



GROWN UP GROUP

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

Interim Report  
**2021**



# CONTENTS

2	Corporate Information
3	Financial Highlights
4	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
5	Condensed Consolidated Statement of Financial Position
7	Condensed Consolidated Statement of Changes in Equity
8	Condensed Consolidated Statement of Cash Flows
9	Notes to the Condensed Consolidated Financial Information
21	Management Discussion and Analysis
28	Other Information



# Corporate Information

## EXECUTIVE DIRECTORS

Mr. Thomas Berg (*Chairman*)  
 Mr. Morten Rosholm Henriksen  
 Mr. Cheng Wai Man  
 Mr. Brian Worm (*Chief Executive Officer*)

## NON-EXECUTIVE DIRECTOR

Mr. Fung Bing Ngon Johnny

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tang Tin Lok Stephen  
 Mr. Lau Ning Wa Ricky  
 Mr. Jiang Yuan Kun (*resigned on 21 April 2021*)  
 Mr. Wong Kai Hing (*appointed on 21 April 2021*)

## AUDIT COMMITTEE

Mr. Tang Tin Lok Stephen (*Chairman*)  
 Mr. Lau Ning Wa Ricky  
 Mr. Jiang Yuan Kun (*resigned on 21 April 2021*)  
 Mr. Wong Kai Hing (*appointed on 21 April 2021*)

## NOMINATION COMMITTEE

Mr. Thomas Berg (*Chairman*)  
 Mr. Tang Tin Lok Stephen  
 Mr. Lau Ning Wa Ricky  
 Mr. Jiang Yuan Kun (*resigned on 21 April 2021*)  
 Mr. Wong Kai Hing (*appointed on 21 April 2021*)

## REMUNERATION COMMITTEE

Mr. Lau Ning Wa Ricky (*Chairman*)  
 Mr. Tang Tin Lok Stephen  
 Mr. Jiang Yuan Kun (*resigned on 21 April 2021*)  
 Mr. Thomas Berg  
 Mr. Wong Kai Hing (*appointed on 21 April 2021*)

## COMPANY SECRETARY

Ms. Shut Ya Lai

## AUTHORISED REPRESENTATIVES

Mr. Thomas Berg  
 Ms. Shut Ya Lai

## AUDITOR

Grant Thornton Hong Kong Limited

## REGISTERED OFFICE

Cricket Square, Hutchins Drive  
 P.O. Box 2681  
 Grand Cayman, KY1-1111 Cayman Islands

## HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat D, 7/F, Block 2  
 Tai Ping Industrial Centre  
 55 Ting Kok Road, Tai Po  
 New Territories  
 Hong Kong

## COMPANY'S WEBSITE

[www.grown-up.com](http://www.grown-up.com)

## PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited

## HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited

## PRINCIPAL BANKER

Hang Seng Bank Limited

## STOCK CODE

1842

# Financial Highlights

	<b>Six months ended 30 June</b>	
	<b>2021 (Unaudited) HK\$'000</b>	2020 (Unaudited) HK\$'000
<b>Financial Results</b>		
Revenue	<b>223,756</b>	196,662
Profit for the period	<b>4,113</b>	3,438
Basic earnings per share (HK cent)	<b>0.41</b>	0.34
Diluted earnings per share (HK cent)	<b>0.41</b>	0.34
<b>Statement of Financial Position</b>		
	<b>As at 30 June 2021 (Unaudited) HK\$'000</b>	As at 31 December 2020 (Audited) HK\$'000
Non-current assets	<b>79,296</b>	82,871
Current assets	<b>212,238</b>	212,149
Total assets	<b>291,534</b>	295,020
Current liabilities	<b>170,047</b>	176,031
Non-current liabilities	<b>9,307</b>	11,085
Total liabilities	<b>179,354</b>	187,116
Net assets	<b>112,180</b>	107,904
<b>Ratio Analysis</b>		
Current ratio (times) <sup>(Note 1)</sup>	<b>1.2</b>	1.2
Gearing ratio <sup>(Note 2)</sup>	<b>74.0%</b>	79.6%

Notes:

1. Current ratio is calculated by dividing current assets by current liabilities.
2. Gearing ratio is calculated by dividing total debt by total equity multiplied by 100%. Total debt is defined as the sum of lease liabilities, bank overdrafts and bank and other borrowings.

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

## 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 2021 (the “Reporting Period”), together with the comparative figures for the corresponding period in 2020.

