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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 ON INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022**

### **FINANCIAL HIGHLIGHTS**

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Re-presented)</b>	
<b>Financial Results on continuing operation</b>		
Revenue	<b>186,832</b>	166,435
(Loss)/profit for the period	<b>(4,926)</b>	5,752
Basic (loss)/earning per share ( <i>HK cent</i> )	<b>(0.49)</b>	0.57
Diluted (loss)/earning per share ( <i>HK cent</i> )	<b>(0.49)</b>	0.57
	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Consolidated Statement of Financial Position</b>		
Non-current assets	<b>63,504</b>	46,748
Current assets	<b>191,518</b>	182,135
Total assets	<b>255,022</b>	228,883
Current liabilities	<b>155,782</b>	122,948
Non-current liabilities	<b>669</b>	1,206
Total liabilities	<b>156,451</b>	124,154
Net assets	<b>98,571</b>	104,729
<b>Ratio Analysis</b>		
Current ratio (times)	<b>1.2</b>	1.5
Gearing ratio	<b>78.2%</b>	35.3%

## UNAUDITED INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Grown Up Group Investment Holdings Limited (the “**Company**”) is pleased to present the unaudited interim condensed consolidated financial information of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2022 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2021.

### CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	<i>Note</i>	<b>Six months ended 30 June</b>	<b>2022</b>	<b>2021</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>	
		<b>HK\$'000</b>	<b>HK\$'000</b>	<b>(Re-presented)</b>
<b>Continuing operation</b>				
Revenue	4	<b>186,832</b>	166,435	
Cost of sales		<b>(157,020)</b>	(133,102)	
Gross profit		<b>29,812</b>	33,333	
Other income and (loss)/gain, net	5	<b>(4,028)</b>	430	
Selling and distribution expenses		<b>(6,307)</b>	(4,823)	
Administrative expenses		<b>(24,779)</b>	(20,649)	
<b>(Loss)/profit from operation</b>		<b>(5,302)</b>	8,291	
Finance income	7	<b>27</b>	122	
Finance costs	7	<b>(1,046)</b>	(1,303)	
Finance costs, net	7	<b>(1,019)</b>	(1,181)	
<b>(Loss)/profit before income tax</b>		<b>(6,321)</b>	7,110	
Income tax credit/(expense)	8	<b>1,395</b>	(1,358)	
<b>(Loss)/profit for the period from continuing operation</b>		<b>(4,926)</b>	5,752	
<b>Discontinued operation</b>				
Loss for the period from discontinued operation	9	–	(1,639)	
<b>(Loss)/profit for the period</b>		<b>(4,926)</b>	4,113	

	<b>Six months ended 30 June</b>	
<i>Note</i>	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
		(Re-presented)
<b>Continuing operation</b>		
Other comprehensive (loss)/income:		
<i>Items that may be reclassified to profit or loss:</i>		
Currency translation differences	<u>(1,232)</u>	<u>163</u>
Total comprehensive (loss)/income for the period	<u><b>(6,158)</b></u>	<u>4,276</u>
(Loss)/earning per share attributable to owners of the Company for the period		
Basic and diluted ( <i>HK cent</i> )		
From continuing operation	<i>10</i> (0.49)	0.57
From discontinued operation	<u>-</u>	<u>(0.16)</u>

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

	<i>Note</i>	<b>As at 30 June 2022 (Unaudited) HK\$'000</b>	As at 31 December 2021 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	<i>11</i>	<b>19,110</b>	20,795
Right-of-use assets		<b>3,594</b>	5,067
Financial assets at fair value through profit or loss	<i>14</i>	<b>25,913</b>	7,002
Investment property		<b>1,400</b>	1,400
Intangible assets	<i>12</i>	<b>10,480</b>	10,663
Deferred tax assets		<b>3,007</b>	1,821
		<b>63,504</b>	46,748
<b>Current assets</b>			
Inventories		<b>13,001</b>	15,810
Trade receivables	<i>13</i>	<b>65,705</b>	60,017
Prepayments, deposits and other receivables		<b>40,993</b>	48,122
Pledged deposits		<b>51,612</b>	48,771
Cash at bank and on hand		<b>20,207</b>	9,415
		<b>191,518</b>	182,135
<b>Total assets</b>		<b>255,022</b>	228,883
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	<i>17</i>	<b>10,000</b>	10,000
Other reserves		<b>23,029</b>	24,261
Retained earnings		<b>65,542</b>	70,468
<b>Total equity</b>		<b>98,571</b>	104,729

