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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 2023

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Financial Results		
Revenue	157,131	186,832
Loss for the period	(2,698)	(4,926)
Basic loss per share (<i>HK cents</i>)	(0.22)	(0.49)
Diluted loss per share (<i>HK cents</i>)	(0.22)	(0.49)
	As at	As at
	30 June	31 December
	2023	2022
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Consolidated Statement of Financial Position		
Non-current assets	70,368	72,616
Current assets	161,776	203,259
Total assets	232,144	275,875
Current liabilities	98,667	138,463
Non-current liabilities	2,308	3,181
Total liabilities	100,975	141,644
Net assets	131,169	134,231
Ratio Analysis		
Current ratio (times)	1.6	1.5
Gearing ratio	31.6%	51.3%

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 2023 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2022.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	<i>Note</i>	Six months ended 30 June	2023	2022
		(Unaudited)	(Unaudited)	
		HK\$'000	HK\$'000	(Re-presented)
Revenue	4	157,131	186,832	
Cost of sales	6	(131,453)	(157,020)	
Gross profit		25,678	29,812	
Other income and gain/(loss), net	5	680	(4,028)	
Selling and distribution expenses	6	(6,371)	(6,307)	
Administrative expenses	6	(22,005)	(24,779)	
Loss from operation		(2,018)	(5,302)	
Finance income	7	1,155	27	
Finance costs	7	(2,386)	(1,046)	
Finance costs, net	7	(1,231)	(1,019)	
Loss before income tax		(3,249)	(6,321)	
Income tax credit	8	551	1,395	
Loss for the period		(2,698)	(4,926)	
Other comprehensive loss:				
<i>Items that may be reclassified to profit or loss:</i>				
Currency translation differences		(364)	(1,232)	
Total comprehensive loss for the period		(3,062)	(6,158)	
Loss per share attributable to owners of the Company for the period				
Basic and diluted (<i>HK cents</i>)	9	(0.22)	(0.49)	

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	<i>Note</i>	As at 30 June 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	<i>10</i>	17,420	18,259
Right-of-use assets		4,944	6,130
Financial assets at fair value through profit or loss (“FVTPL”)	<i>13</i>	34,363	34,274
Investment property		1,400	1,400
Intangible assets	<i>11</i>	10,011	10,224
Deferred tax assets		2,230	2,329
		70,368	72,616
Current assets			
Inventories		19,660	27,848
Trade receivables	<i>12</i>	49,725	60,956
Prepayments, deposits and other receivables		19,625	15,799
Financial assets at FVTPL	<i>13</i>	27,021	7,213
Pledged deposits		11,573	45,860
Assets classified as held for sale	<i>14</i>	1,057	–
Cash at bank and on hand		33,115	45,583
		161,776	203,259
Total assets		232,144	275,875
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	<i>17</i>	12,000	12,000
Other reserves		51,865	52,229
Retained earnings		67,304	70,002
Total equity		131,169	134,231
Non-current liabilities			
Lease liabilities		2,308	3,181

	<i>Note</i>	As at 30 June 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
Current liabilities			
Trade payables	15	33,720	41,492
Other payables and accruals		16,668	16,888
Contract liabilities		4,248	5,801
Lease liabilities		1,699	1,961
Bill payables	15	4,833	6,565
Bank borrowings	16	37,384	63,740
Tax payables		115	2,016
		<u>98,667</u>	<u>138,463</u>
Total liabilities		<u>100,975</u>	<u>141,644</u>
Total equity and liabilities		<u>232,144</u>	<u>275,875</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 25 August 2023.

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 2023 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 2022.

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 2022, 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 2023 are consistent with those set out in the Group’s financial statements for the year ended 31 December 2022, except for the adoption of the following new and amended HKFRSs effective as of 1 January 2023.

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

HKFRS 17	Insurance Contracts and related amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

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.

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 2022.

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 private label product segment as the Group's reportable and operating segment of its business. 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.

During the six months ended 30 June 2023 and 2022, the Group's operating activities are attributable to a single reportable and operating segment focusing primarily on the designing, developing, sourcing, manufacturing and selling full range of bag, luggage and accessories, as well as medical related products, tool storage and tool accessories under the private label products segment. This operating segment has been identified on the basis of internal management reports reviewed by the CODM. The CODM mainly reviews revenue derived from the private label products segment. The CODM reviews the overall results of the Group as a whole to make decisions about resources allocation. Accordingly, no segment analysis is presented.