	Note	Six months ended 30 June	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue	4	223,756	196,662
Cost of sales		(171,322)	(145,149)
Gross profit		52,434	51,513
Other income, net	5	435	712
Selling and distribution expenses		(21,632)	(20,498)
Administrative expenses		(25,001)	(24,679)
<b>Profit from operations</b>		<b>6,236</b>	7,048
Finance income	7	128	469
Finance costs	7	(1,874)	(3,091)
Finance costs, net	7	(1,746)	(2,622)
<b>Profit before income tax</b>		<b>4,490</b>	4,426
Income tax expenses	8	(377)	(988)
<b>Profit for the period</b>		<b>4,113</b>	3,438
Other comprehensive income/loss:			
<i>Items that may be reclassified to profit or loss:</i>			
Currency translation differences		163	(8)
Total comprehensive income for the period		4,276	3,430
Earnings per share attributable to owners of the Company for the period			
Basic and diluted (HK cent)	9	0.41	0.34

# Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Note	As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	10	21,487	21,899
Right-of-use assets		6,466	7,134
Financial assets at fair value through profit or loss	13	7,002	7,002
Investment property		1,400	1,400
Intangible assets	11	36,075	39,042
Deferred tax assets		6,866	6,394
		<b>79,296</b>	82,871
<b>Current assets</b>			
Inventories		35,400	52,311
Trade receivables	12	78,217	56,378
Prepayments, deposits and other receivables		26,105	25,854
Tax recoverables		–	389
Pledged deposits		48,797	48,779
Cash at bank and on hand		23,719	28,438
		<b>212,238</b>	212,149
<b>Total assets</b>		<b>291,534</b>	295,020
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	16	10,000	10,000
Other reserves		24,591	24,428
Retained earnings		77,589	73,476
<b>Total equity</b>		<b>112,180</b>	107,904

# Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Note	As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
<b>Non-current liabilities</b>			
License fees payable		7,382	8,422
Lease liabilities		1,925	2,663
		<b>9,307</b>	11,085
<b>Current liabilities</b>			
Trade payables	14	49,833	49,697
Other payables and accruals		13,712	14,903
Contract liabilities		9,892	3,667
License fees payable		4,932	5,494
Lease liabilities		4,488	4,313
Bills payables	14	9,964	17,405
Bank and other borrowings	15	76,622	78,955
Tax payables		604	1,597
		<b>170,047</b>	176,031
<b>Total liabilities</b>		<b>179,354</b>	187,116
<b>Total equity and liabilities</b>		<b>291,534</b>	295,020

# Condensed Consolidated Statement of Changes in Equity

## For the six months ended 30 June 2021

	Share capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Exchange reserve (Unaudited) HK\$'000	Retained earnings (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 January 2021	10,000	61,931	(34,809)	(2,694)	73,476	107,904
Profit for the period	-	-	-	-	4,113	4,113
Other comprehensive income:						
<i>Items that may be reclassified to profit or loss</i>						
— Currency translation differences	-	-	-	163	-	163
Total comprehensive income for the period	-	-	-	163	4,113	4,276
At 30 June 2021	10,000	61,931	(34,809)	(2,531)	77,589	112,180

## For the six months ended 30 June 2020

	Share capital (Unaudited) HK\$'000	Share premium (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Exchange reserve (Unaudited) HK\$'000	Retained earnings (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 January 2020	10,000	61,931	(34,809)	(3,163)	87,953	121,912
Profit for the period	-	-	-	-	3,438	3,438
Other comprehensive loss:						
<i>Items that may be reclassified to profit or loss</i>						
— Currency translation differences	-	-	-	(8)	-	(8)
Total comprehensive income for the period	-	-	-	(8)	3,438	3,430
At 30 June 2020	10,000	61,931	(34,809)	(3,171)	91,391	125,342

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	4,001	43,602
Income tax paid	(981)	(2,999)
<b>Net cash generated from operating activities</b>	<b>3,020</b>	40,603
<b>Cash flows from investing activities</b>		
Interest received	128	469
Purchase of property, plant and equipment	(1,172)	(499)
Increase in pledged deposits	(18)	(25,248)
<b>Net cash used in investing activities</b>	<b>(1,062)</b>	(25,278)
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings	14,000	5,913
Repayment of bank borrowings	(14,000)	(2,976)
Interest paid	(1,629)	(2,789)
Principal elements of lease payments	(2,399)	(4,955)
<b>Net cash used in financing activities</b>	<b>(4,028)</b>	(4,807)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,070)</b>	10,518
(Cash deficits)/Cash and cash equivalents at beginning of the period	(18,517)	4,913
Exchange differences	(316)	70
<b>(Cash deficits)/Cash and cash equivalents at end of the period</b>	<b>(20,903)</b>	15,501

# 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, manufacturing and selling full range of bag, 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 27 August 2021.