	<i>Note</i>	<b>As at 30 June 2022 (Unaudited) HK\$'000</b>	<b>As at 31 December 2021 (Audited) HK\$'000</b>
<b>Non-current liabilities</b>			
Lease liabilities		<u>669</u>	<u>1,206</u>
<b>Current liabilities</b>			
Trade payables	15	49,206	54,382
Other payables and accruals		9,901	10,311
Contract liabilities		375	187
Lease liabilities		2,101	3,379
Bill payables	15	18,566	21,578
Bank borrowings	16	74,266	32,367
Tax payables		<u>1,367</u>	<u>744</u>
		<u>155,782</u>	<u>122,948</u>
<b>Total liabilities</b>		<u>156,451</u>	<u>124,154</u>
<b>Total equity and liabilities</b>		<u>255,022</u>	<u>228,883</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1 GENERAL INFORMATION

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, sourcing, manufacturing and selling a full range of bags, luggage and accessories, as well as medical related products, tool storage and tool accessories.

The interim condensed consolidated financial information is presented in thousands of Hong Kong dollars (“**HK\$’000**”), unless otherwise stated.

This interim condensed consolidated financial information was approved for issue by the Board on 26 August 2022.

This interim condensed consolidated financial information has not been audited.

### 2.1 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2022 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s financial statements for the year ended 31 December 2021.

The accounting policies and basis of preparation adopted in the preparation of this unaudited interim condensed consolidated financial information are consistent with those adopted in the Group’s financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standard (“**HKFRSs**”) (which includes all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretation) issued by the Hong Kong Institute of Certified Public Accountants, except for the adoption of the amended HKFRSs as disclosed in note 2.2 below.

### 2.2 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The significant accounting policies that have been used in the preparation of the Group’s unaudited interim condensed consolidated financial information for the six months ended 30 June 2022 are consistent with those set out in the Group’s financial statements for the year ended 31 December 2021, except for the adoption of the following amended HKFRSs effective as of 1 January 2022.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, plant and equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvement to HKFRS Standards 2018–2020
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination

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

### 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

The preparation of this unaudited interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this unaudited interim condensed consolidated financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group’s financial statements for the year ended 31 December 2021.

### 4 SEGMENT INFORMATION

Chief Operating Decision Maker (“**CODM**”) of the Group, which consists of the chief executive officer, the chief financial 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 ended 31 December 2021, the branded label products operation had been disposed of and classified as discontinued operation and the related information has been set out in note 9.

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$’000</b>	HK\$’000
		(Re-presented)
<b>Continuing operation</b>		
Sales of goods	<u><b>186,832</b></u>	<u>166,435</u>
Timing of revenue recognition		
— At a point in time	<u><b>186,832</b></u>	<u>166,435</u>
<b>Discontinued operation</b>		
Sales of goods	<u>–</u>	<u>57,321</u>
Timing of revenue recognition		
— At a point in time	<u>–</u>	<u>57,321</u>

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	<u>Continuing operation</u>		<u>Discontinued operation</u>	
	Private label products (Unaudited) <i>HK\$'000</i>	Inter-segment elimination (Unaudited) <i>HK\$'000</i>	Branded label products (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Revenue from external customers	186,832	–	–	186,832
Inter-segment revenue	–	–	–	–
Total segment revenue	<u>186,832</u>	<u>–</u>	<u>–</u>	<u>186,832</u>
Segment results	<u>571</u>	<u>–</u>	<u>–</u>	<u>571</u>
Other income and loss, net				(4,536)
Corporate expenses				<u>(1,337)</u>
Loss from operations				(5,302)
Finance income				27
Finance costs				<u>(1,046)</u>
Loss before income tax				<u><u>(6,321)</u></u>

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	<u>Continuing operation</u>		<u>Discontinued operation</u>	
	Private label products (Unaudited) <i>HK\$'000</i>	Inter-segment elimination (Unaudited) <i>HK\$'000</i>	Branded label products (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Revenue from external customers	166,435	–	57,321	223,756
Inter-segment revenue	24,462	(24,462)	–	–
Total segment revenue	<u>190,897</u>	<u>(24,462)</u>	<u>57,321</u>	<u>223,756</u>
Segment results	<u>11,761</u>	<u>(2,224)</u>	<u>(2,055)</u>	<u>7,482</u>
Other income and gain, net				165
Corporate expenses				<u>(1,411)</u>
Profit from operations				6,236
Finance income				128
Finance costs				<u>(1,874)</u>
Profit before income tax				<u><u>4,490</u></u>



