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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 2021

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
Financial Results on continuing operation		
Revenue	304,716	276,644
Profit for the year	5,256	70
Basic earning per share (HK cent)	0.53	0.01
Diluted earning per share (HK cent)	0.53	0.01
	As at 31 December	
	2021	2020
	HK\$'000	HK\$'000
Statement of Financial Position		
Non-current assets	46,748	82,871
Current assets	182,135	212,149
Total assets	228,883	295,020
Current liabilities	122,948	176,031
Non-current liabilities	1,206	11,085
Total liabilities	124,154	187,116
Net assets	104,729	107,904
Ratio Analysis		
Current ratio (times)	1.5	1.2
Gearing ratio	35.3%	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 2021 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 December 2020. 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 2021

	<i>Note</i>	2021 <i>HK\$’000</i>	2020 <i>HK\$’000</i> (Re-presented)
Continuing operation			
Revenue	3	304,716	276,644
Cost of sales	5	(244,847)	(220,337)
Gross profit		59,869	56,307
Other income and gain	4	1,204	1,206
Selling and distribution expenses	5	(12,484)	(7,280)
Administrative expenses	5	(39,536)	(44,484)
Impairment losses on trade and other receivable	5	(2,072)	(416)
Profit from operation		6,981	5,333
Finance income	6	192	432
Finance costs	6	(1,932)	(3,675)
Finance costs, net	6	(1,740)	(3,243)
Profit before income tax		5,241	2,090
Income tax credit/(expenses)	7	15	(2,020)
Profit for the year from continuing operation		5,256	70
Discontinued operation			
Loss for the year from discontinued operation	8	(8,264)	(14,547)
Loss for the year		(3,008)	(14,477)

	<i>Note</i>	2021 HK\$'000	2020 HK\$'000 (Re-presented)
Continuing operation			
Other comprehensive (loss)/income:			
<i>Items that may be reclassified to profit or loss:</i>			
Currency translation differences		<u>(167)</u>	<u>469</u>
Other comprehensive (loss)/income for the year from continuing operation		<u>(167)</u>	<u>469</u>
Total comprehensive loss for the year		<u>(3,175)</u>	<u>(14,008)</u>
Earning/(loss) per share attributable to owners of the Company for the year			
Basic and diluted (HK cent)	9		
From continuing operation		0.53	0.01
From discontinued operation		<u>(0.83)</u>	<u>(1.46)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	<i>10</i>	20,795	21,899
Right-of-use assets		5,067	7,134
Financial assets at fair value through profit or loss	<i>13</i>	7,002	7,002
Investment property		1,400	1,400
Intangible assets	<i>11</i>	10,663	39,042
Deferred tax assets		1,821	6,394
		<u>46,748</u>	<u>82,871</u>
Current assets			
Inventories		15,810	52,311
Trade and other receivables	<i>12</i>	108,139	82,232
Tax recoverable		–	389
Pledged deposits		48,771	48,779
Cash at bank and on hand		9,415	28,438
		<u>182,135</u>	<u>212,149</u>
Total assets		<u>228,883</u>	<u>295,020</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	<i>16</i>	10,000	10,000
Other reserves		24,261	24,428
Retained earnings		70,468	73,476
Total equity		<u>104,729</u>	<u>107,904</u>

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current liabilities			
License fees payable		–	8,422
Lease liabilities		1,206	2,663
		<u>1,206</u>	<u>2,663</u>
		1,206	11,085
Current liabilities			
Trade and other payables	<i>14</i>	64,693	64,600
Contract liabilities		187	3,667
License fees payable		–	5,494
Lease liabilities		3,379	4,313
Bill payable		21,578	17,405
Bank borrowings	<i>15</i>	32,367	78,955
Tax payable		744	1,597
		<u>122,948</u>	<u>176,031</u>
		122,948	176,031
Total liabilities		124,154	187,116
		<u>124,154</u>	<u>187,116</u>
Total equity and liabilities		228,883	295,020
		<u>228,883</u>	<u>295,020</u>

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 full range of bag, luggage and accessories, as well as medical related products, tool storage and tool accessories. The Group’s operations are based in Hong Kong, Denmark and 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.

(a) 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 2021:

Amendments to HKFRS 9, HKAS 39 and
HKFRS 7, HKFRS 4 and HKFRS 16

Interest Rate Benchmark Reform — Phase 2

In addition, on 1 January 2021, the Group has early applied the Amendment to HKFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021” which is mandatorily effective for the Group for financial year beginning on or after 1 April 2021.

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 2022 or later periods, but have not been early adopted by the Group.

HKFRS 17	Insurance Contracts and related amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020 ¹
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination ⁴

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ Effective date not yet determined

⁴ 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. Information on new and amended HKFRSs that are expected to have impact on the Group’s accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group’s consolidated financial statements.

Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

The amendments to HKAS 1 require entities to disclose material accounting policy information instead of significant accounting policies in its financial statements. The amendments also provide some guidance on how material policy information are being identified and provide some examples of when accounting policy information is likely to be material.

