average number of shares deemed to be issue (in thousand)	**1,000,000**	917,096
Basic loss per share (HK cent)	**(1.45)**	(3.22)

Diluted loss per share presented is the same as the basic loss per share as there were no potentially dilutive ordinary shares issued during the years ended 31 December 2020 and 2019.

9 PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2020, the Group had approximately HK$632,000 (2019: HK$922,000) addition to property, plant and equipment and disposed of property, plant and equipment with a total net carrying amount of approximately HK$24,000 (2019: HK$137,000).

10 INTANGIBLE ASSETS

During the year ended 31 December 2020, the Group had approximately HK$6,542,000 (2019: HK$397,000) addition to intangible assets. The Group had approximately HK$400,000 impairment of intangible assets during the year ended 31 December 2020 (2019: HK$327,000).

11 TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables, net of credit loss allowance	**56,378**	91,844
Prepayments, deposits and other receivables	**25,854**	32,138
	82,232	123,982

Majority of payment terms with customers are within 60 to 90 days and certain major customers were granted with longer credit terms on discretion. As at 31 December 2020 and 2019, the aging analysis of trade receivables and net of allowances based on invoice date are as follows:

	2020	2019
	HK$'000	*HK$'000*
0-30 days	**27,182**	42,767
31-60 days	**6,030**	7,189
61-90 days	**1,930**	3,602
91-120 days	**479**	3,645
Over 120 days	**20,757**	34,641
	56,378	91,844

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
	HK$'000	*HK$'000*
Unlisted investment:		
– Key management insurance contract	**7,002**	7,002

13 TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables	**49,697**	44,166
Accruals and other payables	**14,903**	13,455
	64,600	57,621

Majority of payment terms with suppliers are within 60 to 90 days. As at 31 December 2020 and 2019, the aging analysis of the trade payable of the Group by invoice date is as follows:

	2020	2019
	HK$'000	*HK$'000*
0-30 days	**16,649**	13,260
31-60 days	**12,444**	13,338
61-90 days	**8,298**	7,130
Over 90 days	**12,306**	10,438
	49,697	44,166

14 BANK AND OTHER BORROWINGS

	2020	2019
	HK$'000	*HK$'000*
Bank overdrafts	**46,955**	51,566
Bank borrowings	**32,000**	27,634
Factoring loans	**–**	5,731
	78,955	84,931

For the year ended 31 December 2020 and 2019, the interest rates of the bank loans ranged from 1.2% to 5.8% and 2.8% to 5.7% per annum, respectively.

15 SHARE CAPITAL

	Number of ordinary shares	**Share capital**
		HK$'000
Authorised:		
At 31 December 2020 and 2019	10,000,000,000	100,000
Issued and fully paid:		
At 31 December 2020 and 2019	1,000,000,000	10,000

16 DIVIDENDS

For the year ended 31 December 2020 and 2019, the Company did not declare any dividend.

The rate of dividends and the number of shares ranking for dividends are not presented as such information of dividend declared prior to the Listing is not considered meaningful for the purpose of this announcement.

17 COMPARATIVE FIGURES

Certain comparative figures in this Announcement have been reclassified to conform to the current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

The Group has been operating nearly three decades within the industry of designing, developing, manufacturing and selling and distributing bags, luggage and accessories. The Group's products are mainly categorised into (i) private label products; and (ii) branded products, which cater to kid, teen, sports, leisure, business, travel, technical and medical related segments.

The business model of the Group has continuously evolved from a traditional Original Equipment Manufacturing ("**OEM**") manufacturer mainly based in the PRC, to a comprehensive product manufacturer with multiple geographical manufacturing capabilities rendering services combining OEM, Original Design Manufacturing ("**ODM**") and Original Brand Manufacturing ("**OBM**"). Leveraging on the Group's design and development capabilities and manufacturing knowhow, the Group has been able to ensure a stable and quality supply with product design optimisation to our diverse and global customer portfolio which consists of private label customers, distributors, wholesalers and retailers.