AS AT 30 JUNE 2022

	<u>Continuing operation</u>	<u>Discontinued operation</u>	Corporate assets/ (liabilities)	Total
	Private label products (Unaudited)	Branded label products (Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	36,181	–	27,323	63,504
Current assets	190,178	–	1,340	191,518
Total assets	<u>226,359</u>	<u>–</u>	<u>28,663</u>	<u>255,022</u>
Segment liabilities	(139,488)	–	(16,963)	(156,451)
Net assets	<u>86,871</u>	<u>–</u>	<u>11,700</u>	<u>98,571</u>

AS AT 31 DECEMBER 2021

	<u>Continuing operation</u>	<u>Discontinued operation</u>	Corporate assets/ (liabilities)	Total
	Private label products (Audited)	Branded label products (Audited)	(Audited)	(Audited)
	<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
Total assets	189,973	–	38,910	228,883
Segment liabilities	(122,768)	–	(1,386)	(124,154)
Net assets	<u>67,205</u>	<u>–</u>	<u>37,524</u>	<u>104,729</u>

## 5 OTHER INCOME AND (LOSS)/GAIN, NET

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
		(Re-presented)
<b>Continuing operation</b>		
Rental income	403	225
(Loss)/gain on disposal of property, plant and equipment	(153)	165
Fair value loss on financial assets at fair value through profit or loss (note 14)	(4,383)	–
Others	105	40
	<u>4,028</u>	<u>430</u>
<b>Discontinued operation</b>		
Others	–	5

## 6 EXPENSES BY NATURE

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
		(Re-presented)
<b>Continuing operation</b>		
Cost of inventories sold	140,236	115,252
Employee benefit expenses	24,616	24,197
Transportation and freight charges	2,147	1,931
Directors' emoluments	3,955	3,024
Depreciation of property, plant and equipment	1,071	1,739
Depreciation of right-of-use assets	1,473	2,267
Amortisation of intangible assets	178	19
Credit loss allowance of trade receivables	3,628	(44)
Legal and professional fees	1,692	865
Sales and marketing expenses	3,333	2,663
Design and development expenses	459	661
Others	5,318	6,000
	<u>188,106</u>	<u>158,574</u>

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
		(Re-presented)
<b>Discontinued operation</b>		
Cost of inventories sold	–	35,718
Employee benefit expenses	–	5,043
Transportation and freight charges	–	3,640
Directors' emoluments	–	651
Depreciation of property, plant and equipment	–	8
Depreciation of right-of-use assets	–	141
Amortisation of intangible assets	–	6,314
Credit loss allowance of trade receivables	–	5
Legal and professional fees	–	1,076
Sales and marketing expenses	–	3,352
Design and development expenses	–	1,622
Others	–	1,811
	<u>–</u>	<u>59,381</u>

## 7 FINANCE COSTS, NET

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
		(Re-presented)
<b>Continuing operation</b>		
<b>Finance income</b>		
— Interest income from bank deposits	<u>27</u>	<u>122</u>
<b>Finance costs</b>		
— Interest expenses on bank borrowings and bank overdrafts	(965)	(1,162)
— Interest expenses on lease liabilities	<u>(81)</u>	<u>(141)</u>
	<u>(1,046)</u>	<u>(1,303)</u>
<b>Finance costs, net</b>	<u>(1,019)</u>	<u>(1,181)</u>

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
		(Re-presented)
<b>Discontinued operation</b>		
<b>Finance income</b>		
— Interest income from bank deposits	—	6
<b>Finance costs</b>		
— Interest expenses on bank borrowings and bank overdrafts	—	(467)
— Interest expenses on lease liabilities	—	(4)
— Notional interest on license fees payable	—	(100)
	—	(571)
<b>Finance costs, net</b>	<b>—</b>	<b>(565)</b>

## 8 INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profit for the six months ended 30 June 2022 and 2021. The Group's subsidiaries in the PRC are subject to the China corporate income tax ("CIT") at a rate of 25% for the six months ended 30 June 2022 and 2021. Certain PRC subsidiaries of the Group that are qualified 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 2.5% (for the six months ended 30 June 2021: 2.5%). 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% (for the six months ended 30 June 2021: 5%), whereas the excess portion will be subject to the effective CIT rate of 5% (for the six months ended 30 June 2021: 10%). The Group's subsidiaries in Denmark are subject to the income tax at the rate of 22% for the six months ended 30 June 2022 and 2021.