In March 2021, HKICPA issued HKFRS Practice Statement 2 “Making Materiality Judgements” to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. HKFRS Practice Statement 2 was subsequently revised to provide guidance and examples on how to apply the concept of materiality to accounting policy disclosures.

The amendments to HKAS 1 are effective for annual reporting period beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. Except for the disclosures of accounting policies in note 2 to consolidated financial statements may need to be revised to cope with the above changes, the directors expect that the amendments have no other material impact on the consolidated financial statements.

3 SEGMENT INFORMATION AND REVENUE

Chief Operating Decision Maker (“CODM”) of the Group, which consists 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.

During the year, the branded label products operation has been disposed of and classified as discontinued operation and the related information has been set out in note 8.

	Year ended 31 December	
	2021	2020
	HK\$’000	HK\$’000
		<i>(Re-presented)</i>
Continuing operation		
Sales of goods	<u>304,716</u>	<u>276,644</u>
Timing of revenue recognition		
— At a point in time	<u>304,716</u>	<u>276,644</u>
	Year ended 31 December	
	2021	2020
	HK\$’000	HK\$’000
		<i>(Re-presented)</i>
Discontinued operation		
Sales of goods	<u>120,655</u>	<u>70,743</u>
Timing of revenue recognition		
— At a point in time	<u>120,655</u>	<u>70,743</u>

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 2021

	<u>Continuing</u> <u>operation</u>		<u>Discontinued</u> <u>operation</u>	
	Private label products <i>HK\$'000</i>	Inter- segment elimination <i>HK\$'000</i>	Branded label products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	304,716	–	120,655	425,371
Inter-segment revenue	<u>57,690</u>	<u>(57,690)</u>	<u>–</u>	<u>–</u>
Total segment revenue	<u>362,406</u>	<u>(57,690)</u>	<u>120,655</u>	<u>425,371</u>
Segment results	<u>9,832</u>	<u>–</u>	<u>(6,419)</u>	<u>3,413</u>
Other income and gain				779
Corporate expenses				<u>(3,630)</u>
Profit from operations				562
Finance income				194
Finance costs				<u>(3,412)</u>
Loss before income tax				(2,656)
Income tax credit				<u>1,339</u>
Loss on disposal of subsidiaries				(1,317)
				<u>(1,691)</u>
Loss for the year				<u><u>(3,008)</u></u>

Other segment information:

	<u>Continuing operation</u>	<u>Discontinued operation</u>		
	Private label products	Branded label products	Unallocated	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amortisation of intangible assets	(411)	(11,924)	–	(12,335)
Credit loss allowance on trade receivables, net	(2,072)	(56)	–	(2,128)
Depreciation of property, plant and equipment	(2,864)	(16)	–	(2,880)
Depreciation of right-of-use assets	(3,938)	(293)	–	(4,231)
Provision for inventories	–	(613)	–	(613)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

FOR THE YEAR ENDED 31 DECEMBER 2020
(Re-presented)

	<u>Continuing operation</u>		<u>Discontinued operation</u>	
	Private label products	Inter- segment elimination	Branded label products	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from external customers	276,644	–	70,743	347,387
Inter-segment revenue	33,330	(33,330)	–	–
Total segment revenue	<u>309,974</u>	<u>(33,330)</u>	<u>70,743</u>	<u>347,387</u>
Segment results	<u>6,757</u>	<u>–</u>	<u>(15,684)</u>	<u>(8,927)</u>
Other income and gain				1,168
Corporate expenses				<u>(2,592)</u>
Loss from operations				(10,351)
Finance income				433
Finance costs				<u>(5,425)</u>
Loss before income tax				(15,343)
Income tax credit				<u>866</u>
Loss for the year				<u><u>(14,477)</u></u>

Other segment information:

	<u>Continuing operation</u>	<u>Discontinued operation</u>		
	Private label products	Branded label products	Unallocated	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amortisation of intangible assets	(430)	(7,719)	–	(8,149)
Bad debts written-off	–	(2,150)	–	(2,150)
(Credit loss)/reversal of allowance on trade receivables, net	(416)	56	–	(360)
Depreciation of property, plant and equipment	(2,735)	(104)	–	(2,839)
Depreciation of right-of-use assets	(7,038)	(278)	–	(7,316)
Impairment loss on intangible assets	(400)	–	–	(400)
Provision for inventories	–	(338)	–	(338)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The following is analysis of the Group's assets and liabilities by reportable segment as reviewed by the CODM:

As at 31 December 2021

	<u>Continuing operation</u>	<u>Discontinued operation</u>		
	Private label products	Branded label products	Corporate assets/ (liabilities)	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	37,867	–	8,881	46,748
Current assets	152,106	–	30,029	182,135
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	189,973	–	38,910	228,883
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Segment liabilities	(122,768)	–	(1,386)	(124,154)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net assets	67,205	–	37,524	104,729
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Additions to non-current assets	2,699	11,268	–	13,967
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