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Sales of goods	<u>157,131</u>	<u>186,832</u>
Timing of revenue recognition — At a point in time	<u>157,131</u>	<u>186,832</u>

5 OTHER INCOME AND GAIN/(LOSS), NET

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental income	151	403
Loss on disposal of property, plant and equipment	–	(153)
Fair value loss on financial assets at FVTPL	(1,217)	(4,383)
Gain on disposal of financial assets at FVTPL	1,454	–
Others	292	105
	<u>680</u>	<u>(4,028)</u>

6 EXPENSES BY NATURE

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories sold	114,400	140,236
Employee benefit expenses	25,319	24,616
Transportation and freight charges	2,677	2,147
Directors' emoluments	4,393	3,955
Depreciation of property, plant and equipment	711	1,071
Depreciation of right-of-use assets	1,186	1,473
Amortisation of intangible assets	230	178
Expected credit losses ("ECL") allowance of trade receivables	–	3,628
Legal and professional fees	878	1,692
Sales and marketing expenses	3,471	3,333
Design and development expenses	259	459
Others	6,305	5,318
	<u>159,829</u>	<u>188,106</u>

7 FINANCE COSTS, NET

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Finance income		
— Interest income from bank deposits	<u>1,155</u>	<u>27</u>
Finance costs		
— Interest expenses on bank borrowings and bank overdrafts	(2,275)	(965)
— Interest expenses on lease liabilities	<u>(111)</u>	<u>(81)</u>
	<u>(2,386)</u>	<u>(1,046)</u>
Finance costs, net	<u>(1,231)</u>	<u>(1,019)</u>

8 INCOME TAX CREDIT

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 2023 and 2022. 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 2023 and 2022. 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 2022: 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 2022: 2.5%), whereas the excess portion will be subject to the effective CIT rate of 5% (for the six months ended 30 June 2022: 5%). The Group's subsidiaries in Denmark are subject to the income tax at the rate of 22% for the six months ended 30 June 2023 and 2022.

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax		
— Hong Kong profits tax	(1,751)	1,172
— China corporate income tax	1,012	(1,342)
— Denmark income tax	90	(39)
Deferred income tax	<u>98</u>	<u>(1,186)</u>
	<u>(551)</u>	<u>(1,395)</u>

9 LOSS PER SHARE

Basic loss per share are calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares deemed to be in issue during the six months ended 30 June 2023 and 2022.

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

Loss figures are calculated as follows:

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period attributable to the owners of the Company	<u>(2,698)</u>	<u>(4,926)</u>
Weighted average number of ordinary shares in issue (<i>thousands of shares</i>)	<u>1,200,000</u>	<u>1,000,000</u>
Basic loss per share (HK cents)	<u><u>(0.22)</u></u>	<u><u>(0.49)</u></u>

There were no potentially dilutive ordinary shares issued during the six months ended 30 June 2023 and 2022.

10 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group had approximately HK\$640,000 (six months ended 30 June 2022: HK\$239,000) addition to property, plant and equipment, did not dispose of property, plant and equipment (six months ended 30 June 2022: HK\$455,000) and transferred approximately HK\$1,057,000 to assets classified as assets held for sale.

11 INTANGIBLE ASSETS

During the six months ended 30 June 2023 and 2022, the Group did not acquire any intangible assets and did not dispose of any intangible assets. No impairment was recognised during the six months ended 30 June 2023 and 2022.

12 TRADE RECEIVABLES

	As at 30 June 2023 (Unaudited) <i>HK\$'000</i>	As at 31 December 2022 (Audited) <i>HK\$'000</i>
Trade receivables	56,302	67,533
Less: ECL allowance	(6,577)	(6,577)
	<hr/>	<hr/>
Trade receivables, net	49,725	60,956
	<hr/> <hr/>	<hr/> <hr/>

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 2023 and 31 December 2022, the aging analysis of trade receivables and net of ECL allowance based on invoice date is as follows:

	As at 30 June 2023 (Unaudited) <i>HK\$'000</i>	As at 31 December 2022 (Audited) <i>HK\$'000</i>
0–30 days	32,965	38,887
31–60 days	10,451	13,883
61–90 days	4,797	4,813
91–120 days	47	1,247
Over 120 days	1,465	2,126
	<hr/>	<hr/>
	49,725	60,956
	<hr/> <hr/>	<hr/> <hr/>

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 2023 (as at 31 December 2022: 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 2023 (as at 31 December 2022: HK\$6,536,000).