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

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
		(Re-presented)
<b>Continuing operation</b>		
<b>Current tax</b>		
— Hong Kong profits tax	1,172	2,194
— China corporate income tax	(1,342)	(1,099)
— Denmark income tax	(39)	149
Deferred income tax (credited)/charged	(1,186)	114
	(1,395)	1,358

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
		(Re-presented)
<b>Discontinued operation</b>		
Current tax		
— Hong Kong profits tax	–	(713)
— China corporate income tax	–	184
— Denmark income tax	–	(486)
Deferred income tax charged	–	34
	<u>–</u>	<u>34</u>
	<u>–</u>	<u>(981)</u>

## 9 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 six months ended 30 June 2022 and 2021, which have been included in the condensed consolidated statement of profit or loss and other comprehensive income, were as follows:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>	–	57,321
Cost of sales	–	(38,220)
	<u>–</u>	<u>(38,220)</u>
<b>Gross profit</b>	–	19,101
Other income and gain	–	5
Selling and distribution expenses	–	(16,809)
Administrative expenses	–	(4,352)
	<u>–</u>	<u>(4,352)</u>
<b>Loss from discontinued operation</b>	–	(2,055)
Finance income	–	6
Finance costs	–	(571)
	<u>–</u>	<u>(565)</u>
<b>Finance costs, net</b>	–	(565)

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Loss before income tax</b>	–	(2,620)
Income tax credit	–	981
	<u>–</u>	<u>–</u>
<b>Loss for the period from discontinued operation</b>	<u>–</u>	<u>(1,639)</u>
<b>Loss for the period from discontinued operation attributable to:</b>		
Owners of the Company	–	(1,639)
Non-controlling interests	–	–
	<u>–</u>	<u>(1,639)</u>

## 10 (LOSS)/EARNING PER SHARE

### From continuing and discontinued operation

Basic (loss)/earning per share are calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares deemed to be in issue during the six months ended 30 June 2022 and 2021.

### From continuing operation

The calculation of the basic and diluted (loss)/earning per share from continuing operation attributable to owners of the Company is based on the following data:

(Loss)/earning figures are calculated as follows:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
		(Re-presented)
(Loss)/profit for the period attributable to the owners of the Company	<b>(4,926)</b>	4,113
Less: Loss for the period from discontinued operation	–	1,639
	<u>–</u>	<u>–</u>
(Loss)/profit for the purpose of basic per share from continuing operation	<b>(4,926)</b>	5,752
Weighted average number of ordinary shares in issue ( <i>thousands of shares</i> )	<b>1,000,000</b>	1,000,000
	<u>1,000,000</u>	<u>1,000,000</u>
Basic (loss)/earning per share ( <i>expressed in HK cent per share</i> )	<b>(0.49)</b>	0.57
	<u>(0.49)</u>	<u>0.57</u>

Diluted (loss)/earning per share from continuing operation presented is the same as the basic (loss)/earning per share from continuing operation as there were no potentially dilutive ordinary shares issued during the six months ended 30 June 2022 and 2021.

## From discontinued operation

Saved as disclosed in note 9, the Group disposed of the discontinued operation on 31 December 2021, no profit or loss for the period from discontinued operation for the six months ended 30 June 2022 was recorded. Accordingly, there was no basic and diluted earning/(loss) per share for the discontinued operation.

The loss per share from discontinued operation for the six months ended 30 June 2021 was HK0.16 cents based on the loss of HK\$1,639,000 for the period from discontinued operation. Diluted loss per share from discontinued operation presented is the same as the basic loss per share from discontinued operation as there were no potentially dilutive ordinary shares issued during the six months ended 30 June 2021.

## 11 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group had approximately HK\$239,000 (six months ended 30 June 2021: HK\$1,172,000) addition to property, plant and equipment and disposed of property, plant and equipment with a total net carrying amount of approximately HK\$455,000 (six months ended 30 June 2021: nil).

## 12 INTANGIBLE ASSETS

During the six months ended 30 June 2022, the Group did not acquire any intangible assets (six months ended 30 June 2021: HK\$2,934,000) and did not dispose of any intangible assets (six months ended 30 June 2021: nil). No impairment was recognised during the six months ended 30 June 2022 and 2021.

## 13 TRADE RECEIVABLES

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Trade receivables	72,282	62,966
Less: Credit loss allowance	(6,577)	(2,949)
Trade receivables, net	<u>65,705</u>	<u>60,017</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 30 June 2022 and 31 December 2021, the aging analysis of trade receivables and net of allowances based on invoice date are as follows:

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
0–30 days	55,315	41,977
31–60 days	3,126	8,126
61–90 days	1,010	1,918
Over 90 days	6,254	7,996
	<u>65,705</u>	<u>60,017</u>

The Group applied the simplified approach in HKFRS 9 to measure the credit loss allowance at lifetime expected credit loss. Except for trade receivables with significant outstanding balance which are assessed individually, the Group determines the expected credit loss on the remaining balances by using a provision matrix grouped by common risk characteristic.