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 2021 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 2020.

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 2020, 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 new and revised HKFRSs as disclosed in Note 2.2 below.



# Notes to the Condensed Consolidated Financial Information

## 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 interim 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 2020.

## 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 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 products segment — branded 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.

	<b>Six months ended 30 June</b>	
	<b>2021</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2020 (Unaudited) HK\$'000
Sales of goods	<b>223,756</b>	196,662
Timing of revenue recognition		
— At a point in time	<b>223,756</b>	196,662

# Notes to the Condensed Consolidated Financial Information

## 4 SEGMENT INFORMATION *(continued)*

### FOR THE SIX MONTHS ENDED 30 JUNE 2021

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

### FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Private label products (Unaudited) HK\$'000	Branded products (Unaudited) HK\$'000	Intersegment elimination (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Revenue from external customers	140,112	56,550	–	196,662
Inter-segment revenue	27,519	–	(27,519)	–
Total segment revenue	167,631	56,550	(27,519)	196,662
Segment results	8,040	1,522	(2,110)	7,452
Other income, net				460
Corporate expenses				(864)
Profit from operations				7,048
Finance income				469
Finance costs				(3,091)
Profit before income tax				4,426

# Notes to the Condensed Consolidated Financial Information

## 4 SEGMENT INFORMATION *(continued)*

### AS AT 30 JUNE 2021

	Private label products (Unaudited) HK\$'000	Branded products (Unaudited) HK\$'000	Corporate assets/ (liabilities) (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Non-current assets	41,846	28,849	8,601	79,296
Current assets	140,339	70,699	1,200	212,238
Total assets	182,185	99,548	9,801	291,534
Segment liabilities	(107,424)	(70,759)	(1,171)	(179,354)
Net assets	74,761	28,789	8,630	112,180

### AS AT 31 DECEMBER 2020

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

## Notes to the Condensed Consolidated Financial Information

### 5 OTHER INCOME, NET

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Rental income	225	460
Gain on disposal of property, plant and equipment	165	–
Others	45	252
	<b>435</b>	712

### 6 EXPENSES BY NATURE

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Cost of inventories sold	150,970	122,038
Employee benefit expenses <sup>(note)</sup>	29,240	35,447
Transportation and freight charges	5,571	6,747
Directors' emoluments	3,675	2,801
Depreciation of property, plant and equipment	1,747	1,437
Depreciation of right-of-use assets	2,408	4,937
Amortisation of intangible assets	6,333	3,829
Credit loss allowance of trade receivables (note 12)	(39)	49
Legal and professional fees	1,941	906
Sales and marketing expenses	6,015	3,717
Design and development expenses	2,283	1,433
Others	7,811	6,985
	<b>217,955</b>	190,326

Note: During the Reporting Period, the Group's subsidiaries did not enjoy any employment support schemes from the government in Hong Kong, the PRC and Denmark (for the six month ended 30 June 2020: approximately HK\$2.1 million was credited to the employee benefit expenses).

# Notes to the Condensed Consolidated Financial Information

## 7 FINANCE COSTS, NET

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
<b>Finance income</b>		
— Interest income from bank deposits	128	469
	<b>128</b>	469
<b>Finance costs</b>		
— Interest expenses on bank borrowings and bank overdrafts	(1,629)	(2,789)
— Interest expenses on lease liabilities	(145)	(183)
— Notional interest on license fees payable	(100)	(119)
	<b>(1,874)</b>	(3,091)
<b>Finance costs, net</b>	<b>(1,746)</b>	(2,622)

## 8 INCOME TAX EXPENSES

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 2021 and 2020. 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 2021 and 2020. 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 2020: 5%). Where the taxable income exceeds RMB1 million but does not exceed RMB3 million (inclusive), the RMB1 million portion will be subject to an effective CIT rate of 5%, whereas the excess portion will be subject to the effective CIT rate of 10% for the six months ended 30 June 2021 and 2020. The Group's subsidiaries in Denmark are subject to the income tax at the rate of 22% for the six months ended 30 June 2021 and 2020.