The remaining trade receivables with gross carrying amount of approximately HK\$49,766,000 as at 30 June 2023 (as at 31 December 2022: HK\$60,997,000) are assessed based on debtors' aging with adopted an average expected loss rate of 0.08% (as at 31 December 2022: 0.07%). 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 2023 (as at 31 December 2022: HK\$41,000).

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
Non-current		
Key management insurance contracts (<i>note i</i>)	26,363	26,274
Investment in NFT-themed Project (<i>note ii</i>)	8,000	8,000
	<u>34,363</u>	<u>34,274</u>
Current		
Listed equity investments in Hong Kong (<i>note iii</i>)	17,770	7,213
Unlisted equity investments outside Hong Kong (<i>note iv</i>)	9,251	–
	<u>27,021</u>	<u>7,213</u>
	<u><u>61,384</u></u>	<u><u>41,487</u></u>

Notes

- i. As at 30 June 2023 and 31 December 2022, the Group's key management insurance contracts were pledged as collateral for the Group's bank borrowings. The beneficiary of the key management insurance contracts is Grown-Up Manufactory Limited, an indirect wholly-owned subsidiary of the Company.
- ii. On 19 December 2022, Ricktake Development Limited ("**Ricktake**"), an indirect wholly-owned subsidiary of the Company, entered into a cooperation framework agreement (the "**Agreement**") with Cheung Chau Culture Company Limited, an independent third party. Pursuant to the Agreement, both parties agreed to cooperate in the development of NFT theme park for the promotion of tourism in Cheung Chau ("**NFT-themed Project**"). It was agreed that the Group invested HK\$8,000,000 and would be entitled 10% of the revenue sharing of the NFT-themed Project for eight years commencing from the date of the Agreement.
- iii. As at 30 June 2023, the balance includes the Group's investment in various companies, of which the issued shares of each of the following companies are listed on the Stock Exchange of Hong Kong, including Power Assets Holdings Limited (Stock Code: 00006) amounting to approximately HK\$411,000 (31 December 2022: HK\$427,000), Meitu, Inc (Stock Code: 1357) amounting to HK\$1,776,000 (31 December 2022: nil), Canvest Environmental Protection Group Company Limited (Stock Code: 1381) amounting to HK\$1,970,000 (31 December 2022: nil), Alliance International Education Leasing Holdings Limited (Stock Code: 1563) amounting to HK\$6,912,000 (31 December 2022: nil), Coolpad Group Limited (Stock Code: 2369) amounting to approximately HK\$4,088,000 (31 December 2022: approximately HK\$6,269,000), and the investment in Frugl Group Ltd (ASX:FGL) of which the issued share of the company is listed on the Australian Securities Exchange amounting to approximately HK\$2,613,000 (31 December 2022: nil).
- iv. On 20 June 2023, Ricktake entered into a subscription agreement with Legend Gainer Limited ("**Legend Gainer**"), an independent third party to subscribe for preferred shares in Legend Gainer for a consideration of approximately HK\$9,251,000. Legend Gainer is an investment holding company and its business objective is to generate returns through investment in multiple assets, including but not limited to, equity securities.

Financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.

Level 3: significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value in the consolidated statement of financial position on a recurring basis are grouped into the fair value hierarchy as follows:

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 30 June 2023 (Unaudited)				
Financial assets at FVTPL				
Listed equity investments	17,770	–	–	17,770
Key management insurance contracts	–	26,363	–	26,363
Investment in NFT-themed Project	–	–	8,000	8,000
Unlisted equity investment outside Hong Kong	–	–	9,251	9,251
	<u>17,770</u>	<u>26,363</u>	<u>17,251</u>	<u>61,384</u>
As at 31 December 2022 (Audited)				
Financial assets at FVTPL				
Listed equity investments	7,213	–	–	7,213
Key management insurance contracts	–	26,274	–	26,274
Investment in NFT-themed Project	–	–	8,000	8,000
	<u>7,213</u>	<u>26,274</u>	<u>8,000</u>	<u>41,487</u>

There was no transfer between Levels 1, 2 and 3 for recurring fair value measurements during the six months ended 30 June 2023 and the year ended 31 December 2022.