Trade receivables with significant outstanding balances from a former customer with an aggregate gross carrying amount of approximately HK\$6,536,000 as at 30 June 2022 (as at 31 December 2021: HK\$6,536,000) is assessed individually. Full provision has been made on the outstanding balance of approximately HK\$6,536,000 due from the former customer as at 30 June 2022 (as at 31 December 2021: HK\$2,914,000).

The remaining trade receivables with gross carrying amount of approximately HK\$65,746,000 as at 30 June 2022 (as at 31 December 2021: HK\$56,430,000) are assessed based on debtors' aging with adopted an average expected loss rate of 0.06% (as at 31 December 2021: 0.06%). The exposure to credit risk for these balances are assessed with a credit loss allowance of approximately HK\$41,000 was provided by the Group as at 30 June 2022 (as at 31 December 2021: HK\$35,000).

#### 14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 30 June 2022 and 31 December 2021, the Group's financial assets at fair value through profit or loss ("FVTPL") are unlisted investments in key management insurance contracts and are included in level 2 of fair value hierarchy.

There was no transfer between levels 1, 2 and 3 for recurring fair value measurements during the six months ended 30 June 2022 and the year ended 31 December 2021.

##### Fair value measurements (level 2)

The following table presents the changes in financial asset at FVTPL for six months ended 30 June 2022 and year ended 31 December 2021:

	<b>30 June 2022 (Unaudited) HK\$'000</b>	31 December 2021 (Audited) HK\$'000
As at 1 January	7,002	7,002
Addition	23,294	–
Fair value loss recognised to profit or loss ( <i>note 5</i> )	<u>(4,383)</u>	<u>–</u>
As at 30 June 2022 and 31 December 2021	<u><u>25,913</u></u>	<u><u>7,002</u></u>

##### Valuation inputs and relationships to fair value

The financial assets at FVTPL are insurance contracts denominated in US\$. Fair values have been determined by reference to the cash surrender value of the insurance policies at the end of each reporting period and have been translated using the spot foreign currency rates at the end of the reporting periods where appropriate. During the six months ended 30 June 2022, there is a fair value loss of approximately HK\$4,383,000 relating to the value of the surrender charge of key management insurance contracts (for the six months ended 30 June 2021: nil).



## 15 TRADE AND BILL PAYABLES

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Trade payables	49,206	54,382
Bill payables	<u>18,566</u>	<u>21,578</u>
	<u><u>67,772</u></u>	<u><u>75,960</u></u>

Majority of payment terms with suppliers are within 60 to 90 days. The carrying amounts of trade and bill payables approximate their fair values. As at 30 June 2022 and 31 December 2021, the aging analysis of the trade payables of the Group by invoice date is as follows:

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
0–30 days	32,191	24,519
31–60 days	5,807	13,193
61–90 days	3,623	8,469
Over 90 days	<u>7,585</u>	<u>8,201</u>
	<u><u>49,206</u></u>	<u><u>54,382</u></u>

## 16 BANK BORROWINGS

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Bank overdrafts	9,318	527
Bank borrowings	<u>64,948</u>	<u>31,840</u>
	<u><u>74,266</u></u>	<u><u>32,367</u></u>

For the six months ended 30 June 2022 and the year ended 31 December 2021, the interest rates of the bank borrowings ranged from 1.5% to 5.8% and 1.8% to 5.8% per annum, respectively. Bank borrowings subject to a repayment on demand clause from the banks are classified as current liabilities in the condensed consolidated statement of financial position.

## 17 SHARE CAPITAL

	<b>Number of ordinary shares at HK\$0.01 each</b>	<b>Share capital <i>HK\$'000</i></b>
Authorised: At 30 June 2022 and 31 December 2021	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid: At 30 June 2022 and 31 December 2021	<u>1,000,000,000</u>	<u>10,000</u>

## 18 INTERIM DIVIDEND

The Board of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

## 19 CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at 30 June 2022 and 31 December 2021.

## 20 CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any material contingent liabilities (31 December 2021: nil).

## 21 EVENTS AFTER THE REPORTING PERIOD

The Group had no material events after the Reporting Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

We are one of the leading global corporates with over three decades of experience in the industry of designing, developing, sourcing and manufacturing and selling 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 our private label customers comprehensive supply chain solutions which ensure a stable and quality supply with product design optimisation to our diverse and global customer portfolio.

During the Reporting Period, our business continued to grow gradually, despite the ongoing threat of the COVID-19 pandemic (the “**COVID-19 Pandemic**”) and the adverse economic impact initiated by the Russia-Ukraine war which led to tightening global supply chain and surging petroleum prices and raw material costs, as the Group has been continuously diversifying its customer portfolio and proactively expanding its supply chain network which allows the Group to become more competitive and preferable to other manufacturers in the market.