The amount of taxation charged to profit or loss represents:

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Current tax		
— Hong Kong profits tax	1,481	279
— China corporate income tax	(915)	1,512
— Denmark income tax	(337)	(928)
Deferred income tax charged	148	125
	<b>377</b>	988

# Notes to the Condensed Consolidated Financial Information

## 9 EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2021 and 2020.

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>(Unaudited)</b>	(Unaudited)
Profit for the period (HK\$'000)	<b>4,113</b>	3,438
Weighted average number of shares in issue (thousand)	<b>1,000,000</b>	1,000,000
Basic earnings per share (HK cent)	<b>0.41</b>	0.34
Diluted earnings per share (HK cent)	<b>0.41</b>	0.34

There were no potentially dilutive ordinary shares outstanding as at 30 June 2021.

## 10 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group had approximately HK\$1,172,000 (six months ended 30 June 2020: HK\$499,000) addition to property, plant and equipment and disposed of one property, plant and equipment that is fully depreciated with no carrying amount (six months ended 30 June 2020: nil).

## 11 INTANGIBLE ASSETS

During the six months ended 30 June 2021, the Group had approximately HK\$2,934,000 addition to intangible assets (six month ended 30 June 2020: nil) and did not dispose of any intangible assets (six months ended 30 June 2020: nil). No impairment was recognised during the six months ended 30 June 2021 and 2020.

# Notes to the Condensed Consolidated Financial Information

## 12 TRADE RECEIVABLES

	<b>As at 30 June 2021 (Unaudited) HK\$'000</b>	As at 31 December 2020 (Audited) HK\$'000
Trade receivables	<b>79,433</b>	57,633
Less: Credit loss allowance (note 6)	<b>(1,216)</b>	(1,255)
Trade receivables, net	<b>78,217</b>	56,378

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 2021 and 31 December 2020, the aging analysis of trade receivables and net of allowances based on invoice date are as follows:

	<b>As at 30 June 2021 (Unaudited) HK\$'000</b>	As at 31 December 2020 (Audited) HK\$'000
0–30 days	<b>52,250</b>	27,182
31–60 days	<b>1,815</b>	6,030
61–90 days	<b>1,402</b>	1,930
Over 90 days	<b>22,750</b>	21,236
	<b>78,217</b>	56,378

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 certain customers with aggregate gross carrying amount of approximately HK\$21,089,000 as at 30 June 2021 (as at 31 December 2020: HK\$22,556,000) are assessed individually. The exposure to credit risk for these balances are assessed with a credit loss allowance of approximately HK\$1,113,000 was provided by the Group as at 30 June 2021 (as at 31 December 2020: HK\$1,191,000).

The remaining trade receivables with gross carrying amount of approximately HK\$58,344,000 as at 30 June 2021 (as at 31 December 2020: HK\$35,077,000) are assessed based on debtors' aging with adopted an average expected loss rate of 0.18% (as at 31 December 2020: 0.18%). The exposure to credit risk for these balances are assessed with a credit loss allowance of approximately HK\$103,000 was provided by the Group as at 30 June 2021 (as at 31 December 2020: HK\$64,000).

## Notes to the Condensed Consolidated Financial Information

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

	<b>As at 30 June 2021 (Unaudited) HK\$'000</b>	As at 31 December 2020 (Audited) HK\$'000
Unlisted investment:		
— Key management insurance contract	<b>7,002</b>	7,002

### 14 TRADE AND BILLS PAYABLES

	<b>As at 30 June 2021 (Unaudited) HK\$'000</b>	As at 31 December 2020 (Audited) HK\$'000
Trade payables	<b>49,833</b>	49,697
Bills payables	<b>9,964</b>	17,405
	<b>59,797</b>	67,102

Majority of payment terms with suppliers are within 60 to 90 days. The carrying amounts of trade and bills payables approximate their fair values. As at 30 June 2021 and 31 December 2020, the aging analysis of the trade payables of the Group by invoice date is as follows:

	<b>As at 30 June 2021 (Unaudited) HK\$'000</b>	As at 31 December 2020 (Audited) HK\$'000
0–30 days	<b>25,120</b>	16,649
31–60 days	<b>9,071</b>	12,444
61–90 days	<b>6,918</b>	8,298
Over 90 days	<b>8,724</b>	12,306
	<b>49,833</b>	49,697

# Notes to the Condensed Consolidated Financial Information

## 15 BANK AND OTHER BORROWINGS

	<b>As at 30 June 2021 (Unaudited) HK\$'000</b>	As at 31 December 2020 (Audited) HK\$'000
Bank overdrafts	<b>44,622</b>	46,955
Term loans	<b>32,000</b>	32,000
	<b>76,622</b>	78,955

For the year ended 31 December 2020 and the six months ended 30 June 2021, the interest rates of the bank loans ranged from 1.2% to 5.8% and 1.8% to 5.8% per annum, respectively. Term loans subject to a repayment on demand clause for the banks are classified as current liabilities in the condensed consolidated statement of financial position.