During the Reporting Period, the ongoing trade dispute between the U.S. and the PRC continued to pose challenges to our sales in the U.S. market as the Group has become less price competitive over manufacturers located outside the PRC. The Group maintained a relatively low level of sales to the U.S. for the first six months of 2020. In response to the heightened tension between the U.S. and the PRC, the Group has been shifting production of products sold in the U.S. market from its production facility in the PRC to manufacturers located outside the PRC to mitigate the negative impact of the U.S. tariffs on its sales. The Group also reinforced its sales presence with new customers in the U.S. during the Reporting Period. Our sales to the U.S. market improved remarkably in the second half of 2020.

Apart from the trade dispute between the U.S. and the PRC, the outbreak of the COVID-19 coronavirus pandemic (the "**COVID-19 Pandemic**") since early 2020 has also adversely impacted the performance of the Group. During the Reporting Period, due to the outbreak of the COVID-19 Pandemic, the Group's own production facility, global development and supply chain centre in the PRC, as well as certain suppliers were temporarily suspended or limited the scale of production. Also, certain customers temporarily closed their office with limited operation. Particularly near the end of 2020, given various limitations levied by the COVID-19 Pandemic globally, there was overwhelming of ocean freight demands with shortage of shipping equipment and high logistic costs. As such, certain product development, production and delivery schedule of the products were being affected. In addition, due to the preventive measures imposed as a result of the spread of the COVID-19 Pandemic, including but not limited to (i) the widespread travel restrictions; (ii) closure of non-essential business; and (iii) imposition of quarantine and other social distancing measures, certain retail and department stores, as well as schools, were closed which lowered the customers' demand on the Group's products, especially for branded product business which mainly distributes schoolbags and travelling luggage via retail and department stores. The revenue of the Group's branded product business for the Reporting Period was approximately HK$70.7 million, which represents a decline of approximately HK$52.9 million, or approximately 42.8%, from approximately HK$123.6 million as recorded for the year ended 31 December 2019.

In spite of the above, the Group's total revenue for the Reporting Period increased by approximately HK$42.6 million or approximately 14.0%, from approximately HK$304.8 million for the year ended 31 December 2019 to approximately HK$347.4 million for the Reporting Period. Such increase was mainly attributable to the increase in revenue from our private label product business as a result of (i) the increase in sales of tool bags to the U.S. in the second half of 2020; (ii) the sales of isolation gowns in order to accommodate to an immediate demand of personal protective equipment which arose as a consequence of the outbreak of the COVID-19 Pandemic; and (iii) the increase in demand of medical bags and related supplies from existing and new customers during the Reporting Period.

The breakdown of the revenue by product portfolio and product category are set out as below:

	Year ended 31 December			
	2020		2019	
	Revenue		Revenue	
	HK$'000	*%*	*HK$'000*	*%*
Private label products				
Backpack and others	**70,791**	**21**	107,876	36
Tool bags and luggage	**100,575**	**29**	32,836	11
Medical bags and related supplies	**105,278**	**30**	40,431	13
Subtotal	**276,644**	**80**	181,143	60
Branded products				
Backpack and others	**63,247**	**18**	89,644	29
Tool bags and luggage	**7,496**	**2**	34,001	11
Subtotal	**70,743**	**20**	123,645	40
Total	**347,387**	**100**	304,788	100

Our cost of sales increased by approximately HK$45.8 million or approximately 20.3% from approximately HK$226.0 million for the year ended 31 December 2019 to approximately HK$271.8 million for the Reporting Period. Such increase was primarily due to the increase in cost of inventories sold which was in line with our increased revenue. Our overall gross profit margin decreased from approximately 25.9% for the year ended 31 December 2019 to approximately 21.8% for the Reporting Period. The decrease of gross profit margin was mainly driven by higher sales proportion of private label products at lower gross profit margin during the Reporting Period.

Our other income increased by approximately HK$6.0 million from approximately HK$0.8 million for the year ended 31 December 2019 to approximately HK$6.8 million for the Reporting Period. Such increase was mainly attributable to the one-off license fee waiver of approximately HK$5.6 million granted by our licensors for our branded products business as a consequence of the outbreak of COVID-19 Pandemic.

Our selling and distribution expenses increased by approximately HK$1.6 million from approximately HK$34.7 million for the year ended 31 December 2019 to approximately HK$36.3 million for the Reporting Period. Such increase was mainly due to the combined effect of (i) the decrease in transportation and freight charges as our brand label business that adversely impacted by the COVID-19 Pandemic; and (ii) the increase in sale and marketing expenses and also our design and development expenses to maintain our competitiveness among the industry.