Fair value measurement (Level 2)

The following table presents the movements in key management insurance contracts for six months ended 30 June 2023 and year ended 31 December 2022:

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
As at 1 January	26,274	7,002
Addition	–	23,294
Fair value changes recognised in profit or loss	<u>89</u>	<u>(4,022)</u>
As at 30 June/31 December	<u>26,363</u>	<u>26,274</u>

The key management insurance contracts under Level 2 fair value measurement are 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 2023, there is a fair value gain of approximately HK\$89,000 relating to the value of the surrender charge of key management insurance contracts (for the six months ended 30 June 2022: loss of approximately HK\$4,383,000).

Fair value measurement (Level 3)

Below is a summary of the valuation of investment in NFT-themed Project and unlisted equity investment outside Hong Kong as at 30 June 2023 and 31 December 2022:

	Valuation technique	Significant unobservable input	Range	
			30 June 2023 (unaudited)	31 December 2022 (audited)
Investment in NFT-themed Project	Income approach	Post-tax discount rate	10.2%	11.2%
Unlisted equity investment outside Hong Kong	Adjusted net assets approach	Adjusted net asset value of the investee	N/A	N/A

As at 30 June 2023 and 31 December 2022, investment in NFT-themed Project under Level 3 fair value measurement was stated at fair value. The most significant unobservable input is discount rate. The estimated fair value of investment in NFT-themed Project increases if the discount rate decreases. As at 30 June 2023, it is estimated that with all other variables held constant, an increase/a decrease in discount rate by 5% would increase/decrease the Group's loss for the period by HK\$156,000 (31 December 2022: loss for the year by HK\$163,000).

As at 30 June 2023, unlisted equity investment outside Hong Kong under Level 3 fair value measurement was stated at fair value based on the adjusted net assets approach by adjusting the book value of assets and liabilities of the investee to their fair value. As at 30 June 2023, it is estimated that with all other variables held constant, an increase/a decrease in the fair values of assets and liabilities of the investee by 1% would decrease/increase the Group's loss for the period by HK\$93,000.

The following table presents the movement in investments under Level 3 fair measurement for the six months ended 30 June 2023 and the year ended 31 December 2022:

	Investment in NFT-themed Project HK\$'000	Unlisted equity investment outside Hong Kong HK\$'000	Total HK\$'000
As at 1 January 2022	–	–	–
Addition	8,000	–	8,000
As at 31 December 2022 and 1 January 2023 (Audited)	8,000	–	8,000
Addition	–	9,252	9,252
As at 30 June 2023 (Unaudited)	<u>8,000</u>	<u>9,252</u>	<u>17,252</u>

14 ASSETS CLASSIFIED AS HELD FOR SALE

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
Land and building	<u>1,057</u>	<u>–</u>

On 14 April 2023, an indirect wholly-owned subsidiary of the Group, entered into agreements with the purchaser, VKing Marine Limited, a company incorporated in the Hong Kong with limited liability and indirectly and wholly-owned by Mr. Thomas Berg, to sell the land and property at the consideration of HK\$19,500,000 and to lease the land and buildings after the disposal. The land and building are used by the Group as an ancillary office and storage space. The Group anticipates that the disposal will be completed by 31 August 2023.

15 TRADE AND BILL PAYABLES

	As at 30 June 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
Trade payables	33,720	41,492
Bill payables	4,833	6,565
	<u>38,553</u>	<u>48,057</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 2023 and 31 December 2022, the aging analysis of the trade payables of the Group by invoice date is as follows:

	As at 30 June 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
0–30 days	18,615	10,299
31–60 days	9,217	17,623
61–90 days	3,785	8,070
Over 90 days	2,103	5,500
	<u>33,720</u>	<u>41,492</u>

16 BANK BORROWINGS

	As at 30 June 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
Bank overdrafts	911	11,744
Bank borrowings	36,473	51,996
	<u>37,384</u>	<u>63,740</u>

As at 30 June 2023, the interest rates of the bank borrowings ranged from 4.8% to 6.8% (31 December 2022: 5.0% to 6.5%) per annum. For the six months ended 30 June 2023, the interest rates of the bank borrowings ranged from 4.8% to 7.8% (six months ended 30 June 2022: 1.5% to 5.8%) per annum. 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

	Number of ordinary shares at HK\$0.01 each '000	Share capital HK\$'000
Authorised:		
As at 30 June 2023 (Unaudited) and 31 December 2022 (Audited)	<u>10,000,000</u>	<u>100,000</u>
Issued and fully paid:		
As at 30 June 2023 (Unaudited) and 31 December 2022 (Audited)	<u>1,200,000</u>	<u>12,000</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 2023 (six months ended 30 June 2022: nil).