As at 31 December 2020

	<u>Continuing</u> <u>operation</u> Private label products <i>HK\$'000</i>	<u>Discontinued</u> <u>operation</u> Branded label products <i>HK\$'000</i>	Corporate assets/ (liabilities) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Non-current assets	41,926	32,279	8,666	82,871
Current assets	138,582	72,165	1,402	212,149
Total assets	<u>180,508</u>	<u>104,444</u>	<u>10,068</u>	<u>295,020</u>
Segment liabilities	<u>(121,303)</u>	<u>(64,825)</u>	<u>(988)</u>	<u>(187,116)</u>
Net assets	<u>59,205</u>	<u>39,619</u>	<u>9,080</u>	<u>107,904</u>
Additions to non-current assets	<u>2,607</u>	<u>6,542</u>	<u>–</u>	<u>9,149</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Re-presented)
Continuing operation		
The PRC	18,759	22,113
Hong Kong (domicile)	17,363	16,716
Europe	1,803	1,815
	<u>37,925</u>	<u>40,644</u>
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Re-presented)
Discontinued operation		
The PRC	–	160
Hong Kong (domicile)	–	11,423
Europe	–	17,248
	<u>–</u>	<u>28,831</u>

4 OTHER INCOME AND GAIN

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Re-presented)
Continuing operation		
Rental income	810	605
Gain on disposal of property, plant and equipment	193	81
Gain on lease modification	56	–
Others	145	520
	<u>1,204</u>	<u>1,206</u>
	<u><u>1,204</u></u>	<u><u>1,206</u></u>
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Re-presented)
Discontinued operation		
License fee waiver	1,221	5,600
Others	24	43
	<u>1,245</u>	<u>5,643</u>
	<u><u>1,245</u></u>	<u><u>5,643</u></u>

5 EXPENSES BY NATURE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Re-presented)
Continuing operation		
Cost of inventories sold	212,234	182,434
Employee benefit expenses	47,711	53,519
Transportation and freight charges	4,504	3,690
Amortisation of intangible assets	411	430
Impairment loss on intangible assets	–	400
Depreciation of right-of-use assets	3,938	7,038
Depreciation of property, plant and equipment	2,864	2,735
Directors' emoluments	5,927	4,842
Expenses related to short-term and low-value lease	248	83
Auditor's remuneration		
— Audit service	946	911
— Non-audit service	21	22
Credit loss allowance on trade receivable	2,072	416
Legal and professional fees	2,191	3,443
Sample costs	1,626	1,799
Sales and marketing expenses	3,852	1,842
Design and development expenses	1,581	485
Exchange differences	250	(198)
Others	8,563	8,626
	<u>298,939</u>	<u>272,517</u>
Representing:		
Cost of sales	244,847	220,337
Selling and distribution expenses	12,484	7,280
Administrative expenses	39,536	44,484
Impairment losses on trade and other receivables	2,072	416
	<u>298,939</u>	<u>272,517</u>

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Re-presented)
Discontinued operation		
Cost of inventories sold	79,840	51,487
Employee benefit expenses	11,249	11,320
Transportation and freight charges	6,926	6,578
Amortisation of intangible assets	11,924	7,719
Depreciation of right-of-use assets	293	278
Depreciation of property, plant and equipment	16	104
Directors' emoluments	1,278	1,134
License fees	494	–
Auditor's remuneration		
— Audit service	402	364
— Non-audit service	34	36
Bad debts written-off	–	2,150
Credit loss/(reversal of) allowance on trade receivable	56	(56)
Legal and professional fees	3,216	573
Sample costs	81	662
Sales and marketing expenses	5,612	4,901
Design and development expenses	2,473	438
Exchange differences	824	151
Provision for inventories	613	338
Others	2,988	3,893
	<u>128,319</u>	<u>92,070</u>
Representing:		
Cost of sales	85,506	51,487
Selling and distribution expenses	32,675	29,064
Administrative expenses	10,082	9,425
Impairment losses on trade and other receivables	56	2,094
	<u>128,319</u>	<u>92,070</u>

6 FINANCE COSTS, NET

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Re-presented)
Continuing operation		
Finance income		
— Interest income from bank deposits	<u>192</u>	<u>432</u>
	----- 192	----- 432
Finance costs		
— Interest expenses on bank borrowings and bank overdrafts	(1,696)	(3,257)
— Interest expenses related to lease liabilities	<u>(236)</u>	<u>(418)</u>
	----- (1,932)	----- (3,675)
Finance costs, net	<u><u>(1,740)</u></u>	<u><u>(3,243)</u></u>
Discontinued operation		
Finance income		
— Interest income from bank deposits	<u>2</u>	<u>1</u>
	----- 2	----- 1
Finance costs		
— Interest expenses on bank borrowings and bank overdrafts	(1,267)	(1,249)
— Interest expenses on lease liabilities	(14)	(13)
— Notional interest on license fee payables	<u>(199)</u>	<u>(488)</u>
	----- (1,480)	----- (1,750)
Finance costs, net	<u><u>(1,478)</u></u>	<u><u>(1,749)</u></u>

7 INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided for at the rate of 16.5% (2020: 16.5%) on the estimated assessable profit for the year ended 31 December 2021. The Group's subsidiaries in the PRC are subject to the China Corporate Income Tax at a rate of 25% (2020: 25%) for the year ended 31 December 2021. Certain PRC subsidiaries of the Group that qualify as small and thin-profit enterprises with an annual taxable income of Chinese Renminbi ("RMB") 1 million or less are applicable to the effective CIT rate of 5% (2020: 5%). Where the taxable income exceeds RMB1 million but does not exceed RMB3 million (inclusive), the RMB1 million portion will be subject to an effective CIT rate of 2.5% (2020: 5%), whereas the excess portion will be subject to the effective CIT rate of 10% for the year ended 31 December 2021 (2020: 10%). The Group's subsidiaries in Denmark are subject to the income tax at the rate of 22% (2020: 22%) for the year ended 31 December 2021.