Our administrative expenses decreased by approximately HK$14.6 million from approximately HK$68.5 million for the year ended 31 December 2019 to approximately HK$53.9 million for the Reporting Period. Such decrease was mainly due to (i) the decrease in non-recurring listing expenses by approximately HK$12.7 million and (ii) the decrease in staff salaries by approximately HK$12.2 million during the Reporting Period but partially off-set by (iii) the increase in non-recurring severance payment and restructuring costs by approximately HK$4.9 million and (iv) the increase in corporate expenses after listing by approximately HK$2.7 million for the Reporting Period.

Our finance costs, net decreased by approximately HK$3.1 million from approximately HK$8.1 million for the year ended 31 December 2019 to approximately HK$5.0 million for the Reporting Period. Such decrease was mainly due to the decrease in the average outstanding balance for interest bearing debts for the Reporting Period.

For the Reporting Period, the Group's income tax credit amounted to approximately HK$0.9 million, as compared with HK$3.0 million of income tax credit for the year ended 31 December 2019. Such income tax credit was primarily attributed to the tax loss for branded label business.

Loss attributable to shareholders of the Company decreased by approximately HK$15.0 million to approximately HK$14.5 million for the Reporting Period from loss of approximately HK$29.5 million for the year ended 31 December 2019.

CAPITAL STRUCTURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING

The Group funds its business and working capital requirements by using a balanced mix of internal resources, bank borrowings and a partial portion of the proceeds from the initial public offering. The funding mix will be adjusted depending on the costs of funding and the actual needs of the Group.

As at 31 December 2020, the Group had net current assets of approximately HK$36.1 million (31 December 2019: HK$45.7 million), cash and bank balances and pledged deposits amounted to approximately HK$77.2 million (31 December 2019: HK$84.5 million) and bank borrowings amounted to approximately HK$79.0 million (31 December 2019: HK$84.9 million). The Group's cash and bank balances as at 31 December 2020 were mainly denominated in Renminbi ("**RMB**"), Hong Kong Dollars ("**HKD**") and United Stated Dollars ("**USD**"). The Group's borrowings carried interest at rates ranging from 1.2% to 5.8% per annum during the Reporting Period (31 December 2019: 2.8% to 5.7%).

The Group's gearing ratio as at 31 December 2020 was 79.6% (31 December 2019: 79.6%), calculated by dividing total debt by total equity multiplied by 100%. Total debt is defined as the sum of lease liabilities and bank and other borrowings.

LISTING EXPENSES

Listing expenses represented fees paid/payable to various professional parties in connection with the Listing. The Group did not have any listing expenses recognised in profit or loss for the Reporting Period (2019: approximately HK$12.7 million).

CONTINGENT LIABILITIES

As at 31 December 2020 and 2019, the Group did not have any significant contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

The Group had no material events after the Reporting Period and up to the date of this announcement.

CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at 31 December 2020 and 2019.

EMPLOYEE INFORMATION

As at 31 December 2020, the Group had approximately 502 employees. Salaries and benefits of the Group's employees were kept at a market level and employees were rewarded on a performance-related basis. Remuneration is reviewed annually. Staff benefits include contribution to mandatory contribution fund, discretionary bonus and share options. As at the date of this announcement, no share option has been granted or agreed to be granted to employees of the Group.

MATERIAL ACQUISITIONS AND DISPOSALS

As at 31 December 2020, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group (31 December 2019: Nil).

FURTHER PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

As at 31 December 2020, the Group had no future plan for material investment and capital assets (31 December 2019: Nil).

SIGNIFICANT INVESTMENT HELD

As at 31 December 2020, the Group did not make any significant investments (31 December 2019: Nil).

CHARGE ON ASSETS

As at 31 December 2020 and 2019, the following assets were pledged to banks to secure general banking facilities granted to the Group:

(i) Land and buildings with carrying values of approximately HK$1.2 million (2019: approximately HK$20.6 million);

(ii) There was no pledged for any carrying value of prepaid land use rights included in the right-of-use assets for the year ended 31 December 2020 (2019: approximately HK$1.3 million);

(iii) Pledged deposits of approximately HK$48.8 million (2019: approximately HK$28.0 million);

(iv) Inventories and trade receivables of a subsidiary company of approximately HK$30.6 million (2019: HK$37.9 million); and

(v) Financial assets at fair value through profit or loss of HK$7.0 million (2019: HK$7.0 million).

