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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)

DISCLOSEABLE TRANSACTION SUBSCRIPTION OF KEY MAN INSURANCE POLICY

PREVIOUS SUBSCRIPTION

On 12 January 2022, Grown-Up Manufactory, a wholly-owned subsidiary of the Company, took out the Policy and placed an initial single premium (including an initial single levy of US\$12.5) of US\$2,994,160 (equivalent to approximately HK\$23,300,000) thereunder with Hang Seng Insurance.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Previous Subscription is/are more than 5% but less than 25%, the Previous Subscription constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules and was therefore subject to the reporting and announcement requirements under the Listing Rules.

PREVIOUS SUBSCRIPTION

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Mr. Berg is the life insured under the Policy and Grown-Up Manufactory is both the Policyholder and the Beneficiary.

The major terms of the Policy are as follows:

- Policy effective date : 12 January 2022
- Policyholder/
Beneficiary : Grown-Up Manufactory Limited
- Insured person : Mr. Berg, aged 51
- Policy term : Whole of life
- Premium payment
term : An initial single premium (including an initial single levy of US\$12.5) of US\$2,994,160 (equivalent to approximately HK\$23,300,000) was paid by the Policyholder upon taking out the Policy in the following manner:
- (i) US\$892,618 (equivalent to approximately HK\$6,950,000) by way of cash from the Policyholder; and
 - (ii) the remaining balance of US\$2,101,542 (equivalent to approximately HK\$16,350,000) financed by way of loan by Hang Seng Bank to the Policyholder at the interest rate of HIBOR+1.3% per annum. The interest shall be payable at the end of each interest period and the principal shall be payable in one lump sum on the final maturity day (“**HSB Loan**”).

The amount of premium was agreed between the Policyholder and Hang Seng Insurance after arm’s length negotiation with reference to, amongst other things, the insured person’s age, sex and the sum at risk and amount of death benefit payable to Grown-Up Manufactory in the event of death of Mr. Berg.

- Death benefit : US\$8,650,000 (equivalent to approximately HK\$67,300,000)
- Guaranteed minimum
interest rate for the
premium paid under
the Policy : (i) 4.25% per annum for the first year from the date of payment of the premium; and
- (ii) 2% per annum thereafter,

subject to the terms and conditions of the Policy.

In the event that the Policyholder surrenders the Policy during its policy term, the maximum amount receivable by the Policyholder under the Policy on a guaranteed basis (after deduction of any surrender and/or other applicable charges by Hang Seng Insurance) is US\$2,849,788 (equivalent to approximately HK\$22,170,000).

In the event that Mr. Berg resigns from his office as Director and chairman of the Board and/or is otherwise no longer employed or engaged with the Group in the future, the Policyholder may apply for a change of the insured person under the Policy to, including without limitation, such person of comparable importance to the management of the Group, subject to Hang Seng Insurance's discretion.

REASONS FOR AND BENEFITS OF THE PREVIOUS SUBSCRIPTION

Mr. Berg, being the founder, Director and chairman of the Board is the key person of the Group. As part of the bank facilities arrangement with Hang Seng Bank in the Group's ordinary course of business, it was a condition of the Group's bank facilities with Hang Seng Bank that a key man insurance policy be taken out by the Group in favour of Grown-Up Manufactory to insure the Group against any potential loss in the unfortunate event of the loss of Mr. Berg, being a key person of the Group. The Board is of the view that the Policy may also offer timely financial benefit and security to the Group as well as confidence to the Group's stakeholders and business partners to the Group's benefit in the unfortunate event of the loss of Mr. Berg. In addition, the value of death benefit receivable by the Policyholder in the event of the insured person's death under the Policy is substantially higher than the premium paid by it (having taken into account the interest rate chargeable under the HSB Loan which is comparable to average bank loan interest rates).

In light of the foregoing, the Board is of the view that the terms of the Policy and the transaction contemplated thereunder are fair and reasonable and the entering into of the Policy is in the interests of the Company and its Shareholders as a whole.

INFORMATION ABOUT THE GROUP

The Group is principally engaged in the 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.

INFORMATION ABOUT HANG SENG INSURANCE

Hang Seng Insurance, a company incorporated in Hong Kong with limited liability, is a wholly-owned subsidiary of Hang Seng Bank.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Hang Seng Insurance and its ultimate beneficial owners are Independent Third Parties.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Previous Subscription was/were more than 5% but less than 25%, the Previous Subscription would have constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules and would have therefore been subject to the reporting and announcement requirements under the Listing Rules.

During the review of the upcoming interim results of the Group for the six months ended 30 June 2022, the Directors noted that the Previous Subscription had not been reported and announced by the Company in a timely manner in accordance with the Listing Rules. Based on the review of the internal records of the Company, the Group's management treated the Policy as part of bank facilities arrangement with Hang Seng Bank in the Group's ordinary course of the business at the material time and had not appreciated that the Previous Subscription constituted a subscription of financial assets by the Group for the purpose of Chapter 14 of the Listing Rules and therefore, the Company had not complied with the reporting and announcement requirements in respect of the Previous Subscription at the relevant time.

The Directors would like to stress that such non-compliance was a single incident and was solely due to the reasons as stated above. The Company had no intention to withhold any information relating to the Previous Subscription from disclosure.

REMEDIAL MEASURES BEING TAKEN BY THE COMPANY

In view of the above non-compliance with the Listing Rules and to ensure proper compliance in the future, the Company will implement the control enhancements below:

- (i) the Company will enhance the trainings provided to the Directors and the senior management of the Group in relation to compliance with the Listing Rules, director's duties and corporate governance matters to improve the standard of corporate governance of the Company and to strengthen and reinforce their knowledge relating to notifiable transactions, as well as their ability to identify potential issues at an early stage;
- (ii) the Company will strengthen the implementation of its internal control system on transactions including but not limited to strengthening the coordination and reporting arrangements for notifiable transactions among the various departments of the Company; and
- (iii) the Company will maintain closer cooperation with its legal and professional advisers in relation to regulatory compliance. If necessary, the Company will consult the Stock Exchange about the proper treatment of the proposed transaction(s) of the Group.

Going forward, the Group will continue to strengthen its internal control policy and measures to ensure compliance with the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the meanings set out below:

“Board”	board of Directors
“Company”	Grown Up Group Investment Holdings Limited (植華集團投資控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (Stock Code: 1842)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Grown-Up Manufactory” or “Policyholder” or “Beneficiary”	Grown-Up Manufactory Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Hang Seng Bank”	Hang Seng Bank Limited, a company listed on the Stock Exchange (Stock Code: 0011)
“Hang Seng Insurance”	Hang Seng Insurance Company Limited, a company incorporated in the Hong Kong with limited liability
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) or company(ies) who/which is(are) independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Berg”	Mr. Thomas Berg, the chairman of the Board, an executive Director and a controlling Shareholder
“Policy”	a life insurance policy taken out with Hang Seng Insurance on 12 January 2022
“Previous Subscription”	subscription of the Policy by the Policyholder on 12 January 2022
“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued capital of the Company

“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent

For the purpose of this announcement, all figures in HK\$ are calculated based on the exchange rate of approximately US\$1.00 to HK\$7.78 for illustration purpose.

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

Hong Kong, 8 August 2022

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