The amount of taxation (credited)/charged to profit or loss represents:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Re-presented)
Continuing operation		
Current income tax		
— Hong Kong Profits Tax	100	—
— China corporate income tax	63	1,888
— Denmark income tax	2	19
— (Over)/under-provision from prior year	(2,022)	1,081
Deferred income tax	<u>1,842</u>	<u>(968)</u>
	<u>(15)</u>	<u>2,020</u>
Discontinued operation		
Current income tax		
— Hong Kong Profits Tax	—	—
— China corporate income tax	—	—
— Denmark income tax	—	—
— Over-provision from prior year	(204)	(1,179)
Deferred income tax	<u>(1,120)</u>	<u>(1,707)</u>
	<u>(1,324)</u>	<u>(2,886)</u>

8 DISCONTINUED OPERATION

On 29 October 2021, the Company entered into a sale and purchase agreement to dispose of branded label products operation of the Group. The disposal was completed on 31 December 2021, on which date control of the branded label products operation was passed to the acquirer. Upon completion of the disposal, the Group's branded label products operation was ceased. Accordingly, the operation was classified as discontinued operation.

The results of the branded label products operation for the year ended 31 December 2021, which have been included in the consolidated statement of profit or loss and comprehensive income, were as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	120,655	70,743
Cost of sales	<u>(85,506)</u>	<u>(51,487)</u>
Gross profit	35,149	19,256
Other income and gain	1,245	5,643
Selling and distribution expenses	(32,675)	(29,064)
Administrative expenses	(10,082)	(9,425)
Impairment losses on trade and other receivables	(56)	(2,094)
Loss from discontinued operation	(6,419)	(15,684)
Finance income	2	1
Finance costs	(1,480)	(1,750)
Finance costs, net	(1,478)	(1,749)
Loss before income tax	(7,897)	(17,433)
Income tax credit	1,324	2,886
Loss for the year	(6,573)	(14,547)
Loss on disposal of subsidiaries (<i>note 18</i>)	(1,691)	–
Loss for the year from discontinued operation	(8,264)	(14,547)
Loss for the year from discontinued operation attributable to:		
Owners of the Company	(8,264)	(14,547)
Non-controlling interests	–	–
	(8,264)	(14,547)

9 EARNING/(LOSS) PER SHARE

From continuing and discontinued operation

Basic earning/(loss) per share are calculated by dividing the profit/(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 2021 and 2020.

From continuing operation

The calculation of the basic and diluted earnings per share from continuing operation attributable to owners of the Company is based on the following data:

Earnings figures are calculated as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss for the year attributable to the owners of the Company <i>(in HK\$'000)</i>	(3,008)	(14,477)
Less: Loss for the year from discontinued operation	<u>(8,264)</u>	<u>(14,547)</u>
Profit for the purpose of basic per share from continuing operation	5,256	70
Weighted average number of ordinary shares in issue <i>(thousands of shares)</i>	<u>1,000,000</u>	<u>1,000,000</u>
Basic earning per share <i>(expressed in HK cent per share)</i>	<u><u>0.53</u></u>	<u><u>0.01</u></u>

Diluted earning per share from continuing operation presented is the same as the basic earning per share from continuing operation as there were no potentially dilutive ordinary shares issued during the years ended 31 December 2021 and 2020.

From discontinued operations

Basic and diluted loss per share for the discontinued operation is HK0.83 cents per share (2020: HK1.46 cents per share) based on the loss for the year from the discontinued operation of HK\$8,264,000 (2020: HK\$14,547,000) and the denominators detailed above for both basic and diluted loss per share.

10 PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2021, the Group had approximately HK\$1,464,000 (2020: HK\$632,000) additions to property, plant and equipment and disposed of property, plant and equipment with a total net carrying amount of approximately HK\$2,000 (2020: HK\$24,000). Upon the disposal of subsidiaries, approximately HK\$11,000 (2020: nil) of property, plant and equipment was deconsolidated from the Group.

11 INTANGIBLE ASSETS

During the year ended 31 December 2021, the Group had approximately HK\$10,739,000 (2020: HK\$6,542,000) addition to intangible assets while approximately HK\$26,423,000 (2020: nil) of intangible assets was deconsolidated from the Group due to the disposal of subsidiaries. As at 31 December 2021, there was no impairment (2020: HK\$400,000) adjusted to the carrying amount of intangible assets.