FOREIGN CURRENCY EXPOSURE

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD and RMB. Any significant fluctuation in the exchange rates between USD and RMB may affect the profitability. The Group currently does not have a foreign currency hedging policy. The Group will continue to monitor its foreign currency exposure closely and consider hedging significant foreign currency exposure should the need arise.

DIVIDEND

The Board did not recommend the payment of a final dividend by the Company for the Reporting Period (2019: Nil).

USE OF PROCEEDS FROM LISTING

The net proceeds (the "**Net Proceeds**") received by the Group, after deducting related expenses, were approximately HK$49.9 million. As at the date of this announcement, the unutilised Net Proceeds amounted to approximately HK$14.2 million ("**Unutilised Net Proceeds**").

The Board has resolved to change the use of the Unutilised Net Proceeds and details of the change are set out in the announcement of the Company dated 26 March 2021. In response to the continuously changing global economic environment, the Group's change in use of the Unutilised Net Proceeds aims to shift its focus from enhancing manufacturing capabilities in the PRC to (i) further expanding sales and marketing network; and (ii) minimising future finance costs.

The utilisation of the Net Proceeds as at the date of this announcement, the revised allocation of the Unutilised Net Proceeds and the expected timeline on the utilisation of the Unutilised Net Proceeds are as follows:

Intended use of Net Proceeds	Original Approximate percentage of Net Proceeds	Original Amount of Net Proceeds *(HK$'000)*	Unutilised Net Proceeds up to the date of this announcement *(HK$'000)*	Revised approximate percentage of Net Proceeds	Revised allocation of Unutilised Net Proceeds *(HK$'000)*	Expected timeline on utilisation of Unutilised Net Proceeds
Intensifying design and development efforts	16.3%	8,088	445	16.3%	445	To be utilised by 31 December 2021
Enhancing design and development capabilities	11.4%	5,738	630	11.4%	630	To be utilised by 31 December 2021
Expanding sales and marketing network	14.6%	7,194	–	23.2%	4,360	To be utilised by 31 December 2021
Expanding and enhancing manufacturing capabilities	23.7%	11,800	10,860	2.0%	–	N/A
Enhancing information technology management system	9.2%	4,634	2,250	9.2%	2,250	To be utilised by 31 December 2022
Repaying outstanding bank loans	15.0%	7,500	–	28.1%	6,500	To be utilised by 31 December 2021
Working capital	9.8%	4,900	–	9.8%	–	N/A
	100.0%	49,854	14,185	100.0%	14,185	

The Unutilised Net Proceeds were placed in interest-bearing deposits with authorised financial institutions or licensed banks in Hong Kong as at the date of this announcement. The Board is of the view that the aforesaid re-allocation of the Unutilised Net Proceeds will be favourable to the Group's long term business development and will represent a more appropriate utilisation of the Unutilised Net Proceeds. The Board considered that the proposed change in the use of Net Proceeds will not have any material adverse impact on the operations of the Group and is in the best interests of the Company and its shareholders as a whole.

OUTLOOK AND PROSPECTS

Across our markets, the Group continues to be an important partner to our customers. Our longstanding commitment to having strong design, research, and development capabilities, have diversified us from the competitors in the industry. Purpose-led brands continue to trailblaze, which is why it is vital that moving into 2021, we focus on operating in the right way. Even in these difficult times, we have never lost sight of the big picture. Alongside improving fiscal performance again, we need to drive a transparent and responsible business. This year, we have proven the resilience of our business-model and the strength of our customer engagement. Looking ahead to our priorities for 2021, we will continue our progress towards becoming the preferred partner within global luggage and bags, and we are positioned to capitalise on the accelerated shift in demand for shopping online. The full implications of the COVID-19 Pandemic on consumer demand and the wider economy remain to be seen, but we are in a strong position to face any challenges that come our way. Due to the uncertainty, we experienced in 2020, we adjusted our structure and cost base accordingly. We kept our factories going globally, we serviced our customers, and strengthened our presence. With the extraordinary efforts of our employees, we have been able to safeguard our strategic initiatives. Our long-standing relationships with our internationally renowned customers, have proved to be a great strength, and coupled with the manoeuvrability of our manufacturing footprint, the Group's reputation, credibility, and competitiveness, have further strengthened during these difficult times.