## 16 SHARE CAPITAL

	<b>Number of ordinary shares at HK\$0.01 each</b>	<b>Share capital HK\$'000</b>
Authorised:		
At 31 December 2020 and 30 June 2021	10,000,000,000	100,000
Issued and fully paid:		
At 31 December 2020 and 30 June 2021	1,000,000,000	10,000

## 17 INTERIM DIVIDEND

The Board of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

## Notes to the Condensed Consolidated Financial Information

### **18 CAPITAL COMMITMENTS**

The Group did not have any significant capital commitments as at 30 June 2021 and 31 December 2020.

### **19 CONTINGENT LIABILITIES**

The Group did not have any material contingent liabilities as at 30 June 2021 and 31 December 2020.

### **20 EVENTS AFTER THE REPORTING PERIOD**

The Group had no material events after the Reporting Period.

# Management Discussion and Analysis

## BUSINESS AND FINANCIAL REVIEW

As one of the leading global corporates in the industry with over three decades operating history, the Group has continuously evolved from a traditional Original Equipment Manufacturing (“OEM”) manufacturer, to a comprehensive product manufacturer with multiple geographical manufacturing capabilities rendering services combining OEM, Original Design Manufacturing (“ODM”) and Original Brand Manufacturing (“OBM”), which offers comprehensive supply chain solutions for designing, developing, sourcing, manufacturing and selling and distributing a full range of bags, luggage and accessories as well as medical related products, tool storage and tool accessories. The Group’s products are mainly categorised into (i) private label products; and (ii) branded products, which cater to kid, teen, sports, leisure, business, travel, technical, tool storage and medical related segments. Leveraging on the Group’s design and development capabilities and manufacturing knowhow, the Group has been able to ensure a stable and quality supply with product design optimisation to our diverse and global customer portfolio which consists of private label customers, distributors, wholesalers and retailers.

Primary due to the outbreak of the COVID-19 pandemic (the “COVID-19 Pandemic”), 2020 was quite the tumultuous year for the Group, and for the industry out there. Given the recurring waves of COVID-19 Pandemic globally, 2021 will get even more challenging. The COVID-19 Pandemic has led to the global economic recession and an unprecedented drop in consumer spending across countries that upended long-standing consumer habits. Due to the preventive measures imposed over the world as a result of the spread of the COVID-19 Pandemic, including but not limited to (i) the widespread travel restrictions; (ii) closure of non-essential business; and (iii) imposition of quarantine and other social distancing measures, for example, certain retail and department stores, as well as schools, were closed or with limited operation, which cut back the customers’ demand on the Group’s products, especially for branded product business which mainly distributes schoolbags and travelling luggage via retail and department stores. The performance of our branded product business has remained weak since the outbreak of the COVID-19 Pandemic in early 2020. The revenue of the Group’s branded product business for the Reporting Period was approximately HK\$57.3 million, which was almost the same sales level of approximately HK\$56.6 million as recorded for the six months ended 30 June 2020, with only a slight increase of approximately HK\$0.7 million, or approximately 1.4% and no significant improvement was noted yet. It is expected that it may take some more time to restore the performance of our branded product business.

While the Group has been experiencing the negative impacts caused by the COVID-19 Pandemic, the transformative changes of expanding its supply chain and production footprint out of the PRC that we put into action more than 12 months ago, which were originally motivated by the trade tensions between the U.S. and the PRC, have enabled us to navigate the uncertainty with confidence, especially for private label product business mainly focusing on functional products, including tool bags, sports bags, technical and medical related products, of which the demand is less impacted by the outbreak of the COVID-19 Pandemic.

