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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)

PROFIT WARNING

This announcement is made by Grown Up Group Investment Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors of the Company that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2022 (“**HY2022**”) and information currently available to the Company, the Group is expected to record a net loss ranging from approximately HK\$5 million to approximately HK\$6 million for HY2022 as compared to a net profit of approximately HK\$4.1 million for the six months ended 30 June 2021.

The expected net loss for HY2022 was primarily attributable to (i) a lower average gross profit margin for HY2022 as a result of the increase in production costs and the relatively larger increase in sales of essential bags with lower margins during HY2022; (ii) the recognition of impairment loss (“**Impairment Loss**”) on the outstanding trade receivable due from a former customer (the “**Former Customer**”) of the Group of approximately HK\$3.6 million; and (iii) the recognition of fair value loss (“**Fair Value Loss**”) of approximately HK\$4.4 million relating to the value of the surrender charge (i.e., a fee levied on an insurance policy upon cancellation, “**Surrender Charge**”) of a key man insurance policy (the “**Policy**”) as at 30 June 2022. Details of the Policy have been disclosed in the Company’s other announcement dated 8 August 2022.

The Board wishes to emphasise that (i) the value of the Surrender Charge will decrease over the life of the Policy and the corresponding Fair Value Loss will be reversed through profit or loss over time; (ii) full provision has been made on the outstanding balance due from the Former Customer and the Company does not expect any further substantial provision will be made on the Group’s trade receivables for the year ending 31 December 2022; and (iii) both the Impairment Loss and the Fair Value Loss are non-cash in nature.

If the above non-cash Impairment Loss and Fair Value Loss were to be excluded, the Company would have recorded a net profit ranging from approximately HK\$2 million to approximately HK\$3 million for HY2022.

The Company is still in the process of finalising the Group's interim results for HY2022. The information contained in this announcement is only based on the preliminary assessment of the Group's unaudited consolidated management accounts and information currently available to the Company, which has not been reviewed by the Company's audit committee and the Company's auditor and therefore may be subject to amendments and adjustments. Shareholders and potential investors of the Company are advised to read carefully the details of the unaudited financial information for HY2022 which will be disclosed in the Group's unaudited interim results announcement expected to be published by the end of August 2022.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 8 August 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. Tsang Hing Suen, Mr. Wong Kai Hing and Mr. Chan Ting Leuk Arthur.