12 TRADE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables, net of credit loss allowance	60,017	56,378
Prepayments, deposits and other receivables	19,147	25,854
Consideration receivable from disposal of subsidiaries	28,975	–
	<u>108,139</u>	<u>82,232</u>

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 2021 and 2020, the aging analysis of trade receivables and net of allowances based on invoice date are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0–30 days	41,977	27,182
31–60 days	8,126	6,030
61–90 days	1,918	1,930
91–120 days	44	479
Over 120 days	7,952	20,757
	<u>60,017</u>	<u>56,378</u>

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Unlisted investment:		
— Key management insurance contract	7,002	7,002
	<u>7,002</u>	<u>7,002</u>

14 TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	54,382	49,697
Accruals and other payables	<u>10,311</u>	<u>14,903</u>
	<u><u>64,693</u></u>	<u><u>64,600</u></u>

Majority of payment terms with suppliers are within 60 to 90 days. As at 31 December 2021 and 2020, the aging analysis of the trade payable of the Group by invoice date is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0–30 days	24,519	16,649
31–60 days	13,193	12,444
61–90 days	8,469	8,298
Over 90 days	<u>8,201</u>	<u>12,306</u>
	<u><u>54,382</u></u>	<u><u>49,697</u></u>

15 BANK BORROWINGS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank overdrafts	527	46,955
Bank borrowings	<u>31,840</u>	<u>32,000</u>
	<u><u>32,367</u></u>	<u><u>78,955</u></u>

For the year ended 31 December 2021 and 2020, the interest rates of the bank borrowings ranged from 1.8% to 5.8% and 1.2% to 5.8% per annum, respectively.

16 SHARE CAPITAL

	Number of ordinary shares	Share capital <i>HK\$'000</i>
Authorised: At 31 December 2021 and 2020	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid: At 31 December 2021 and 2020	<u>1,000,000,000</u>	<u>10,000</u>

17 DIVIDENDS

For the year ended 31 December 2021 and 2020, 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 of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited is not considered meaningful for the purpose of this announcement.

18 DISPOSAL OF SUBSIDIARIES

On 31 December 2021, the Group disposed of its entire interest in Grown-Up Licenses Limited which carried out all of the Group's branded label products operation to an investment holding company incorporated in Hong Kong with limited liability and is wholly-owned by Mr. Thomas Berg. The consideration payable was HK\$30,500,000. As at 31 December 2021, the net asset disposed of was HK\$30,878,000, resulting in a loss of disposal of subsidiaries amounting to HK\$1,691,000, including transaction costs attributable to the disposal amounting to HK\$1,313,000.

19 COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform with the disclosure requirement in respect of the discontinued operation set out in note 8. In addition, the comparative figures in the consolidated statement of profit or loss have been restated as if the operation discontinued during the current year had been discontinued at the beginning of the prior period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

We are one of the leading global corporates with nearly three decades of experience in the industry of designing, developing, sourcing, manufacturing and selling and distributing a full range of bags, luggage and accessories as well as medical related products, tool storage and tool accessories. Leveraging on the Group's design and development competence and advanced manufacturing knowhow with multiple geographical manufacturing capabilities, the Group has been able to offer comprehensive supply chain solutions which ensure a stable and quality supply with product design optimisation to our diverse and global customer portfolio.

The Group recorded total revenue from continuing operation of approximately HK\$304.7 million for the Reporting Period, representing an increase of approximately HK\$28.1 million or approximately 10.2% as compared to the revenue from continuing operation of approximately HK\$276.6 million for the year ended 31 December 2020. The loss for the Reporting Period (including continuing and discontinued operation) amounted to approximately HK\$3.0 million as compared to approximately HK\$14.5 million for the year ended 31 December 2020. The Group reported its annual results for the Reporting Period in two segments, namely: (i) private label products business ("**Private Label Products Business**") from continuing operation; and (ii) branded label products business ("**Branded Label Products Business**") from discontinued operation.

Private Label Products Business from continuing operation

Our Private Label Products business continued to grow despite the continuing threat of the COVID-19 pandemic (the "**COVID-19 Pandemic**") as the Group has strongly reinforced its sales presence with certain well-known reputable and sizable corporates in the U.S., especially in the tools products industry with proven resistance to the negative impacts of the COVID-19 Pandemic and a relatively high demand of tools products. In addition, the on-going transformative changes of expanding its supply chain and production footprint out of the PRC for production of products sold in the U.S. market allows the Group to mitigate the negative impact of the U.S. tariffs on its sales, and becomes more competitive and preferable than other manufacturers in the PRC. As a result, the Group recorded a substantial growth in sales of tool bags in the U.S. during the Reporting Period.

Furthermore, our Private Label Products Business mainly focuses on the supply of functional products, namely tool bags, sports bags, technical and medical related products, of which the demand was not as heavily affected as that of our Branded Label Products Business by the COVID-19 Pandemic during the Reporting Period.