Shifting production of products sold in the U.S. market out of the PRC allows the Group to mitigate the negative impact of the U.S. tariffs on its sales, and becomes more competitive and preferable than other manufacturers in the PRC. In addition, the Group has strongly reinforced its sales presence with certain well-known reputable and sizable corporates in the U.S., especially for private label customers in the tools product industry with proven resistance to the negative impacts of the COVID-19 Pandemic and a relatively high demand of tools products. During the Reporting Period, the Group recorded a substantial growth in sales of tool bags in the U.S., which far outweighed the decline in sales of private label luggage products. As a result, the Group’s overall sales to private label customers increased by approximately HK\$26.3 million or approximately 18.8%, from approximately HK\$140.1 million for the six months ended 30 June 2020 to approximately HK\$166.4 million for the Reporting Period. Our private label product segment, being our core business, remains sustainable with significant growth as the main sales and profit driver of the Group.

## Management Discussion and Analysis

Having said that, the Group is still suffering from the overwhelming of sea freight demands with shortage of shipping equipment/warehouse supply and high logistic costs primarily due to various limitations levied by the COVID-19 Pandemic. Especially for those production out of the PRC with raw materials sourcing in the PRC, the high logistic costs would definitely increase the respective production costs and thus lower the price competitiveness as well as the gross margin level. The increase in logistic and warehousing costs also put burden to the brand product business with domestic and overseas stock sales. During the Reporting Period, due to the unavailable supply of sea freights, certain product development, production and delivery schedule of products were inevitably deferred to the third quarter of 2021.

In spite of the above, the Group's total revenue for the Reporting Period increased by approximately HK\$27.1 million or approximately 13.8%, from approximately HK\$196.7 million for the six months ended 30 June 2020 to approximately HK\$223.8 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 (i) the significant increase in sales of tool bags to the U.S. since the second half of 2020; and (ii) the increasing demand from European customers for bags and backpack products; and (iii) the steady growth in sales of medical bags and related supplies (except for isolation gowns); which offset the low demand of luggage products, as well as the decrease in demand of the isolation gowns due to the saturation of supply in the global market during the Reporting Period.

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

	Six months ended 30 June 2021		Six months ended 30 June 2020	
	Revenue HK\$'000	%	Revenue HK\$'000	%
<b>Private label products</b>				
Backpack and others	55,783	25%	51,509	26%
Tool bags	74,991	33%	5,446	3%
Luggage	1,290	1%	31,035	16%
Medical bags and related supplies	34,371	15%	52,122	27%
Subtotal	166,345	74%	140,112	72%
<b>Branded products</b>				
Backpack and others	54,146	25%	52,060	26%
Luggage	3,175	1%	4,490	2%
Subtotal	57,321	26%	56,550	28%
<b>Total</b>	<b>223,756</b>	<b>100%</b>	<b>196,662</b>	<b>100%</b>

## Management Discussion and Analysis

Our cost of sales increased by approximately HK\$26.2 million or approximately 18.1% from approximately HK\$145.1 million for the six months ended 30 June 2020 to approximately HK\$171.3 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 26.2% for the six months ended 30 June 2020 to approximately 23.4% for the Reporting Period. The drop of gross profit margin was mainly caused by a higher sales proportion of private label products at lower gross profit margin during the Reporting Period.

Our selling and distribution expenses increased by approximately HK\$1.1 million from approximately HK\$20.5 million for the six months ended 30 June 2020 to HK\$21.6 million for the Reporting Period. Such increase was mainly driven by (i) the expansion of our sales and marketing network; and (ii) the enhancement of our design and development capabilities during the Reporting Period.

Our administrative expenses slightly increased by approximately HK\$0.3 million from approximately HK\$24.7 million for the six months ended 30 June 2020 to approximately HK\$25.0 million for the Reporting Period primarily due to the increase in corporate expenses and exchange loss.

Our finance costs, net decreased by approximately HK\$0.9 million from approximately HK\$2.6 million for the six months ended 30 June 2020 to approximately HK\$1.7 million for the Reporting Period. Such decrease was mainly due to the decrease in the average outstanding balance for interest bearing debts for the Reporting Period.

Profit attributable to shareholders of the Company increased by approximately HK\$0.7 million to approximately HK\$4.1 million for the Reporting Period from approximately HK\$3.4 million for the corresponding period in 2020.

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL EXPENDITURE

As at 30 June 2021, the Group had net current assets of approximately HK\$42.2 million (31 December 2020: HK\$36.1 million), cash and bank balances and pledged deposits amounted to approximately HK\$72.5 million (31 December 2020: HK\$77.2 million) and bank borrowings amounted to approximately HK\$76.6 million (31 December 2020: HK\$79.0 million). The Group's cash and bank balances as at 30 June 2021 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 1.8% to 5.8% per annum during the Reporting Period (31 December 2020: 1.2% to 5.8%).