In addition, our business mainly focuses on the supply of functional and essential products with private label, namely tool bags, sports bags, school bags, technical and medical related products, of which the demands in the ever-changing market conditions are relatively steady.

Furthermore, as more countries have eased their social distancing policies and travel bans in late 2021 and early 2022, it can stimulate the customers' demands of our products, especially school bags, sport bags and other backpacks.

The revenue of our private label products business for the Reporting Period increased by approximately HK\$20.4 million or approximately 12.3%, from approximately HK\$166.4 million for the six months ended 30 June 2021 to approximately HK\$186.8 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 the significant increase in sales of essential bags during the first half of 2022.

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

	<b>Six months ended 30 June 2022</b>		<b>Six months ended 30 June 2021</b>	
	<b>Revenue HK\$'000</b>	<b>%</b>	<b>Revenue HK\$'000</b>	<b>%</b>
<b>Private label products</b>				
Backpack and others	<b>127,884</b>	<b>69%</b>	55,783	34%
Tool bags	<b>35,745</b>	<b>19%</b>	74,991	45%
Luggage	<b>184</b>	<b>0%</b>	1,290	0%
Medical bags and related supplies	<b>23,019</b>	<b>12%</b>	34,371	21%
<b>Total</b>	<b><u>186,832</u></b>	<b>100%</b>	<b><u>166,435</u></b>	<b>100%</b>

Our cost of sales increased by approximately HK\$23.9 million or approximately 18.0% from approximately HK\$133.1 million for the six months ended 30 June 2021 to approximately HK\$157.0 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. Nevertheless, our overall gross profit margin decreased from approximately 20.0% for the six months ended 30 June 2021 to approximately 16.0% for the Reporting Period. The drop of gross profit margin was mainly caused by (i) the increase in production and raw materials costs and (ii) the relatively larger increase in sales of essential bags with lower margins during the Reporting Period.

Our selling and distribution expenses increased by approximately HK\$1.5 million from approximately HK\$4.8 million for the six months ended 30 June 2021 to HK\$6.3 million for the Reporting Period. Such increase was mainly driven by (i) the increase of sales activities; and (ii) the enhancement of our design and development capabilities during the Reporting Period.

Our administrative expenses increased by approximately HK\$4.2 million from approximately HK\$20.6 million for the six months ended 30 June 2021 to approximately HK\$24.8 million for the Reporting Period mainly reflected the recognition of impairment loss on the outstanding trade receivable due from a former customer of the Group of approximately HK\$3.6 million. 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.

Our other income and loss/gain, net, decreased by HK\$4.4 million from a gain of approximately HK\$0.4 million for the six months ended 30 June 2021 to a loss of approximately HK\$4.0 million for the Reporting Period. Such decrease was mainly due to the recognition of fair value loss of approximately HK\$4.4 million relating to the value of the surrender charge of a key man insurance policy as at 30 June 2022. 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.

Profit attributable to shareholders of the Company decreased by approximately HK\$9.0 million to a loss of approximately HK\$4.9 million for the Reporting Period from a profit of approximately HK\$4.1 million for the corresponding period in 2021.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL EXPENDITURE**

As at 30 June 2022, the Group had net current assets of approximately HK\$35.7 million (31 December 2021: HK\$59.1 million), cash and bank balances and pledged deposits amounted to approximately HK\$71.8 million (31 December 2021: HK\$58.2 million) and bank borrowings amounted to approximately HK\$74.3 million (31 December 2021: HK\$32.4 million). The Group's cash and bank balances as at 30 June 2022 were mainly denominated in Renminbi (“**RMB**”), Hong Kong Dollars (“**HKD**”) and United States Dollars (“**USD**”). The Group's borrowings carried interest at rates ranging from 1.5% to 5.8% per annum during the Reporting Period (31 December 2021: 1.8% to 5.8%).

The Group's gearing ratio as at 30 June 2022 was 78.2% (31 December 2021: 35.3%), calculated by dividing total debt by total equity multiplied by 100%. Total debt is defined as the sum of lease liabilities and bank borrowings. The increase in gearing ratio was mainly due to the increase in bank borrowings of HK\$41.9 million during the Reporting Period.

During the Reporting Period, the Group incurred capital expenditure of approximately HK\$0.2 million (six months ended 30 June 2021: HK\$1.2 million), mainly attributable to the acquisition of property, plant and equipment.

During the Reporting Period, the Group did not use any financial instruments for hedging purpose.

## **CONTINGENT LIABILITIES**

As at 30 June 2022, the Group did not have any material contingent liabilities (31 December 2021: nil).

## **EVENTS AFTER THE REPORTING PERIOD**

The Group had no material events after the Reporting Period.