Nevertheless, 2020 was a challenging year for the industry and the Group, and we will remain cautious going into 2021, since travel-restrictions and the reduction of mobility will remain to have an impact. The Group is monitoring and reviewing the market conditions, and we believe that the ongoing countermeasures currently being taken by governments, will gradually stimulate and energise the global demand for our product-portfolio.

The Directors are aware that the success of the Group lies in the persistence to innovate and are determined to revitalise the business strategies by reinforcing the design and development efforts. To further strengthen the Group's position in the backpack and luggage industry, we are continuously looking for new customers to improve our business profile, despite long term business relationships with several international-renowned customers were forged and maintained. Aiming at having an expanded sales network, the Group will continue to develop its sales organisation and online sales platforms to strengthen its position and improve operational efficiency and our customers experience. The Group also intends to remain diversified in its manufacturing capabilities to maintain its production offering to its customers.

The Group is aware of the ever-changing conditions and more than ever, and for 2021 we will remain able and willing to implement any plans and seize any opportunities to realise economic growth and tackle any issues. We place high emphasis on the commitment and connection with the customers and will stay sensitive and alert to their needs. The Group strives to nurture its steadfast position and will adhere to its values in bolstering the quality of its products and services in the coming years.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the "**AGM**") will be held on Friday, 25 June 2021 and the notice of AGM will be published and despatched in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Tuesday, 22 June 2021 to Friday, 25 June 2021, both dates inclusive, during which period no transfer of shares will be registered. In order to quantify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 21 June 2021.

CORPORATE GOVERNANCE

The Company has adopted the corporate governance code (the "**CG Code**") contained in Appendix 14 to the Listing Rules. The Company has complied with all the code provisions set out in the CG Code during the Reporting period and up to the date of this announcement.

MODEL CODE OF CONDUCT OF DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding the Directors' securities transactions. Having made specific enquiries of the Directors, all the Directors have confirmed that they have complied with the requirements of the Model Code during the Reporting Period and up to the date of this announcement.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 30 May 2019. The principal terms of the Share Option Scheme is summarised in Appendix V to the Prospectus. The purpose of the Share Option Scheme is to (i) attract and retain the best available personnel; (ii) provide additional incentive to employees; and (iii) promote the success of the business of the Group. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 30 May 2019, and there is no outstanding share option as at 31 December 2020.

COMPETING INTERESTS

Neither the Directors, the controlling shareholders of the Company nor their respective close associates is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the Reporting Period, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

AUDIT COMMITTEE

The Company has established the Audit Committee in accordance with Rule 3.21 of the Listing Rules with the written terms of reference in compliance with the CG Code. The Audit Committee consists of three independent non-executive Directors, namely, Mr. Tang Tin Lok Stephen, Mr. Lau Ning Wa Ricky and Mr. Jiang Yuan Kun. Mr. Tang Tin Lok Stephen is currently serving as the chairman of the Audit Committee.

The Group's consolidated financial statements for the Reporting Period have been reviewed and approved by the Audit Committee. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of this announcement of the Group's results for the year ended 31 December 2020 have been agreed by the Company's external auditor, Grant Thornton Hong Kong Limited ("**Grant Thornton**"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2020. The work performed by Grant Thornton in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Grant Thornton on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the Company's website at www.grown-up.com and the website of the Stock Exchange at www.hkexnews.hk. The annual report of the Company for the Reporting Period will be dispatched to shareholders of the Company and published on the aforementioned websites in due course.

By order of the Board
Grown Up Group Investment Holdings Limited
Thomas Berg
Chairman and executive Director

Hong Kong, 26 March 2021

As at the date of this announcement, the executive Directors of the Company are Mr. Thomas Berg, Mr. Morten Rosholm Henriksen, Mr. Cheng Wai Man and Mr. Brian Worm; the non-executive Director of the Company is Mr. Fung Bing Ngon Johnny; and the independent non-executive Directors of the Company are Mr. Tang Tin Lok Stephen, Mr. Lau Ning Wa Ricky and Mr. Jiang Yuan Kun.