The Group's gearing ratio as at 30 June 2021 was 74.0% (31 December 2020: 79.6%), calculated by dividing total debt by total equity multiplied by 100%. The decrease in gearing ratio was primarily due to the increase in equity as a result of the profit generated from the Reporting Period.

During the Reporting Period, the Group incurred capital expenditure of approximately HK\$1.2 million, mainly attributable to the acquisition of property, plant and equipment.

# Management Discussion and Analysis

## CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any material contingent liabilities (31 December 2020: 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 2021 are set out in note 18 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 condensed interim consolidated financial information for the Reporting Period.

## EMPLOYEE INFORMATION

As at 30 June 2021, the Group had 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 report, no share option has been granted or agreed to be granted to employees of the Group.

## SIGNIFICANT INVESTMENTS HELD

As at 30 June 2021, there were no material investments held by the Group (31 December 2020: nil).

## CHARGE ON ASSETS

As at 30 June 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\$1.2 million (31 December 2020: approximately HK\$21.2 million);
- (ii) Pledged deposits of approximately HK\$48.8 million (31 December 2020: approximately HK\$48.8 million);
- (iii) Inventories and trade receivables of a subsidiary company of approximately HK\$28.8 million (31 December 2020: HK\$30.6 million); and
- (iv) Financial assets at fair value through profit or loss of approximately HK\$7.0 million (31 December 2020: approximately HK\$7.0 million).

# Management Discussion and Analysis

## FOREIGN CURRENCY EXPOSURE

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the 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 has had a good first half of 2021, with accelerated sales in the second quarter of 2021 and good earnings compared to the second half of 2020. Market conditions for 2021 are expected to remain stable and we see a broad based improvement in performance compared to 2020, which is linked to both sales and operations. By the third and fourth quarters of 2021, we will have regained our foothold in the US market, and we will have further implemented the restructuring of our manufacturing footprint that enables the Group to attract and serve customers whom have been specifically searching for the services offered via the Group's reformed supply chain structure.

The financial outlook for 2021 is expected to be strengthened, and our operations are now less sensitive to the overall impact of the COVID-19 Pandemic. Nevertheless, the Group is still impacted by the sharp increase in container-rates and the shortage triggered by the shipping-bottleneck's experience especially in the U.S. and the PRC. The outlook and forecast are based on the expectation that the markets and demand for travel-gear will remain at a very low level. Should the travelling industry open up during the second half of 2021, our travel-gear related performance will be gradually recovered. In short term, the Group will focus on the products/markets which are less impacted by the COVID-19 Pandemic in order to reinforce its financial performance.

We remain confident in the Group's long-term prospects, due to unwavering commitment made to the Group, by partners and customers. The Directors of the Group is aware of the ever-changing conditions, and throughout 2021, we will remain focused on increasing efficiency while cultivating the responsiveness of the organisation which brought the Company through the COVID-19 Pandemic. The Group is striving to achieve significant improvements in efficiency and costs in all business units within the framework of its restructuring programme which will ensure adherence to the Group's continuous ability to perform valuable services and products in the coming years.

# Management Discussion and Analysis

## 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:

	<b>Planned use of proceeds</b> HK\$'000	<b>Actual usage up to 30 June 2021</b> HK\$'000	<b>Unutilised amounts as at 30 June 2021</b> HK\$'000	<b>Expected timeline for unutilised net proceeds from IPO</b>
Intensifying our design and development efforts	8,088	(8,088)	–	N/A
Enhancing our design and development capabilities	5,738	(5,738)	–	N/A
Expanding our sales and marketing network	11,554	(9,933)	1,621	To be utilised by 31 December 2021
Expanding and enhancing our manufacturing capabilities	940	(940)	–	N/A
Enhancing our information technology management system	4,634	(2,384)	2,250	To be utilised by 31 December 2022
Repaying outstanding bank loans	14,000	(14,000)	–	N/A
Working capital	4,900	(4,900)	–	N/A

As at 30 June 2021 and as at the date of this report, the unutilised proceeds were placed in interest-bearing deposits with authorised financial institutions or licensed banks in Hong Kong.

## CORPORATE GOVERNANCE

During the Reporting Period, the Company has complied with all 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 on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”).