## **CAPITAL COMMITMENT**

Details of capital commitment of the Group as at 30 June 2022 are set out in note 19 to the Group's unaudited interim condensed consolidated financial information for the Reporting Period.

## **SEGMENTAL INFORMATION**

Details of the operating segmental information of the Group are set out in note 4 to the Group's unaudited interim condensed consolidated financial information for the Reporting Period.

## **EMPLOYEE INFORMATION**

As at 30 June 2022, the Group had approximately 409 employees (30 June 2021: approximately 437 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.

The Group also provided regular training to its employees to improve their skills and enhance their technical knowledge as well as their knowledge on relevant product quality standards and work safety.

## **SIGNIFICANT INVESTMENTS HELD**

Save for the financial assets at FVTPL as disclosed in note 14 as at 30 June 2022, there were no other material investments held by the Group (31 December 2021: nil). Please refer to the Company's announcement dated 8 August 2022 for further details.

## **CHARGE ON ASSETS**

As at 30 June 2022 and 31 December 2021, 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 (31 December 2021: approximately HK\$1.1 million);
- (ii) Pledged deposits of approximately HK\$51.6 million (31 December 2021: approximately HK\$48.8 million); and
- (iii) Financial assets at fair value through profit or loss of approximately HK\$25.9 million (31 December 2021: approximately 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.

## **OUTLOOK AND PROSPECTS**

The Group is dedicated to maintain its leading position in the bags and luggage industry. During the Reporting Period, though the COVID-19 Pandemic and the Russia-Ukraine war undoubtedly casted a shadow over the Group's business operations, we never stopped perusing ideas to expand our business footprint worldwide.

Although it is expected that the global economy may gradually revive upon the recent ease of social distancing and quarantine policies in some countries, the intense Russia-Ukraine conflict has triggered turmoil in the financial markets, and drastically increased uncertainty about the recovery of the global economy. Given the economic instability, it is believed that this year will be even more challenging.

Looking ahead to the second half of 2022, 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. Also, we will continue to seek for new customers and expand our supply chain and production footprint out of the PRC in order to strengthen our production capacity and competitiveness. Meanwhile, the Group is proactively seeking for potential business opportunities for growth.

Subject to the ever-changing market conditions, namely (i) the Russia-Ukraine war which led to surging petroleum prices and raw material costs; (ii) the recurring waves of the COVID-19 Pandemic; (iii) the increasing global inflation rate in 2022; and (iv) the expensive ocean freights, shortage of shipping equipment and high logistics costs, the Group will stay cautious in the second half of 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.

## USE OF PROCEEDS FROM LISTING

The net proceeds received by the Group, after deducting related expenses, were approximately HK\$49.9 million. During the Reporting Period, the net proceeds had been applied as follows:

	Original Amount of Net Proceeds HK\$'000	Revised Amount of Net Proceeds HK\$'000	Revised allocation of unutilised Net Proceeds brought forward from 31 December 2021 HK\$'000	Net Proceeds utilised during the Reporting Period HK\$'000	Unutilised Net Proceeds as at 30 June 2022 HK\$'000	Expected timeline on utilisation of Unutilised Net Proceeds
Intensifying design and development efforts	8,088	8,088	–	–	–	N/A
Enhancing design and development capabilities	5,738	5,738	–	–	–	N/A
Expanding sales and marketing network	7,194	11,554	–	–	–	N/A
Expanding and enhancing manufacturing capabilities	11,800	940	–	–	–	N/A
Enhancing information technology management system	4,634	4,634	1,804	828	976	To be utilised by 31 December 2022
Repaying outstanding bank loans	7,500	14,000	–	–	–	N/A
Working capital	4,900	4,900	–	–	–	N/A
	<u>49,854</u>	<u>49,854</u>	<u>1,804</u>	<u>828</u>	<u>976</u>	

As at 30 June 2022 and as at the date of this announcement, the unutilised proceeds were placed in interest-bearing deposits with authorised financial institutions or licensed banks in Hong Kong.

## CONVERTIBLE BONDS

On 12 May 2022, the Company entered into a subscription agreement (the “**Subscription Agreement**”) with the subscriber (the “**Subscriber**”), pursuant to which the Subscriber agreed to subscribe, and the Company agreed to issue convertible bonds (the “**Convertible Bonds**”) in an aggregate principal amount of HK\$15,000,000 with the conversion price of HK\$1.68 per conversion share. On 16 May 2022, the Company entered into a supplemental subscription agreement (the “**Supplemental Subscription**”).