The revenue of our Private Label Products Business for the Reporting Period was approximately HK\$304.7 million, representing an increase of 10.2%, from approximately HK\$276.6 million for the year ended 31 December 2020. The increase in revenue was primarily due to (i) the significant increase in sale of tool bags in the U.S. and (ii) the increasing demand from European customers for bags and backpack products; which offset the low demand of luggage products, as well as the decrease in demand of the isolation gowns due to the saturation of supply in the global market during the Reporting Period. The Private Label Products Business reported profit of approximately HK\$5.3 million and approximately HK\$0.1 million for the Reporting Period and for the year ended 31 December 2020 respectively. The breakdown of the revenue by product portfolio and product category are set out as below:

	Year ended 31 December			
	2021		2020	
	Revenue		Revenue	
	HK\$'000	%	HK\$'000	%
Private label products				
Backpack and others	101,366	33	70,791	25
Tool bags	130,961	43	65,460	24
Luggage	6,893	2	35,115	13
Medical bags and related supplies	65,496	22	105,278	38
	<hr/>	<hr/>	<hr/>	<hr/>
Total	304,716	100	276,644	100
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

With a view to improving our profitability, we gradually shift our business focus to Private Label Products Business by entering into a sale and purchase agreement to dispose of the Branded Label Products Business in October 2021 (the “**Disposal**”) for a consideration of HK\$30.5 million. The proceeds incurred from the Disposal will be used for business operation and development of our Private Label Products Business. The details of the Disposal is set out in the section headed “Connected Transactions” in this announcement.

Branded Label Products Business from discontinued operation

During the Reporting Period, the recurring waves of the COVID-19 Pandemic globally continued to pose challenges to the Group’s operations. With the worldwide implementation of travel restrictions and quarantine measures, and school suspensions to prevent the transmission of the COVID-19, the overall performance in the Branded Label Products Business, which mainly distributes schoolbags and travelling luggage via retail and department stores, remained weak during the Reporting Period. In addition, the surging ocean freight with shortage in shipping equipment and high logistics and warehousing costs due to the COVID-19 Pandemic had rendered the Group in delaying certain delivery schedules.

Although some countries began to lift travel restrictions and social distancing measures in late 2021 and early 2022, the Group viewed that it would require substantial investment and time to have its Branded Label Products Business to resume to its performance as that in the pre-COVID-19 Pandemic circumstance and proceeded with the Disposal on 29 October 2021. The Disposal was completed on 31 December 2021.

During the Reporting Period, the revenue of the Branded Label Products Business increased by approximately HK\$50.0 million or approximately 70.7% from approximately HK\$70.7 million for the year ended 31 December 2020 to approximately HK\$120.7 million for the Reporting Period. The increase in sales was mainly due to the supply of a new licensed brand since late 2020 but with lower marginal benefit on gross and net profit margin contributions and high design and development costs. The Branded Label Products Business reported loss of approximately HK\$8.3 million and approximately HK\$14.5 million for the Reporting Period and for the year ended 31 December 2020, respectively.

Cost of Sales

Our cost of sales from continuing operation increased by approximately HK\$24.8 million or approximately 11.3% from approximately HK\$220.0 million for the year ended 31 December 2020 to approximately HK\$244.8 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 slightly decreased from approximately 20.4% for the year ended 31 December 2020 to approximately 19.6% for the Reporting Period. The decrease of gross profit margin was mainly driven by (i) an increase in sale of tool bags that with lower gross profit margin and (ii) the general increase in production costs during the Reporting Period.

Selling and Distribution Expenses

Our selling and distribution expenses from continuing operation increased by approximately HK\$5.2 million from approximately HK\$7.3 million for the year ended 31 December 2020 to approximately HK\$12.5 million for the Reporting Period. Such increase was mainly due to (i) the increase in sale and marketing expenses and (ii) our design and development expenses to maintain our competitiveness among the industry.

Administrative Expenses

Our administrative expenses from continuing operation decreased by approximately HK\$5.0 million from approximately HK\$44.5 million for the year ended 31 December 2020 to approximately HK\$39.5 million for the Reporting Period. Such decrease was mainly due to (i) the decrease in depreciation of right-of-use assets by approximately HK\$3.1 million and (ii) the decrease in corporate expenses by approximately HK\$1.3 million during the Reporting Period.

Finance Costs

Our finance costs from continuing operation, net decreased by approximately HK\$1.8 million from approximately HK\$3.7 million for the year ended 31 December 2020 to approximately HK\$1.9 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.

Income Tax

For the Reporting Period, the Group's income tax credit from continued operation amounted to approximately HK\$15,000, as compared with approximately HK\$2.0 million income tax expenses for the year ended 31 December 2020. The income tax credit was primarily attributed to the tax refund from tax authority in China for overpayment of tax in prior years.

Loss for the year

The Group reported an increase from profit of approximately HK\$0.1 million from continuing operation for the year ended 31 December 2020 to approximately HK\$5.3 million for the Reporting Period. If including the loss from discontinued operation of HK\$8.3 million (2020: HK\$14.6 million) for the Reporting Period. The Group reported loss for the year of approximately HK\$3.0 million for the Reporting Period as compared to loss of approximately HK\$14.5 million for the year ended 31 December 2020.