19 CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at 30 June 2023 and 31 December 2022.

20 CONTINGENT LIABILITIES

As at 30 June 2023, the Group did not have any material contingent liabilities (31 December 2022: 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, the continuous price hike in raw material costs resulted from the ongoing Russia-Ukraine War was still negatively affecting the Group's business performance. Coupled with the effect of the increase in the interest rates to combat worldwide inflation, the Group encountered a drop in overall sales, in particular the sales of essential bags, tool storage and tool accessories, due mainly to the consumers' cautious consumption behaviour during the Reporting Period.

Despite the decrease in the sales of essential bags, tool storage and tool accessories, the Group recorded a significant growth in the sales of luggage, which was mainly attributable to the resumption of global travel and the worldwide removal of the COVID-19 containment measures, travel restrictions and mandatory quarantine requirements during the Reporting Period. The Group expects that there will be further increase in the sales of luggage when travelling is resumed to its norm during the pre-COVID-19 times.

In addition, our business also focused on the supply of functional and essential products with private label for medical use, the slight increase in the medical bags and related products during the Reporting Period indicated that the demands in the ever-changing market conditions were relatively steady.

During the Reporting Period, the Group's capital structure was also optimised as the Group managed to repay its outstanding bank loans during the Reporting Period by pledge deposit and utilising part of the proceeds raised in the placing of the Company's new shares at the end of 2022. The repayment of the bank loans alleviates the Group's cash flow pressure and allows the Group to negotiate for better terms with its banks when securing banking facilities in the future.

The revenue of our private label products business for the Reporting Period decreased by approximately HK\$29.7 million or approximately 15.9%, from approximately HK\$186.8 million for the six months ended 30 June 2022 to approximately HK\$157.1 million for the Reporting Period. Such decrease was mainly attributable to the decrease in revenue from our private label product business as a result of the decrease in sales of essential bags, tool storage and tool accessories during the Reporting Period.

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

	Six months ended 30 June 2023		Six months ended 30 June 2022	
	Revenue HK\$'000	%	Revenue HK\$'000	%
Private label products				
Backpack and others	71,459	45%	127,884	69%
Tool storage and tool accessories	25,480	16%	35,745	19%
Luggage	26,653	17%	184	0%
Medical bags and related supplies	33,539	22%	23,019	12%
	<hr/>		<hr/>	
Total	<u>157,131</u>	100%	<u>186,832</u>	100%

Our cost of sales decreased by approximately HK\$25.5 million or approximately 16.2% from approximately HK\$157.0 million for the six months ended 30 June 2022 to approximately HK\$131.5 million for the Reporting Period. Such decrease was primarily due to the decrease in cost of inventories sold which was in line with our decreased revenue. Nevertheless, our overall gross profit margin remained stable at approximately 16.3% for the Reporting Period and 16.0% for the six months ended 30 June 2022 .

Our selling and distribution expenses mainly include salaries and benefits of sales and marketing staff, marketing and promotion expenses, travelling and sample cost.

For the Reporting Period, the selling and distribution expenses were approximately HK\$6.4 million, which remained stable as compared to the corresponding period in year 2022. The Company utilised a similar level of selling and distribution expense to maintain its expanded sales and marketing network despite a significant drop in the sales of essential bags, tool storage and tool accessories during the Reporting Period.

Our administrative expenses decreased by approximately HK\$2.8 million from approximately HK\$24.8 million for the six months ended 30 June 2022 to approximately HK\$22.0 million for the Reporting Period. The decrease was mainly due to the recognition of impairment loss on trade receivable for the corresponding period in 2022, and the Company did not reported any substantial provision during the Reporting Period.

Our other net income and gain, net, turnaround from a loss of approximately HK\$4.0 million for the six months ended 30 June 2022 to a profit of approximately HK\$0.7 million for the Reporting Period. Such improvement was mainly due to the absence of fair value loss on a key man insurance policy of approximately HK\$4.4 million for the year ended 31 December 2022 and the reported gain on disposal of listed securities of HK\$1.5 million during the Reporting Period.