**Agreement**”, together with the Subscription Agreement, the “**Subscription Agreements**”) with the Subscriber, pursuant to which the conversion price has changed from HK\$1.68 per conversion price to HK\$2.09 per conversion share, which was the closing price per share as quoted on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on the date of the Supplemental Subscription Agreement. The Convertible Bonds shall bear interest from and including the date of its issue at 2.5% per annum on the outstanding principal amount thereof. Based on the conversion price of HK\$2.09 per conversion share, a total of 7,177,033 conversion shares will be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds, which will represent approximately 0.72% of the existing issued share capital of the Company and approximately 0.71% of the issued share capital of the Company as enlarged by the allotment and issue of the conversion shares. The maturity date is the second anniversary of the issue date of the Convertible Bonds, and the conversion period shall commence from the first anniversary of the issue date of the Convertible Bonds on the day immediately prior to and exclusive of the maturity date.

The Board considered that the Subscription Agreements represent a valuable opportunity to raise additional funding for the business operations of the Company and can broaden shareholder base of the Company. The gross proceeds and net proceeds from the issue of the Convertible Bonds are estimated to be approximately HK\$15.0 million and HK\$14.5 million, respectively. The Company intends to use the net proceeds for general working capital of the Group to support its existing business operations and for the development of the Group’s potential projects in the sphere of digital assets. The Subscription Agreements have yet to complete as at the date of this announcement. For the further details of the Convertible Bonds, please refer to announcements of the Company dated 12 May 2022 and 16 May 2022, respectively.

## **CORPORATE GOVERNANCE**

During the Reporting Period, the Company has complied with the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange, except for the deviation as described below.

The code provision F.2.2 of the CG Code provides that the chairman of the board of directors of a listed issuer should attend the annual general meeting. The chairman of the Board, Mr. Thomas Berg and Mr. Morten Rosholm Henriksen, an executive Director, were unable to join the annual general meeting of the Company held on 24 June 2022 (the “**2022 AGM**”) due to other business engagement. Mr. Cheng Wai Man, an executive Director, was elected by the directors to chair the 2022 AGM. Respective chairmen and members of the audit committee (the “**Audit Committee**”), remuneration committee and nomination committee of the Company were present at the 2022 AGM and were available to answer relevant questions, which was in compliance with other parts of the code provision F.2.2.

## **MODEL CODE OF CONDUCT OF DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding Directors' transactions in securities of the Company (the "**Company's Code**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "**Model Code**"). After specific enquiry made by the Company, all of the Directors confirmed that they have complied with the required standard set out in the Model Code and the Company's Code during the Reporting Period.

## **INTERIM DIVIDEND**

The Board does not recommend any interim dividend for the Reporting Period (six months ended 30 June 2021: nil).

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as of the date of this announcement, the Company maintained the prescribed public float of no less than 25% as required under the Listing Rules.

## **MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

During the Reporting Period, there was no acquisition or disposal of subsidiaries and associated companies by the Company.

## **SHARE OPTION SCHEME**

A share option scheme of the Company was adopted on 30 May 2019. There was no outstanding share option during the Reporting Period. No share options were granted, exercised, cancelled or lapsed since its adoption and during the Reporting Period.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

## **AUDIT COMMITTEE AND REVIEW OF UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

Pursuant to Rule 3.21 of the Listing Rules, the Company established the Audit Committee with written terms of reference aligned with the CG Code. The Audit Committee comprises three independent non-executive Directors, namely Mr. Tsang Hing Suen, Mr. Wong Kai Hing and Mr. Chan Ting Leuk Arthur. The Audit Committee is chaired by Mr. Tsang Hing Suen and is responsible for assisting the Board in safeguarding the Group's assets by providing an independent review of the effectiveness of the financial reporting process and the internal controls and risk management systems of the Group. It also performs other duties and responsibilities as assigned by the Board.

The Audit Committee has discussed with the management of the Group and reviewed the unaudited interim condensed consolidated financial information of the Group for the Reporting Period, including the accounting principles and practices adopted by the Group, and discussed financial related matters. The Audit Committee is of the view that such financial information has complied with the applicable accounting standards and adequate disclosures have been made.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the Company's website at [www.grown-up.com](http://www.grown-up.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). The Company's 2022 interim report for the Reporting Period will be despatched to the shareholders of the Company and available on the same websites in due course.

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

Hong Kong, 26 August 2022

*As at the date of this announcement, the executive Directors are Mr. Thomas Berg, Mr. Morten Rosholm Henriksen, Mr. Cheng Wai Man and Ms. Shut Ya Lai; the non-executive Director is Mr. Fung Bing Ngon Johnny; and the independent non-executive Directors are Mr. Tsang Hing Suen, Mr. Wong Kai Hing and Mr. Chan Ting Leuk Arthur.*