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 2021, the Group had net current assets of approximately HK\$59.1 million (31 December 2020: HK\$36.1 million), cash and bank balances and pledged deposits amounted to approximately HK\$58.2 million (31 December 2020: HK\$77.2 million) and bank borrowings amounted to approximately HK\$32.4 million (31 December 2020: HK\$79.0 million). The Group's cash and bank balances as at 31 December 2021 were mainly denominated in Renminbi (“**RMB**”), Hong Kong Dollars (“**HK\$/HKD**”) and United States Dollars (“**USD**”). The Group's borrowings carried interest at rates ranging from 1.8% to 5.8% per annum during the Reporting Period (31 December 2020: 1.2% to 5.8%).

The Group's gearing ratio as at 31 December 2021 was 35.3% (31 December 2020: 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 borrowings.

CONTINGENT LIABILITIES

As at 31 December 2021 and 2020, the Group did not have any significant contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

Save for the entering into the Supplemental Agreement on 1 March 2022 as disclosed in the paragraph headed "Connected Transactions" below, 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 2021 and 2020.

EMPLOYEE INFORMATION

As at 31 December 2021, the Group had approximately 410 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

Save for the Disposal as disclosed in the paragraph headed "Connected Transactions" below, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group for the Reporting Period (31 December 2020: Nil).

SIGNIFICANT INVESTMENT HELD

As at 31 December 2021, the Group did not make any significant investments (31 December 2020: Nil).

CHARGE ON ASSETS

As at 31 December 2021 and 2020, 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\$1.1 million (2020: approximately HK\$1.2 million);
- (ii) Pledged deposits of approximately HK\$48.8 million (2020: approximately HK\$48.8 million);
- (iii) Inventories and trade receivables of approximately HK\$30.6 million as at 31 December 2020 and no such pledge as at 31 December 2021; and
- (iv) Financial assets at fair value through profit or loss of HK\$7.0 million (2020: 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 (2020: 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. During the Reporting Period, the Group had amended its use of proceeds. For details on the changes in the use of proceeds and the reasons and benefits for such changes, please refer to the Company’s announcement dated 26 March 2021. As at 31 December 2021, the unutilised Net Proceeds amounted to approximately HK\$1.8 million (“**Unutilised Net Proceeds**”).

During the Reporting Period, the net proceeds had been applied as follows:

	Original Amount of Net Proceeds (HK\$'000)	Revised allocation of Net Proceeds (HK\$'000)	Revised allocation of unutilised Net Proceeds brought forward from 31 December 2020 (HK\$'000)	Net Proceeds utilised during the Reporting Period (HK\$'000)	Unutilised Net Proceeds as at 31 December 2021 (HK\$'000)	Expected timeline on utilisation of Unutilised Net Proceeds
Intensifying design and development efforts	8,088	8,088	1,469	1,469	–	N/A
Enhancing design and development capabilities	5,738	5,738	1,245	1,245	–	N/A
Expanding sales and marketing network	7,194	11,554	4,360	4,360	–	N/A
Expanding and enhancing manufacturing capabilities	11,800	940	–	–	–	N/A
Enhancing information technology management system	4,634	4,634	2,250	446	1,804	To be utilised by 31 December 2022
Repaying outstanding bank loans	7,500	14,000	6,500	6,500	–	N/A
Working capital	4,900	4,900	–	–	–	N/A
	<u>49,854</u>	<u>49,854</u>	<u>15,824</u>	<u>14,020</u>	<u>1,804</u>	

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.

Particulars of the Net Proceeds applied during the Reporting Period are set out below:

Intended use of Net Proceeds	Description of the Net Proceeds utilised during the Reporting Period
Intensifying design and development efforts	<ul style="list-style-type: none">Supported the product design and development operations in Hong Kong, the PRC and Denmark for licensed brand products.
Enhancing design and development capabilities	<ul style="list-style-type: none">Engaged certain product designers and service providers for product design and development.
Expanding sales and marketing network	<ul style="list-style-type: none">Engaged a market unit to provide a range of marketing services to promote the Group's licensed branded products.Strengthened the Group's sales team to reinforce the Group's presence among customers in the U.S. and identify new distributors/distribution channels in the PRC market.
Enhancing information technology management system	<ul style="list-style-type: none">Upgraded IT facility and system.
Repaying outstanding bank loans	<ul style="list-style-type: none">Repayment of bank loans

CONNECTED TRANSACTIONS

Major and Connected Transaction

On 29 October 2021, Grown-Up Group Holdings Limited (“**GHL HK**”), an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) with GP Brand & Licensing Holdings Limited (“**GP Brand**”), a connected party to the Company, pursuant to which GHL HK agreed to sell and GP Brand agreed to acquire the entire issued share capital of one of our subsidiaries, Grown-Up Licenses Limited (“**GPL HK**”) (the “**Disposal**”), for a consideration of HK\$30,500,000.

The consideration shall be payable by GP Brand to GHK HK in cash in the following manner:

- (1) HK\$1,525,000 shall be payable upon signing of the Sale and Purchase Agreement, being deposit and part payment of the consideration (the “**Deposit**”); and
- (2) the remaining part of the consideration, after netting off the Deposit and the unpaid payables at completion (the “**Remaining Consideration**”), shall be payable within sixty (60) days after completion.