Loss attributable to shareholders of the Company decreased by approximately HK\$2.2 million from approximately HK\$4.9 million for the six months ended 30 June 2022 to approximately HK\$2.7 million for the Reporting Period.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL EXPENDITURE

As at 30 June 2023, the Group had net current assets of approximately HK\$63.1 million (31 December 2022: HK\$64.8 million), cash and bank balances and pledged deposits amounted to approximately HK\$44.7 million (31 December 2022: HK\$91.4 million) and bank borrowings amounted to approximately HK\$37.4 million (31 December 2022: HK\$63.7 million). The Group's cash and bank balances as at 30 June 2023 were mainly denominated in Renminbi (“RMB”), Hong Kong Dollars (“HKD”) and United States Dollars (“USD”). The Group's bank borrowings carried interest at rates ranging from 4.8% to 6.8% per annum as at 30 June 2023 (31 December 2022: 5.0% to 6.5%), and from 4.8% to 7.8% per annum during the Reporting Period (six months ended 30 June 2022: 1.5% to 5.8%).

The Group's gearing ratio as at 30 June 2023 was 31.6% (31 December 2022: 51.3%), 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 decrease in gearing ratio was mainly due to the decrease in bank borrowings by HK\$26.4 million during the Reporting Period.

During the Reporting Period, the Group incurred capital expenditure of approximately HK\$0.6 million (six months ended 30 June 2022: HK\$0.2 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 2023, the Group did not have any material contingent liabilities (31 December 2022: 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 2023 are set out in note 18 to the Group's unaudited interim condensed consolidated financial information for the Reporting Period.

EMPLOYEE INFORMATION

As at 30 June 2023, the Group had approximately 400 employees (30 June 2022: approximately 409 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 13 as at 30 June 2023, there were no other material investments held by the Group (31 December 2022: nil).

CHARGE ON ASSETS

As at 30 June 2023 and 31 December 2022, 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 2022: approximately HK\$1.1 million) ;
- (ii) Pledged deposits of approximately HK\$11.6 million (31 December 2022: approximately HK\$45.9 million); and
- (iii) Financial assets at fair value through profit or loss of approximately HK\$26.4 million (31 December 2022: approximately HK\$26.3 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, the Group's business performance was heavily affected by the ongoing Russia-Ukraine War, high interest rates and inflation, resulting in the drop of sales of the Group's products. Although the Group witnessed a significant growth in its sales of luggage as worldwide COVID-19 containment measures, travel restrictions and mandatory quarantine requirements were eased during the Reporting Period, the economy did not experience a significant rebound as expected. In view of the rising geopolitical tension among major economies, the Group expects that the second half of 2023 will remain challenging.

Facing these challenges, the Group will remain cautious for its business development in the second half of 2023. Nevertheless, the Group will strive to maintain its strategic focus to achieve on profitability and maintain its competitiveness by delivering greater value to its customers through diversified product design and development, competitive pricing, quality management and customer service. In addition, the Group will make use of its effective cost control measures to plan and adjust its budget prudently for the benefits of the Group's business operations.

Product diversification is also one of the Group's priorities for its future development as there is intense competition in the industry. To capture the increasing need of bags and luggage as a result of the resumption of global travel and to expand its market, the Group will continue to invest in its existing business operation by researching, developing and launching new products with innovative ideas, and improving the quality of the products to better serve and meet customers' needs. The Group believes that its capability to innovate and the provision of suitable and satisfactory products are the key to its future success in the industry.

Moving forward, the Company will keep on exploring and identifying new business opportunities to create greater shareholders' value and strong business return. The Group will also look for alternative global sourcing solutions and distribution platforms to promote its products with a view to reaching potential customers.

USE OF PROCEEDS FROM THE PLACING

On 9 November 2022, the Company entered into a placing agreement (the "**Placing Agreement**") with a placing agent (the "**Placing Agent**"), pursuant to which the Company has conditionally agreed to place through the Placing Agent, a maximum of 200,000,000 new shares (the "**Placing Shares**") at the placing price of HK\$0.16 per Placing Share under the general mandate (the "**Placing**"). The placing price of HK\$0.16 represented a discount of approximately 2.4% to the closing price, HK\$0.164 per share as quoted on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 9 November 2022. The Placing was completed on 5 December 2022 (the "**Completion**"). The Company has fully placed an aggregate of 200,000,000 Placing Shares to not less than six independent placees, representing (i) 20% of the issued share capital of the Company immediately prior to the Completion; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the 200,000,000 Placing Shares.