# Management Discussion and Analysis

## **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 throughout the Reporting Period.

## **INTERIM DIVIDEND**

The Board does not recommend any interim dividend for the Reporting Period (six months ended 30 June 2020: 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 report, 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 (the "Scheme"). There was no outstanding share option during the Reporting Period. No share options were granted, exercised, cancelled or lapsed during the Reporting Period.

## Other Information

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

As at 30 June 2021, the Directors' and chief executives' interests and/or short positions in the shares, underlying shares and debentures of the Company or any specified undertaking of the Company or any other associated corporation as recorded in the register required to be kept under section 352 of Part XV of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

#### Long position in shares of the Company

Director	Nature of interest	Number of shares	Percentage of issued share capital
Mr. Thomas Berg ("Mr. Berg") <sup>(note 2)</sup>	Interest in controlled corporation	510,000,000(L) <sup>(note 1)</sup>	51.0%

Notes:

- The letter (L) denotes the entity's long position in the shares of the company concerned.
- GPG is controlled by Berg Group and Berg Group is wholly-owned by Mr. Berg. By virtue of the SFO, Mr. Berg is deemed to have an interest in the shares held by Berg Group and each of Mr. Berg and Berg Group is deemed to have an interest in the shares held by GPG.

#### Long position in the ordinary shares of associated corporation

Directors	Name of associated corporation	Nature of Interest	Number of shares	Percentage of issued share capital
Mr. Berg <sup>(note 2)</sup>	GPG	Interest in controlled corporation	8,870(L) <sup>(note 1)</sup>	88.7%
Mr. Morten Rosholm Henriksen ("Mr. Henriksen") <sup>(note 3)</sup>	GPG	Interest in controlled corporation	1,130(L) <sup>(note 1)</sup>	11.3%

Notes:

- The letter (L) denotes the entity's long position in the shares of the company concerned.
- The aggregate 8,870 shares of GPG which Mr. Berg is interested consist of (i) 5,515 shares of GPG held by Berg Group, a company wholly owned by Mr. Berg, in which Mr. Berg is deemed to be interested under the SFO; (ii) 2,338 shares of GPG held by Elect Lead Limited, a company wholly-owned by Mr. Berg, in which Mr. Berg is deemed to be interested under the SFO; and (iii) 1,017 shares of GPG held by Easy Achiever Holdings Limited, a company wholly owned by Mr. Berg, in which Mr. Berg is deemed to be interested under the SFO.
- 1,130 shares of GPG is held by Rosholm Holding ApS, a company wholly owned by Mr. Henriksen and Mr. Henriksen is deemed to be interested under the SFO.

## Other Information

Save as disclosed above, as at 30 June 2021, there is no interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO).

### SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as known to the Directors or chief executive of the Company, as at 30 June 2021, the following persons have interests or short positions in our shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group as follows:

Shareholder	Nature of interest	Number of shares	Percentage of issued share capital
Berg Group <sup>(note 2)</sup>	Interest in controlled corporation	510,000,000(L) <sup>(note 1)</sup>	51.0%
GPG <sup>(note 2)</sup>	Beneficial owner	510,000,000(L) <sup>(note 1)</sup>	51.0%

Notes:

1. The letter (L) denotes the entity's long position in the shares of the company concerned.
2. GPG is controlled by Berg Group and Berg Group is wholly-owned by Mr. Berg. By virtue of the SFO, Mr. Berg is deemed to have an interest in the shares held by Berg Group and each of Mr. Berg and Berg Group is deemed to have an interest in the shares held by GPG.

Save as disclosed above, and as at 30 June 2021, the Directors were not aware of any persons, other than the Directors or chief executive of the Company, who had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

## Other Information

### **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES**

Other than the Scheme and as disclosed under the section “Directors’ and Chief Executives’ Interests and/or Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Specified Undertaking of the Company or any Associated Corporation” above, at no time during the Reporting Period and up to the date of this report, was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined in the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) or to acquire benefits by means of acquisitions of shares in, or debentures of, the Company or any other body corporate.

### **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 an audit committee (the “Audit Committee”) with written terms of reference aligned with the CG Code. The Audit Committee comprises three independent non-executive Directors, namely Mr. Tang Tin Lok Stephen, Mr. Lau Ning Wa Ricky and Mr. Wong Kai Hing. The Audit Committee is chaired by Mr. Tang Tin Lok Stephen 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.

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

Hong Kong, 27 August 2021

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