The proceeds incurred from the Disposal will be used for the business operations and development of our Private Label Products Business. The Deposit was received by the Group and the Sale and Purchase Agreement was completed on 31 December 2021. A supplemental sale and purchase agreement (the “**Supplemental Agreement**”) was further entered into between the two parties on 1 March 2021 to revise the payment schedule of the Remaining Consideration, which the Remaining Consideration shall be payable on or before 31 May 2022. The Company was of the view that the revision of the payment schedule of the Remaining Consideration would not have any material adverse impact on its operational and financial aspects of the Group, and the terms of the Supplemental Agreement were fair and reasonable to the Company and the shareholders as a whole. For details of the Supplemental Agreement, please refer to the Company’s announcement dated 1 March 2022.

The Disposal constituted an one-off major and connected transaction under Chapter 14 and 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) (the “**Stock Exchange**”). For details of the Disposal, please refer to the Company’s announcements dated 29 October 2021, 31 December 2021 and 1 March 2022, respectively.

Continuing Connected Transaction

Upon completion of the Sale and Purchase Agreement on 31 December 2021, a framework supply agreement (the “**Framework Supply Agreement**”) was also entered into between one of our indirect wholly-owned subsidiaries, Grown-Up Manufactory Limited, and GPL HK on the same date in relation to the supply of bags and luggage products (the “**Products**”) to GPL HK and its subsidiaries (the “**Supply**”). The terms of the Framework Supply Agreement lasts from 31 December 2021 to 31 December 2024. The annual caps of the supply for the three years ending 31 December 2024 are HK\$70,000,000, HK\$70,000,000 and HK\$70,000,000, respectively. The basis of determination of the annual caps were determined with reference to (i) the historical sales figures of the sale of the Products and (ii) the actual/projected order requirements of the Products for the year ended 31 December 2021. The Framework Supply Agreement shall constitute a continuing connected transaction for the year ending 31

December 2022 under Chapter 14A of the Listing Rules. The Company will comply with Chapter 14A of the Listing Rules with reference to the disclosure requirements accordingly. For details of the Framework Supply Agreement, please refer to the Company's announcement dated 29 October 2021 and 31 December 2021, respectively.

Save as disclosed above, the Group had not entered into any connected transaction during the Reporting Period, which required to be disclosed under Chapter 14A of the Listing Rules.

OUTLOOK AND PROSPECTS

The Group is dedicated to maintain its leading position in the bags and luggage industry. During the Reporting Period, the COVID-19 Pandemic had no doubt casted a shadow over the Group's business operations, we never stopped perusing ideas to expand our business footprint worldwide. We will keep on enhancing our design, research and development capabilities and keeping abreast of the latest trend to meet the needs of our customers.

Our Group's Private Label Products Business managed to grow despite the adverse impacts caused by the COVID-19 Pandemic social distancing and quarantine measures. Looking ahead to 2022, we will place our emphasis on our Private Label Products Business and continue to seek for new customers. As some countries began to ease their social distancing policies and travel bans in late 2021 and early 2022, it is estimated that the global economy will gradually revive in the near future, and will inevitably benefit the Group's business. In view of the gradual revival of the global economy, the Group is proactively seeking for potential business opportunities.

Subject to the ever-changing market conditions, namely (i) the recent Russia-Ukraine war which led to surging petroleum prices and raw material costs; (ii) the revival of the COVID-19 Pandemic in Hong Kong and the PRC in early 2022; (iii) the appreciation of RMB against USD in early 2022; and (iv) the expensive ocean freights, shortage of shipping equipment and high logistics costs, the Group will stay cautious in 2022 in realising its business goals and needs by constantly monitoring the latest circumstances and adjust its business strategies accordingly.

Moving forward, the Group will maintain its strategic focus to achieve on profitability and strengthen its competition edge by delivering greater value to its customers through quality management, cost control and customer service. The Group will also cautiously explore and identify any new business opportunities in order to enhance the Group's future development, and thus create great shareholders' value.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the “**AGM**”) will be held on Friday, 24 June 2022 and the notice of AGM will be published and despatched in the manner as required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Tuesday, 21 June 2022 to Friday, 24 June 2022, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify 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, 20 June 2022.

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.

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.

RETIREMENT SCHEME

The Group participated in the Mandatory Provident Fund Scheme for its employees in Hong Kong. The Group also made monthly contributions to state-sponsored defined contribution scheme for its employees in the PRC, and contributed to the occupational pension scheme to its employees in Denmark, respectively.

During the Reporting Period and the year ended 31 December 2020, no contributions were forfeited by the Group on behalf of its employees who left the scheme prior to vesting fully in such contributions. Hence, no forfeited contributions were used by the Group to reduce the existing level of contributions as described in paragraph 26 of Appendix 16 to the Listing Rules.

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. Wong Kai Hing. 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 Reporting Period 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 Reporting Period. 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, 24 March 2022

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 Ms. Shut Ya Lai; 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. Wong Kai Hing.