The net proceeds from the Placing (the “**Placing Net Proceeds**”), after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) amounted to approximately HK\$31.3 million. During the Reporting Period, the Placing Net Proceeds had been applied as follows:

	Amount of Placing Net Proceeds <i>HK\$'000</i>	Unutilised Placing Net Proceeds as at 31 December 2022 <i>HK\$'000</i>	Placing Net Proceeds utilised during the Reporting Period <i>HK\$'000</i>	Unutilised Placing Net Proceeds as at 30 June 2023 <i>HK\$'000</i>	Expected timeline on utilisation of unutilised Placing Net Proceeds
Funding the existing business operation	15,300	15,300	8,693	6,607	31 December 2023
Participating in an NFT-themed project	8,000	–	–	–	N/A
Repaying outstanding liabilities	5,000	2,363	2,363	–	N/A
General working capital	3,000	–	–	–	N/A
	<u>31,300</u>	<u>17,633</u>	<u>11,056</u>	<u>6,607</u>	

The unutilised Placing Net Proceeds were placed in an interest-bearing deposits with authorised financial institutions or licensed banks in Hong Kong as at the date of this announcement.

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

Intended use of Placing Net Proceeds	Description of the Placing Net Proceeds utilised during the Reporting Period
Participating in an NFT-themed project	On 19 December 2022, Ricktake Development Limited (“ Ricktake ”), an indirectly wholly-owned subsidiary of the Company, entered into a cooperation framework agreement (the “ Agreement ”) with an independent third party, pursuant to which the parties agreed to develop an NFT-themed park for the (i) promotion of tourism and (ii) cultural preservation of Cheung Chau for a term of eight years. Under the Agreement, Ricktake agreed to invest HK\$8 million for the development of the NFT-themed park and the amount was fully paid during the Reporting Period.
Repaying outstanding liabilities	Repayment of bank loans
General working capital	General working capital to accommodate daily operational needs

For further details of the Placing, please refer to the announcements of the Company dated 9 November 2022 and 5 December 2022, respectively.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 C1.6 of the CG Code provides that the independent non-executive Directors and other non-executive Directors should attend general meetings to gain and develop a balanced understanding of the view of the Shareholders. The non-executive Director, Mr. Fung Bing Ngon was unable to join the annual general meeting of the Company held on 25 May 2023 (the “**2023 AGM**”) due to other business engagement. Respective chairmen and members of the audit committee (the “**Audit Committee**”), remuneration committee and nomination committee of the Company were present at the 2023 AGM and were available to answer relevant questions, which was in compliance with other parts of the code provision.

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 2022: 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, save for the disposal of property below, there was no acquisition or disposal of subsidiaries and associated companies by the Company.

On 14 April 2023, Grown-Up Manufactory Limited (“**GPM**”), an indirect wholly-owned subsidiary of the Company, and VKing Marine Limited (“**VKing**”) entered into a sale and purchase agreement, pursuant to which GPM agreed to sell and VKing agreed to purchase the property located at 7th Floor, Tai Ping Industrial Centre Block 2, No. 55 Ting Kok Road, Tai Po, New Territories, Hong Kong (the “**Property**”) at a consideration of HK\$19,500,000, with reference to the prevailing property market in Hong Kong and the market price of similar property in the vicinity of the Property (the “**Disposal**”). The consideration shall be paid by VKing according to the following terms: (i) HK\$975,000 shall be paid within seven days after the signing of the sale and purchase agreement as initial deposit; and (ii) HK\$18,525,000, being the balance of the consideration shall be paid on completion. Completion of the Disposal is expected to take place on or before 31 August 2023.

Vking is wholly-owned by Mr. Thomas Berg, who is the chairman, an executive Director and the controlling shareholder of the Company, therefore the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, and as the highest applicable percentage ratio of the Disposal exceeds 0.1% but is less than 5%, the Disposal is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders’ approval requirement under Chapter 14 of the Listing Rules.

For further details of the Disposal, please refer to the announcement of the Company dated 14 April 2023.

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 and the website of the Stock Exchange at www.hkexnews.hk. The Company's 2023 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, 25 August 2023

As at the date of this announcement, the executive Directors are Mr. Thomas Berg, Mr. Morten Rosholm Henriksen and Ms. Shut Ya Lai; and the independent non-executive Directors are Mr. Tsang Hing Suen, Mr. Wong Kai Hing and Mr. Chan Ting Leuk Arthur.